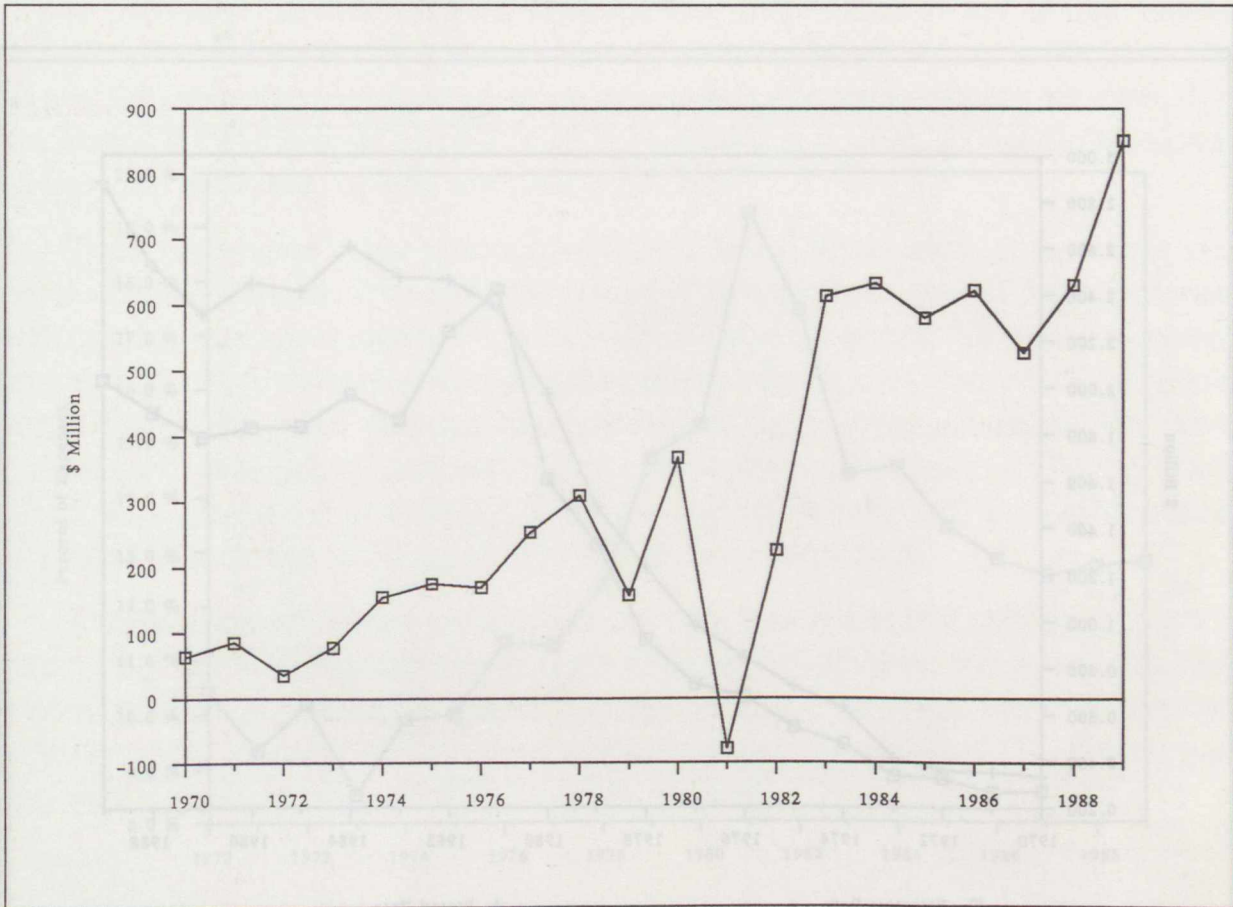


Figure 2.8
Overdue Interest on Canadian Farm Debt, 1970 – 1989



Source: Statistics Canada & Agriculture Canada

Canadian farm debt interest costs have become a major expense for farmers. Figures 2.9 and 2.10 illustrate respectively the level of interest expense (stated and effective rates), and the proportion of operating expenses that the effective rate represents. Interest expense as a proportion of cash operating expense increased from 10.4 percent in 1970, to 19.3 percent by 1981. Over the 1980's this ratio declined until 1987. More recently, it has begun to increase again. One major reason it has declined over the 1980's is that much of the interest cost was not paid in this period.