Louisiana farm debt uncomfortably high

By DICK WRIGHT
Advocate staff writer

Maybe it's coming, but Louisiana has apparently not seen the dramatic standoff between foreclosing money lender and the farmer gone broke that has occurred in the Middle West.

But many Louisiana farmers are in deep in debt, according to a number of sources.

Right now is the time applications for loans to make this year's crop are being processed, or old debts are being "restructured."

Fifty percent of the operating loans to Louisiana farmers are now financed by the Farmers Home Administration — the federal agency considered the "lender of last resort," because that is where farmers go when banks and credit associations consider them too risky, says a Louisiana Farm Bureau study of the state's agriculture credit.

That percentage, says the study, is "an alarming figure."

Another figure re-emphasizes the seriousness of the situation in Louisiana:

Almost 40 percent of the 7,500 farmers in debt to the FmHA are behind on their payments.

But rather than face outright foreclosure or bankruptcy proceedings, some Louisiana farmers may be choosing to slip out quietly.

An auction company employee said his firm had not been involved in confrontations. He said in most cases neither farmer nor the lender want a big show, though he said some of that may develop.

The auction business is usually active this time of year, holding equipment sales, and business might pick up even more in March, he said.

LSU Extension Service economist Clyde St. Clergy said there are more farmers in the Midwest and they really were worse off than Louisiana farmers, because debt load was generally larger.

"Our people tend to back out and sell," St. Clergy said.

Ed Courtney, FmHA's chief of farmer programs in Alexandria, said, "We don't have large numbers we anticipate foreclosing on at this point. We've got a number of farmers in serious condition, but we are still trying to use every authority we have to continue to work with them."

FmHA also is involved now in "restructuring" the debt in hopes the borrower can work his way out of a serious situation. Courtney said about half the farmers the agency is dealing with now have applied.

Farmers in trouble now are ones who went into debt for land and equipment during the rosier days of the 1970s, Courtney and others familiar with the situation said.

The Farm Bureau's credit study

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on the market at roughly 40 cents a gallon. In the fall, the feed cost of 65% of the cost of the live cattle, and in the spring, an estimated 75% of the live cattle.

The problem is not a new one. In 1929 and 1930, farmers were forced to liquidate holdings in the face of a severe depression. The same problem is being faced today by many farmers.

In the report, the authors point out that the current farm crisis is not the result of a single event, but rather the culmination of a number of factors.

The authors conclude that the current crisis is not a crisis of supply, but rather a crisis of demand. They argue that the current crisis is not a crisis of production, but rather a crisis of marketing.

The authors call for policies that will help to stabilize the market and provide support for farmers.

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