Guest editorial

Agricultural credit and the changing landscape of American agriculture

This special issue of *Agricultural Finance Review* is a result of a joint collaboration between the regional research group, NC-1177 (Agricultural and Rural Finance Markets in Transition) and the Agricultural Finance and Management (AFM) section of the Agricultural and Applied Economics Association. In 2016, the NC-1177 and AFM leadership team proposed a special issue that targeted papers which discussed agricultural credit and the changing landscape of American agriculture. The aim of the special issue was to collect a cohesive review of applied agricultural finance research directly applicable to future agricultural policy discussions that address the challenges of this period of declining farm income.

An open call for papers was released in early 2017 with a letter of interest and abstract due in April 2017 with journal submissions due in August 2017. In total, 18 abstracts with letter of interest were received, with a total of 11 papers submitted for a double blind review in August 2017. After a number of revisions, the eight papers included in this special issue examine key trends in restructuring and rebalancing agricultural debt, the financial stability of farms, and how land valuations affect the farm sector's current economic stability.

This issue opens with a paper by Wengdong Zhang and Kristine Tidgren which discusses three case studies that compare how the current farm economic downturn differs from the farm financial crisis in the 1920s and 1980s. This discussion paper provides a foundation for the remaining seven research papers included in the special issue.

Three papers discuss the importance of debt in agriculture and how rebalancing and restructuring it has affected farm financial performance. Daniel Prager, Christopher Burns, and Noah Miller evaluate how falling commodity prices affect the portion of real estate vs non-real estate debt used on US corn and soybean farms utilizing USDA–ARMS data. Restructuring debt is also an option to manage depressed agricultural prices. Charles Dodson and Bruce Ahrendsen use Farm Service Agency data to determine the characteristics of borrowers that would most likely benefit from loan restructuring while Robert Dinterman, Ani Katchova, and James Harris study the effects of the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act using Chapter 12 bankruptcies to find that land values are a significant predictor of farm bankruptcies.

The next two papers explore farm financial performance of two targeted agricultural groups using USDA–ARMS data. Ani Katchova and Robert Dinterman evaluate financial performance and stress of beginning farmers to find that liquidity and efficiency had the largest effect on financial stress. Mary Ahearn, Kathleen Liang, and Stephan Goetz discuss the importance of utilizing direct marketing for the financial success of farmers producing foods for local supply chains.

The last two papers in this issue discuss the importance of land values on farm financial performance. Mykel Taylor and Allen Featherstone use survey data to explore the effect of long-term lease arrangements using Kansas Farm Business Management Association data while Gulcan Onel, Jaclyn Kropp, and Charles Moss study the relationship between increasing land values and overall balance sheet performance on US farms utilizing USDA data.

The large number of submissions for this special issue highlights the importance of this topic for agricultural producers and the researchers studying ways to mitigate financial stress for farmers. Many of the papers provide policy recommendations based on their

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analysis in the discussions section of their paper. Across all eight papers, the overarching theme is utilizing farm-level data, either at a state farm business management association or government agency level, to provide policy recommendations moving forward.

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