

Sociology head expects to see 25 percent of farms in U.S. fail

By Deborah A. Haring
Reporter

As many as 25 percent of America's farmers could go out of business within the next five years, said Dr. Steve Murdock, head of A&M's Department of Rural Sociology.

According to the department's surveys of Texas farmers, 4.7 percent of Texas producers failed in farming between 1985 and 1986.

These numbers are similar enough to those from other parts of the country to predict that over the next five years, up to 25 percent of the nation's farmers will be forced to stop farming, Murdock said.

"We are having — and have had in the last few years — rates of failure among producers that are proportionately higher than any period since the Great Depression," he said.

The decline of farming has been a continuing problem for years. According to the most recent Census of Agriculture in 1982, Texas had only 185,000 farms compared with over 380,000 in 1950.

What is different about those with current financial problems, however, is their characteristics, Murdock said.

In the past, those leaving farming generally have been falling into two categories. Young adults who have seen more profitable careers have gone to college or pursued other opportunities rather than going into farming, Murdock said. Marginal producers, those who were less effective, inefficient and unwilling to try new technologies, also have left farming, he said.

But the current farming crisis is affecting farmers who ordinarily would be successful, he said.

"Those who are failing are young, well-educated farmers in their 30s who are innovative and use well-developed forms of agricultural technology," Murdock said. "They are also willing to expand operations by taking in things like economics of scale and production which are normally associated with successful producers."

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Murdock said many of the failures have occurred because producers purchased land and equipment in the 1970s when interest rates and land values were high. Then in the 1980s, a number of macroeconomic policy changes led to a decrease in the export market and interest rates which resulted in a decline in land values and assets.

An overabundance of agricultural products in the market also forced commodity prices down and lowered many farmers' incomes, he said.

These farmers often still had high payments to make on land that now wasn't worth what they were paying

for it. And since many had not yet paid a significant amount of their debts when their assets and income fell, they were forced out of business, Murdock said.

To determine how a producer is doing financially in Texas, his debts are measured relative to his assets. If this debt-to-asset ratio is greater than 40 percent, the farmer is experiencing financial stress, he said.

In 1985, 24 percent of Texas producers had debt-to-asset ratios of

over 40 percent. The largest farming area in Texas, the High Plains, had the highest debt-to-asset ratio in the state and Central Texas had the lowest.

Asset values as a whole declined by 20 percent for Texas producers between 1985 and 1986. To better explain the meaning of this, Murdock compares it to buying a \$100,000 home in 1985 and finding out in 1986 that the home is worth only \$80,000.

The problem is not confined to farms, Murdock said. "The important thing to realize is that this is not simply a problem for

producers," he said. "It is a rural problem. It affects banks. It affects the small-town businessman and in turn all the employees of that business."

Over 70 percent of the approximately 1,000 farmers surveyed in the random sample agree with Murdock. They think this crisis has impacted their communities, not only through the loss of business, but also through the loss of people from the area and a loss of community spirit, he said.

Many farmers also said they have experienced severe depression, marriage and family conflicts and a loss of possessions.

In Texas, with the decrease of oil and gas prices and problems of producers, some people have been unable to pay taxes. This creates a loss of government funds necessary to run community services such as schools, Murdock said.

Though Texas is not as severely impacted by debt levels as Iowa and other midwestern states, many of its farms are family-run and it is these middle-sized family farms that are failing most often, Murdock said.

But even if 25 percent of America's farmers go out of business, Murdock said, the average urban consumer in America won't know the difference.

"It probably won't affect the amount of products available or the price paid for these products," Murdock said. "Where it will be most evident will be in rural areas. Many rural towns will fall below the level where they are still viable as communities."

Officials to release Saragosa relief records

PECOS (AP) — Reeves County, pressured by Texas Rural Legal Aid, has agreed to release records detailing what was done with donations for victims of the May 22 Saragosa tornado, a state official said Wednesday.

That action was prompted by a town meeting last week in which Saragosans petitioned visiting Legal Aid attorneys to file suit against the county if it did not release all its records dealing with relief efforts for the disaster, Alpha Hernandez, managing attorney in Legal Aid's Del Rio office, said.

Saragosa, a small town about 25 miles south of Pecos, was devastated by the May 22 tornado, which hit during a kindergarten-graduation exercise, killing 30 people. Reeves County and

some private organizations accepted donations to forward for the relief effort.

There have been several reports of lost or stolen money and goods. In the latest incident, Juana Jaquez, the district clerk, reported last week that someone stole \$4,000 of tornado relief money that she was keeping in her car.

Hernandez said incidents like that have aroused Saragosans' suspicions that some county officials have been negligent or possibly dishonest in handling disaster donations.

"The request is to find out just who received the money, how much they received and what they did with it and on what basis they distributed it," Hernandez said.

The threat of a lawsuit prompted Reeves County Attorney Scott Johnson to offer Tuesday to turn over the records later this week, Hernandez said.

"We agreed to hold off on the lawsuit until we could review the material," Hernandez said.

Legal Aid, which is helping tornado victims with legal problems, filed an Open Records Act request Aug. 11, asking the county to release its tornado relief files.

"We had received only a partial response," she said, adding that only county officials peripherally involved in disaster relief responded. Officials more heavily involved, such as Sheriff Raul Florez, did not respond, she said.

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