Chapter II

Federal Assistance to Agriculture

As previously mentioned, direct and indirect government assistance is a major contributor to net farm income, and has been largely responsible for keeping current income levels comparable to those of the recent past. Government programs affect farm receipts, through their influence on prices paid and quantities produced; they also affect the prices paid for inputs, one of the most important of which is agricultural credit.

The federal government annually commits substantial financial resources to agriculture. A discussion of various federal agricultural support and credit programs designed to alleviate the adverse effects of low prices, depressed markets and production and income fluctuations will be presented. Appendix A shows direct government payments and rebates, both federal and provincial, to farmers under various major support programs for the 1971-1986 period. Appendix B lists the credit programs currently available provincially.

A. Federal Support Programs for Agriculture

1. The *Agricultural Stabilization Act*

The *Agricultural Stabilization Act* (ASA) of 1958, administered by the Agricultural Stabilization Board through Agriculture Canada, is designed to provide producers with stable prices and stable incomes; the aim is to allow producers to realize a fair return on their labour and investment, and to maintain a fair relationship between the prices they receive and the cost of goods and services they purchase.

Under the Act, eligible producers receive deficiency payments when market prices for certain "named" commodities fall below predetermined levels. Commodities currently "named" in the Act are: slaughter cattle, hogs and sheep; wool; industrial milk and cream; corn and soybeans. Oats, spring and winter wheat, and barley grown outside