

## Agriculture by Suzanne Rose

### Farm debt moratorium required

*The Farmers Home Administration did wrong by farmers in 35% of foreclosure cases.*

**T**he Farmers Home Administration, the government lender of last resort to farmers, announced in January that 35% of the loans in foreclosure which were submitted to the agency for review under Agriculture Secretary Mike Espy's 1993 partial moratorium, were found to have errors in the foreclosure proceedings. This means that 35% of the time the agency did not go by the book in placing the loan in foreclosure. Nor did the FmHA offer the farmer all of his servicing rights under the 1987 Agricultural Credit Act, which offered various loan restructuring plans for delinquent farm loans.

Responding to the report, Food for Peace activist and South Dakota farmer Ron Wieczorek, whose own request for loan servicing has been denied, said, "A 35% overturn of these cases by the FmHA is intolerable. What about the farmers who didn't even apply for a review? Did those 1,800 farmers give up because they could no longer expect fair treatment from their government agency?"

"Contrary to what FmHA spokesmen say, these farmers are not bad managers. They are in this plight because it is actually the policy of the FmHA and USDA to put the family farmer out of business. If 35% of the cases reviewed showed mishandling by the FmHA, what about all the farmers who were put out of business prior to the moratorium? Shouldn't they expect fair treatment also?"

Espy's March 6, 1993 offer of a moratorium until loans in foreclosure were reviewed, came amid a broader fight initiated by Food for Peace for a full moratorium on farm loans pending an investigation into the practices of

mob-linked bankers, such as Minneapolis-based Carl Pohlad, who are using farm loans as speculative instruments, looting farm banks, and depriving farmers of credit.

In the fall of 1992, during the presidential election campaign, Food for Peace activists, together with civil rights leader Rev. James Bevel, had organized hearings in the Dakotas and Nebraska, where farmers testified that police-state measures were being used to enable certain financial interests, grain traders, and meat cartels to centralize control over agricultural resources and asset-strip the farm economy.

Many of these hearings were chaired by Washington State Supreme Court Justice William Goodloe (ret.), and the proceedings, known as the "Goodloe Report," were widely circulated. It concluded that "the finance industry in North and South Dakota is operating under a collusive plan to liquidate farmers by unlawful overreaching, foreclosures, and work-outs. This plan is being implemented to create a unification of land under central ownerships, forcing citizens to leave the region by the tens of thousands, leaving economic depression behind."

In South Dakota, Food for Peace activists demanded an investigation in the legislature, and 100 farmers showed up at hearings to testify in early 1993. In the midst of this furor, on March 6, 1993, at the national convention of the National Farmers Union in Sioux Falls, S.D., Espy announced a partial moratorium which affected a tiny percentage (2,500-3,000 farmers) of the farmers involved in the FmHA's direct lending

program. The moratorium did not affect loans to farmers from commercial banks, some of which are guaranteed by the FmHA, nor did it affect the nation's second largest farm lender, the Farm Credit System.

The Government Accounting Office calculates that as of September 1993, over one-third of the 225,000 direct loans of the FmHA were delinquent. Many more farmers adversely affected by weather over the last two years, including the flood of 1993, and a decade of prices of less than 50% of parity (what it costs a farmer to produce plus a reinvestable profit), will find themselves in bankruptcy over the coming year, unable to make loan repayments or finance inputs.

According to the Nov. 25 *Agri-News*, Iowa farm income is expected to drop 25% during 1994. An Iowa State University study, reported in the January 1994 *Farm Journal*, says that two-thirds of the state's farm families didn't earn enough to meet living expenses in 1993.

A moratorium is on the table again. The question is whether farmers will allow themselves to be bought off by crumbs, such as the latest Department of Agriculture gambit of providing funds for "rural development." Some farmers will be given funds to produce specialty crops for yuppie markets while people around the world starve. The alternative is presented by economist Lyndon LaRouche, to rid our thinking of free market axioms which allow food to be treated as a commodity or asset for speculators, and to engage in a political fight to enforce parity pricing and rebuild the entire economy.

Unfortunately, the opposite view was expressed by the new director of the FmHA, former Farmers Union lobbyist Mike Dunn, who said that better supervision of FmHA's lending programs was needed.