ORGANIZED SYMPOSIA

SURVIVAL OF SMALL FARMS: ISSUES AND PROBLEMS (Moderator: Tesfa G. Ghebremedhin, Southern University)

Organizers: Tesfa G. Ghebremedhin, Southern University; Roger A. Hinson, Louisiana State University.

Presenters: Roger A. Hinson, Louisiana State University; Christopher N. Hunte, Southern University; Jerry G. West, University of Missouri; Peter E. Hildebrand, University of Florida; Alfred L. Parks, Prairie View A&M University.

The issue discussed here is the number and kind of small farms that will survive, and the impact of agricultural programs and nature of current research. Experience with educational programs directed toward small farms suggest their situation can be improved. For small farms to survive, research and extension programs oriented specifically toward their conditions are necessary.

INTERNATIONAL ECONOMIC AND POLITICAL FORCES AND U.S. AGRICULTURAL TRADE (Moderator and Organizer: Maury E. Bredahl, University of Missouri-Columbia)

Presenters: Leonardo Green, University of Missouri-Columbia; Emilio Pagoulatos, University of Florida; Maury E. Bredahl, University of Missouri-Columbia; Michael Reed, University of Kentucky.

The international agricultural market of many agricultural products was characterized as a "residual supplier market structure" with the United States playing the role of the balance wheel. Within that framework, analysis of the early 1970s suggested world and U.S. agricultural production played the dominant role in determination of agricultural prices and U.S. exports. The devaluation of the dollar was a contributing but not dominant factor in export expansion. Analysis of trade of the late 1970s and 1980s indicated that world supplies dominated but the strengthening of the dollar contributed to the downturn of U.S. exports in the 1980s. Another factor explaining the surge in exports in the late 1970s was the use of international credit by LDCs to subsidize food consumption. The large interest payments on existing debt coupled with the reduction have depressed the ability of these countries to participate in international agricultural trade. A review of the formation of trade barriers by importing countries leads to the conclusion that any substantial reduction in trade restrictions will probably occur through internal policy in any country.

AGRICULTURAL OPTIONS: OPERATIONAL ISSUES AND RESEARCH NEEDS (Moderator: Susan E. Offutt, University of Illinois)

Organizer: Robert J. Hauser, University of Illinois.

Presenters: Michael R. Asay, Chicago Mercantile Exchange; Robert J. Hauser, University of Illinois; David Kenyon, Virginia Polytechnic Institute and State University.

Asay reviewed merits and drawbacks which have been experienced with alternative types of options traded during recent years. Hauser presented option pricing formulae in expected-value terms and research issues in pricing agricultural options. Kenyon estimated profit outcomes for simulations of corn marketing strategies using futures *vis a vis* options; some general tradeoffs between expected value and risk were also identified.

DEBTER, LENDER, AND INCOME TAX ASPECTS OF FARM BANKRUPTCIES (Moderator: Stephen Matthews, University of Missouri-Columbia)

Presenters: Jake Looney, University of Arkansas; John Harvey, FmHA, Columbia, Missouri; Philip Harris, University of Wisconsin.

Farmers as individuals cannot be forced involuntarily into bankruptcy, yet in the 1980's farmers have increasingly sought creditor relief in the reorganization provisions of Chapter 11 or 13. Considerable flexibility in restructuring debt obligations has been achieved by farmers under reorganization, including the halting of foreclosure and the use of farm collateral otherwise subject to immediate creditor takeover.

Creditors are often disadvantaged in a bankruptcy reorganization, in effect being told to "keep hands off" while the debtor is given free rein to continue a farm business that has failed. The creditors' problems stem from the automatic stay, the "cram down" for undersecured creditors, and the overloaded bankruptcy courts.

Income tax treatment of farmers in bankruptcy amounts to tax breaks for the bankrupt for two reasons: (1) discharged indebtedness is not subject to constructive income recognition, and (2) otherwise taxable income from the sale of assets can be postponed by reducing tax attributes. Choosing two short tax years in the bankruptcy year also favors the debtor because income taxes otherwise due after the bankruptcy process have priority over creditors' claims.