According to estimates by Agriculture Canada, 22,400 farm borrowers may be in financial difficulty. Almost 5,900 borrowers are considered non-viable, and 7,280 are in a situation that could make them non-viable within 18 to 24 months. Saskatchewan and Manitoba proportionally have the highest number of non-viable farms while in absolute terms, Saskatchewan, with 7,540 borrowers in difficulty, Alberta, with 4,810, and Manitoba, with 2,910, dominate the overall picture in Canada, as shown in Table 4.

According to an FCC study which used a different methodology to evaluate the financial strain on Canadian farmers, around 14,000 farms, or 8%, may be practically insolvent because of a debtload that is too heavy for their revenue-generating capacity, as shown in Figure 4. Almost 40,000 farmers may be experiencing cash-flow difficulties that seriously limit their debt servicing. A number of organizations acknowledged to the Committee that these figures are an accurate portrayal of the situation. In its brief presented to the Committee, Prairie Pools Inc. pointed out that:

> The burden of farm debt servicing has become unmanageable for many in the current environment of depressed grain prices ... Continuation in farming today is dependent not only on one's managerial abilities but whether the farm is debt free. (Brief presented to the Committee by Prairie Pools Inc., December 8, 1987.)

From an historical perspective it is increasingly obvious that the financial crisis in agriculture results from the interaction of many factors, especially the multiplier effect of external disturbances that have intensified the changes in agricultural variables. However, a careful examination of certain factors that were masking the real situation would have revealed the warning signs of the current crisis. For example, the equity:total farm capital ratio was 86.4:100 in 1961 and 86.5:100 in 1981; this astonishing stability hid the fundamental structural changes undergone by agriculture during this period, and minimized the importance of the increasing farm debtload. The declines in asset values and equity levels illustrated in Figure 5 indicate that the restructuring and the transition in agriculture are not complete. Our experience must be used to formulate new policies, so that farm credit can be used to implement an agriculture policy incorporating such aspects as the preservation of the family farm, farm transfers, diversification, application of research and development, and soil conservation.