

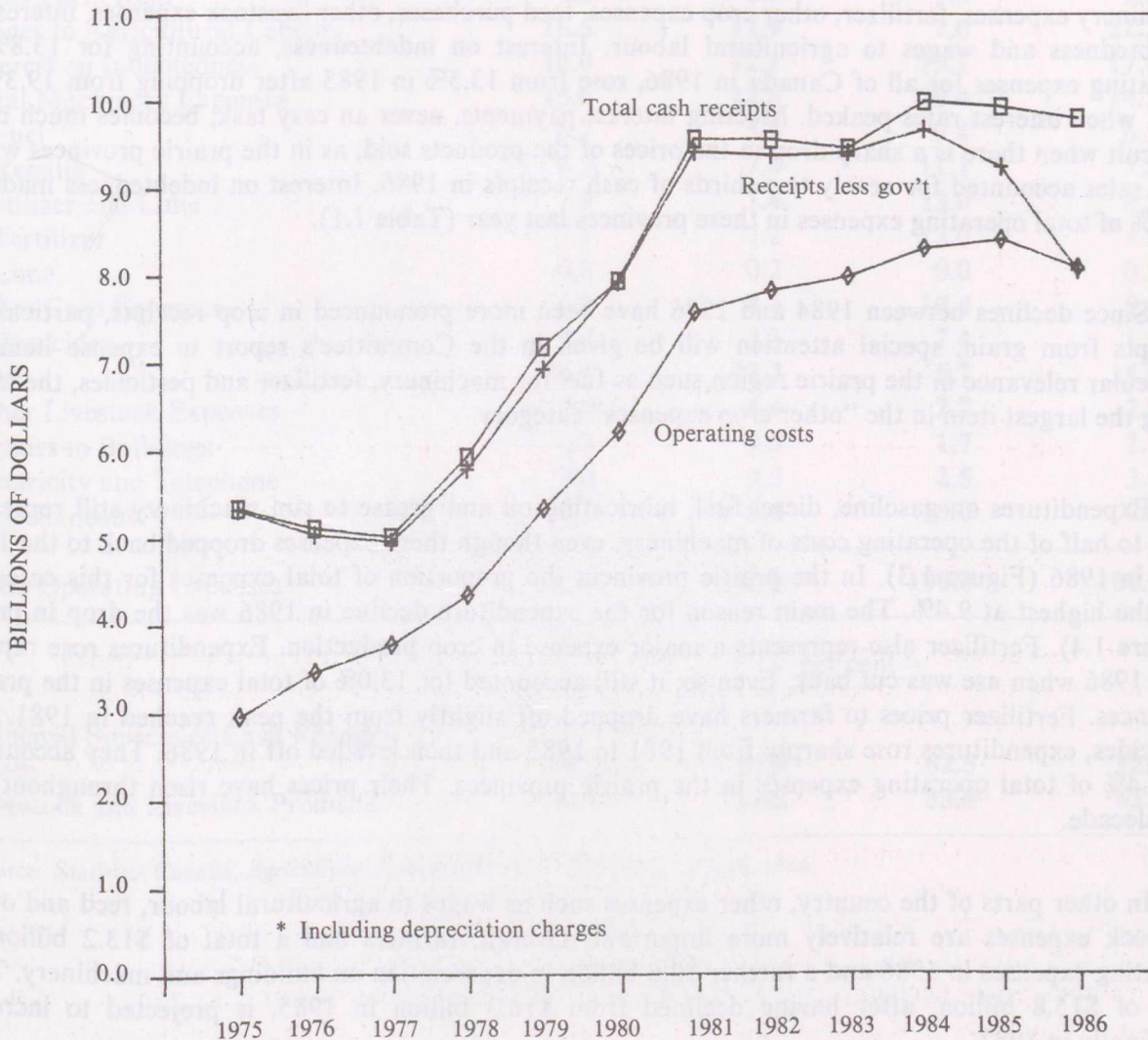
have now dropped back to their pre-1980 levels. Yet, farmers are now carrying 50% more debt than in 1979. Farm credit outstanding has increased from an estimated total of \$14.6 billion then to an estimated \$22.2 billion in 1986.

In the next section, the Committee will mention some existing financial programs that attempt to alleviate the present financial crisis. The Committee will also discuss financial initiatives that go beyond the present problem to attack excess farm debt through structural adjustments.

The Committee received much evidence of the reduced margin of profitability in farming. The Western Canadian Wheat Growers Association (WCWGA) painted a picture of declining profitability in the prairie provinces whereby government payments were necessary to keep the margin between farm revenues and costs from dropping to zero in 1986 as shown in Figure 1.2. According to the WCWGA, even with government payments, net farm income on the prairies dropped by more than

**FIGURE 1.2**  
**FARM CASH RECEIPTS AND OPERATING COSTS\***

Western Canada, 1975 - 1986



Source: Statistics Canada, *Agriculture Economic Statistics* (21-603), Ottawa, 1986.