

## APPROACHES FOR DISTRESSED FARMERS TO CONSIDER

By Dr. Mike Rosmann

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The questions that distressed farmers and ranchers ask me often differ from those of agricultural journalists, media reporters, and outsiders from agriculture. The North Dakota farmer who inspired last week's article made me look further at the questions producers who are "in trouble" usually ask, like these:

- Can you help us because we are under water financially and our lender wants to foreclose?
- Where can we find people who understand our side, and who aren't just those telling us to get an off-farm job or to quit?
- I worry about our debt load, depression and suicide—what can we do?

The number of inquiries I have received lately from agricultural producers who face elimination from farming or restructuring their operating loans has increased significantly from earlier this year. The March 1<sup>st</sup> deadline for paying off overdue notes and securing loans to finance farming operations another year is a possible contributing factor.

**Farming successfully these days is difficult economically, and psychologically,** but it is rewarding to survivors of the current agricultural recession if they can "hang in there" until the current down period subsides. "Only the most innovative, persistent and lucky farmers survive," said a farmer whose accounts ended slightly less than even for the past three years.

This farmer has substantial equity because he purchased most of the land, machinery, and storage facilities he owns when crop prices were above current levels. His farming operation will probably survive without having to sell off any assets.

I asked this farmer, several other farmers, and agricultural economists to answer the three questions above.

**What helps farmers who are in trouble financially?** One answer: Farmers no longer operate their businesses without input from others.

In the past, farmers who were successful were usually capable of working in isolation and depending solely—or least mostly—on their own judgment. Times have changed. Today's farmers know their operations are complex and they value expertise from others, not isolation and managing on their own.

Successful farmers nowadays often have a team of advisors who have expertise that can contribute to the optimal operation of their farming enterprises. The farmer I spoke with at length, and the other producers with whom I consulted, said they keep abreast of markets, family concerns, and developing information through their telephones. Successful farmers are often among the mostly technologically up-to-date in their farming methods and use of communication devices such as smart phones.

**Building a team of advisors** facilitates good decision-making because the team works with the farmer to understand the operation. Having farming consultants such as farm business managers, agronomists, animal nutritionists, and financial planners offers ideas and emotionally comforting backup to farm families who are seeking useful information.

Sometimes farmers and their families have to pay for advisory services, but there are no costs for podcasts and to hear broadcast farm reports, read relevant farm publications, or to speak on the phone with persons who have expertise that addresses their questions. Some lawyers are exceptions to this.

**“Being on your side is an assumption”** that accompanies serving on a team of advisors. Team members should be able to pledge confidentiality as well.

Besides offering business advice, the team of advisors may include persons who can join the operator in negotiations with lenders and when purchasing operation inputs. I mention this because a farm woman who cosigned notes along with her husband told me last week that she was discouraged from attending meetings between her husband and the lender. That’s a violation of lender codes of ethics.

A team may include family members who share in the operation, or outsiders who accompany the operators, such as farm business consultants. Importantly, one or more team members may need to participate in important decision-making meetings with the farmer and/or family, and to maintain confidentiality.

**Financially pressured farmers can help organize community forums**, such as town hall meetings that bring together distressed farmers with local businesspersons, and with professionals such as lawyers, lenders, medical and behavioral healthcare providers, clergy, and perhaps representatives of important organizations such as local farm groups.

During the past three months I participated in community training workshops in seven states. The meetings and workshops involved persons who were concerned about their local farm economy, such as local producers, farmer organizations, Extension Service representatives, educational institutions with missions to serve their states, and often a rich variety of interested individuals and media. A New York program called STAND (Stakeholders Team Up for Action in New York) was particularly inspirational (See: [www.nycamh.org/programs-and-services/stand.php](http://www.nycamh.org/programs-and-services/stand.php)).

Community forums build hope for local agricultural producers who feel partnership with their towns and organizations that engage everyone in the locale. Communities recognize the importance of local farmers and ranchers as producers of food and as contributors to the institutions in their communities, such as schools, medical facilities, and churches.

Next week we will examine personal coping strategies further that stressed agricultural producers may consider.

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