

Agriculture by Suzanne Rose

Will Congress stop farm foreclosures?

Dakota legislatures and other states petition Congress to protect farms and curb Federal Reserve.

Several state legislators have taken initiatives on the economy over the last month which President Clinton would do well to heed, as they surpass in merit anything proposed so far by the administration. In each case, the legislators were moved to action by their constituents demanding emergency measures.

The proposals call for stopping the looting of the productive economy by private banking interests, and protecting the family farm economy from foreclosures and other destruction caused by these same banks and credit agencies.

On Jan. 28, two state legislators from North Dakota, Rep. James A. Kerzman and Sen. Aaron Krauter, introduced a resolution into the House and Senate of the North Dakota legislature, calling upon the President and Congress to investigate fraud and abuse in farm credit lending policies, and for a moratorium on farm foreclosures pending the outcome of such an investigation. The resolution, HCR 3037, was introduced following a series of hearings in the Dakotas on human rights violations against family farmers.

At the hearings, sponsored by the Schiller Institute, which took place Dec. 7-10, farmers testified about extreme abuse and loss of rights experienced by family farmers since it became government policy to liquidate them in record numbers and to replace independent family-owned farms with corporate-controlled enterprises which operate in the interests of the international banks and grain traders. Many of the participants opposed this on the grounds that the decision to

move to large-scale corporate farming will result in a Soviet-style collapse of food production.

The resolution cites "evidence of fraud and abuse by banks and credit agencies in the handling of agricultural loans," and evidence of abuse by the Farmer's Home Administration loan guarantee program, which has injured farmers and resulted in severe hardships and in loss of confidence in government agencies. It says that a "healthy and prosperous independent family farm system and a fair credit system are vital to the economic well-being of all Americans." A similar resolution is being considered by South Dakota legislators.

On Feb. 22, Rep. Fred Grandy (R-Iowa) issued a letter to the House Agriculture Subcommittee on Credit, requesting an investigation. The letter was also signed by Rep. Tim Johnson (D-S.D.). It made reference to the North Dakota resolution HCR 3037, and requested hearings on the matter as soon as possible.

A press release on the letter states: "I am calling for a congressional investigation into government-guaranteed agriculture loans. I expect several colleagues from both sides of the aisle to join me officially. We want hearings on charges that commercial banks and credit unions handling the loans have committed fraud and abuse, and the the Farmer's Home Administration has been sloppy in its oversight. Subject to completion of the investigation, we want a moratorium on farm foreclosures. This is not something I do lightly. I don't like to meddle in the market place. But mismanagement has apparently cost

farmers their homes and livelihoods and cost the taxpayers billions of dollars. The FmHA, an agency within the U.S. Department of Agriculture, is the 'lender of last resort' for farmers who can't get credit on reasonable terms anywhere else. Farm financing is the main artery that provides the life blood for production agriculture. Farmers have been defaulting on FmHA loans far more than expected. In recent years, FmHA reduced or forgave about \$7.6 billion in delinquent debt, according to the General Accounting Office, Congress's investigative arm. Some of the defaults came about because the loans shouldn't have been made in the first place—there are some risks even the government shouldn't take. Some of the defaults came about, apparently, when lenders pushed farmers into delinquency to immediately collect the government-guaranteed 90%."

Also addressing the manner in which the productive economy has been looted by the private sector financial establishment, is Senate Memorial 25, a resolution introduced into the New Mexico legislature on Feb. 18 by state representative Tom Benavidas (D-Albuquerque). The resolution is called "A Memorial Bill to Restructure the Federal Reserve." Hearings were expected in late February.

Referencing a "financial system teetering on collapse," Senate Memorial 25 attributes the cause to the Federal Reserve System created 50 years ago which "has created an economic house of cards based upon debt that produces high interest rates and low productivity and has conferred a special privilege upon bankers who profit enormously from the Federal Reserve System." It calls upon the New Mexico congressional delegation to examine and restructure the nation's currency-issuing system.