

Secretary Espy Stayed Farm Foreclosures

by Marcia Merry Baker

A recent example of Federal-level intervention to suspend foreclosures to protect the public interest, of the kind now needed, in principle, for homes and banks, was taken in 1993 by the Clinton Administration, in the case of family farms and the food supply chain.

On March 5, 1993, Agriculture Secretary Mike Espy announced the suspension of all farm foreclosures pending before the Farmers Home Administration (FmHA), that had not yet been referred to a court. Espy, who had been confirmed on Jan. 21, just five weeks prior, made his moratorium announcement in Sioux Falls, S.D., at the annual National Farmers Union convention, whose members represented many states in tumult from FmHA and other lender actions to shut down family farms. Espy said, "I know that many American farmers have been facing tough times. Every farmer struggles against the prospect of foreclosure, or knows someone who couldn't stay afloat. When that time comes, farmers turn to the FmHA," which, at that time, was serving as a lender of last resort for thousands of family-scale agriculture operations.

Though remaining within bureaucratic bounds, the U.S. Department of Agriculture forbade the FmHA from proceeding on its farm foreclosure processing. The March 5 USDA press release stated that a national review panel would be set up to "assess whether all FmHA procedures were followed, and where necessary, determine whether cases should be referred back to FmHA for corrective action," because the FmHA had acted wrongly.

The total number of farm borrowers from the FmHA at the time was estimated at 155,000. The actual number of FmHA borrowers immediately in line to receive potential relief and redress by Espy's action was estimated at 2,500-2,600, out of the total of 3,600 FmHA farm loans in the process of foreclosure.

Though the numbers of affected farms were small, the political and finan-

cial opposition was enormous. A bogus scandal was kicked off by a *Wall Street Journal* article claiming that Espy was guilty of taking bribes from Tyson Foods and others. Within a year, the moratorium on FmHA farm foreclosures was lifted. In December 1994, Espy was forced out of office, under the cloud of the trumped-up charges. Espy was fully acquitted on all counts in 1998.

This defeat for farmers, went against what had been a growing demand for national policy intervention to preserve the farmbelt and food supply system. At the time, both Sen. Tim Johnson (D-S.D.) and Rep. Fred Grandy (R-Iowa) had issued calls for a moratorium on farm foreclosures. Resolutions calling for Congress to stop the foreclosures came from the North and South Dakota legislatures. Former Washington State Supreme Court Judge William C. Goodloe presided over a Blue Ribbon Commission in the Dakotas to take testimony on the wrongfulness of the foreclosures.

The Lyndon LaRouche 1992 Presidential campaign had led the charge for Federal intervention, building on its victory in the September North Dakota Democratic Party primary that year, to initiate an effort to defend the High Plains high-tech, family-farming system, from financial assault and dispossession. On a March 8, 1993 radio program, LaRouche said of Espy's action, "I have been for this kind of measure for many years. It has been a feature of my efforts. In 1979-80, people will recall the efforts I made on behalf of this sort of thing in agriculture; then, in 1984, Billy Davis [Mississippi farm activist and LaRouche's Vice Presidential candidate] and I did a national TV program on this issue...."

This Clinton/Espy initiative can be seen now as a precedent for LaRouche's Homeowners and Bank Protection Act of 2007.



Federal intervention is required now, as it was in 1993, to defend farmers from foreclosure. Here, a bankrupt farm, in Gilbert's Corner, Va., is auctioned off following foreclosure.