Records show increase in bankruptcy filings

There were more than two times as many area businesses filing for bankruptcy in 1982 as in 1981, according to records in the U.S. Bankruptcy Court here. While business bankruptcies in the Baton Rouge area more than doubled last year, personal bankruptcies remained almost unchanged.


While high unemployment and a sluggish economy have been blamed for the increase in business failures, poor business management is the cause in many instances, according to Bankruptcy Court Judge A. Leon Hebert.

Hebert said he often saw businesses in Bankruptcy Court because they had cash flow problems — money wasn't coming in quickly enough to pay their short term debts.

“Smaller businesses are feeling the pinch of the recession on their customers,” said Ginger Sawyer, director of energy for the Louisiana Association of Business and Industry.

Ms. Sawyer said she dealt primarily with the petrochemical industry, but she observed the poor economy's effects on smaller businesses as well.

With consumers postponing major purchases or purchasing lower ticket items to save money, retail sales enterprises have been hit particularly hard, she said.

Bankruptcy filings rose gradually throughout the 1960s and early 1970s, records show, increasing more quickly after the federal government revised bankruptcy laws in 1979. Bankruptcies increased 11.75 percent from 1980 to 1981.

Overall, the 768 bankruptcies filed in Louisiana's middle district here represent a 22 percent increase from the 630 filings in 1981.

David Sledge, director of the Family Debt Counselors of Baton Rouge, said the increase is nothing to be happy about, but he added it's a great deal better than the 144 percent increase in Mississippi.