

CHAIRMAN'S REMARKS AND FIGURES

In 1988 the Standing Committee on Agriculture analyzed the financial situation of Canadian farmers. While it found that two-thirds of them were financially secure, it estimated that the remaining third were carrying a debt much of which they could not service.

The present update reflects a continuing concern by the Standing Committee about this debt, which still persists as a major problem for Canadian farmers. It is estimated that close to \$5 billion in overdue interest expense has been refinanced since 1975. This approximates the amount of non-serviceable debt still outstanding. Although the amount of debt has been reduced in Saskatchewan, this is not the case for most of the rest of Canada.

The Standing Committee report compares two snapshots of financial conditions in the farming sector in 1987 and in 1989. It also looks at what might happen to the debt in 1992 under varying economic conditions. The Committee, while recognizing the pitfalls of making projections in the presence of many agricultural uncertainties, still feels it is an important undertaking in order to anticipate the financial problems that might arise.

The Standing Committee wishes to acknowledge the contribution of Dr. Ralph Ashmead of Ashmead Economic Research Inc. in designing a special analysis of the FCC 1990 Farm Survey, in making projections from his Farm Finance Model and in providing an interpretation of these data. I would also like to thank the research staff of the Committee, Len Christie, Sonya Dakers and Dr. John Dawson, for their assistance in preparing the Committee Report. Able administrative support was provided by the Clerk of the Committee, Carmen DePape.

Harry Brightwell,
Chairman
Standing Committee on Agriculture