

As I stated previously, this is the kind of legislation on which it is essential to proceed slowly. This is not because crop insurance is unpopular. It is not because it is unwanted by the farmers that they have not moved faster. But the provinces have been a little reluctant to enter into such a scheme for fear of some catastrophe resulting in a complete crop failure and the provinces would be faced with greater financial obligations than they could bear.

This amendment provides for two things, the first being that in the case of such a catastrophe resulting in complete crop failure the province can choose one of two alternatives, either a loan from the federal Government to cover the loss, or by seeing to it that they are reinsured with the federal Government. I merely wish to point out, as has been so ably explained by the sponsor, that this act is not a relief measure such as the Prairie Farm Assistance Act was at its beginning. In view of the premiums that the provinces will have to pay to be reinsured, this act will be actuarially sound and over the years the premiums will cover the losses. The difficulty has been that at the beginning, in the case of severe loss or complete crop failure, some provinces were not sure that they could wait for a number of years to cover the losses.

The thing most desired by the farming community is stability, since that is one of the things they lack most at the present time. Of course this amendment or crop insurance cannot solve the problem of fluctuations in price. However we have the price stabilization act to take care of that. But this act can solve to some degree the problem of fluctuation in yield. I would like to point out to honourable senators that during the last 10 years there has not been a crop failure to the same extent as there was some years ago, for example in the 1930's.

Hon. Mr. Hayden: Why?

Hon. Mr. Hnatyshyn: On account of the improvements in farming methods, chemicals, insecticides and herbicides.

Hon. Mr. Leonard: And the good weather man.

Hon. Mr. Hnatyshyn: Not only good weather, but the improvements in the preservation of moisture and because of the scientific way in which farming is carried on today. Over the last 10 years the yield under similar conditions to those existing in the 1930's has been much higher because of these improvements.

Now to work out crop insurance on as sound an actuarial basis as life insurance is a little more difficult because those companies have figured out when one is supposed

to die, but it is a little harder to figure out when a crop failure is likely to occur. But I think the companies have worked out fairly closely when it is likely to occur, and that will be an additional protection to create stability over the years as far as fluctuation in yield is concerned.

We have covered many other situations by legislation. Earlier today we were discussing an act whereby further credit is given to the farmers; we have had the Farm Credit Act, the Farm Improvement Loans Act, and these things are now fairly well taken care of. I would hope that with these improvements and these amendments more provinces will come in under the Crop Insurance Act. I know Alberta is just about ready to come in. They have enabling legislation but they have not yet come into the scheme covered by this act.

Hon. Mr. Roebuck: May I ask the honourable senator for my own information what is the definition of "crop failure"?

Hon. Mr. Hnatyshyn: Well, it is considered to be a crop failure if the yield is under a certain number of bushels through frost or for various other reasons. There can also be grasshoppers, or hail or many other hazards that can cause crop failure.

Hon. Mr. Roebuck: The farmer then carries the first loss, since it is only if he loses more than so many bushels it is considered a crop failure.

Hon. Mr. Hnatyshyn: To a large extent. There must be limited insurance because otherwise the premiums would be too high, but at least the insurance will cover the cost of production. I was very glad to hear Senator Cook speak of the Prairie Farm Assistance Act and to say that it is not being discontinued. Some fear has been expressed in the past that it will be discontinued and replaced by the Crop Insurance Act. The Prairie Farm Assistance Act has served and in fact still serves a very useful purpose as has been explained by the sponsor. The farmer pays a one per cent levy which is taken right off his grain cheque. The amount paid in is about half of what has been paid out. The remainder has been made up from the federal treasury. Since the Prairie Farm Assistance Act is not being discontinued, the farmers will have the best of two worlds. If a farmer does not wish to come under the Crop Insurance Act he can still take advantage of the provisions of the Prairie Farm Assistance Act, but if he does decide to come under the Crop Insurance Act, then he cannot take advantage of both.

It should be remembered also that while the Prairie Farm Assistance Act serves a useful purpose in some areas it does not protect the farmer individually because it covers only failure occurring in an area, for example a