Not only do family farms represent the largest number of farming operations, but there is also a strong desire in the farming community to preserve this institution. The family farm will be better able to adapt if it applies principles of management and production efficiency.

The financing crisis will lead to a further concentration in the number of farms. Those on solid financial ground, and which in principle are therefore operating efficiently, will survive. Those that are less financially secure will disappear, among them farms with excellent potential whose operators did not, however, take advantage of favourable conditions when making development decisions. This category of farms is the target of government policies which, however, are not always well-directed. Government policies aimed at specific groups with financial problems remain second-best choices. Case-by-case analysis would be more appropriate.

According to several analysts, the grain sector will not recover until at least the early 1990s, although a very poor crop in other producing countries could alter this outlook considerably. The prices of farmland in Canada have likely fallen to their lowest levels and, following a period of stability that should restore the confidence of potential buyers, could now rise slightly.

Agriculture Canada anticipates that the farm financing crisis will have long-term repercussions on farm revenues in this country. Payments made under long-term programs, such as the price stabilization programs, will be decreased as a result of a downward adjustment in the formulae used to calculate the shifting five-year average. Thus, current low grain prices could have an indirect impact on farm revenues for a relatively long period. Agriculture Canada expects that direct government subsidies to producers will gradually be reduced between 1988 and 1991. Hypothetically, if no new program is introduced and farm expenditures increase at a moderate pace, net farm revenues in current dollars could decline from $5.5 billion in 1987 to about $3.7 billion in 1989 and increase to $4.1 billion by 1991. While the overall situation is not encouraging, it is even more distressing for Western producers who, in the short-term, cannot be certain of a reversal in world grain prices. An Agriculture Canada study shows that net farm revenues in Western Canada, in current dollars, will decline from $2.6 billion in 1987 to an estimated $848 million in 1989 and $976 million in 1991.

The beginning of the 1990s will probably mark the end of the period of transition arising out of the farm financial crisis of the 1980s. If present trends continue, family farms will remain the cornerstone of the agriculture sector, although the industry will have to become more concentrated and more competitive. Non-farm revenues and the