

Agriculture by Marcia Merry

Vultures overhead

One prominent bird of prey is Charles Manatt, as the FmHA proceeds with the farm delinquency process.

As of the beginning of March, the Farmers Home Administration will have sent out loan delinquency notices to another 26,000 farmers, following those sent to 62,400 farmers last year. The FmHA insisted, on March 2, that the letters—called “letters of intent to take adverse action”—are not automatic foreclosure notices, but rather, notices that “servicing options” are required to be exercised at the farmer’s discretion.

The letters sent out by the FmHA are part of a general process of close-out for the U.S. farm sector—the food supply potential required to restore world nutrition levels. The FmHA has already begun to put its foreclosed farmland up for sale. In addition, the Farm Credit System, holder of one-third of the national farm debt, is also selling off foreclosed farmland.

For its part, Congress has put the FCS once again on its agenda for consideration for an emergency bail-out, but indications are that once again, nothing adequate will be done.

The FmHA holds the debt of 250,000 farmers out of a national official total over 2 million farmers. The FCS holds a full one-third, or about \$60 billion of the national total agriculture debt of \$200 billion.

As this collapse of national farm credit institutions proceeds, the vultures have begun to circle overhead to snap up the best land. One prominent buzzard is Charles Manatt, key campaign leader for the soon-to-be-announced Gary Hart presidential bid.

Manatt comes from Iowa, and at present, is participating in various land

company schemes to make money off brokering the FCS farm property sell offs.

As of year end, the estimated U.S. farmland held by lenders was the following:

- Farm Credit System—2 million acres, valued at \$1.26 billion.
- Farmers Home Administration—1.4 million acres, valued at \$841 million.
- Insurance companies—600 million acres, valued at \$500 million.
- Commercial banks—400 million acres, valued at \$350 million.

Out of a total of close to 400 million acres, the 4.4 million acres held and being sold by lenders may not seem like so much, but given that it is geographically concentrated in the farm belt, the significance becomes clear.

Since the farm sector has declined under the worsening depression, farmland values have plunged. Since 1980-81, farmland values have fallen 62% in Iowa and 57% in Nebraska.

For the past two years, the FmHA refrained from selling off their foreclosed properties, for the sake of driving down farm prices further. But this year, they lifted the ban. The sale of FmHA land, in addition to the FCS land sales, presents a major transformation potential in the farm belt counties.

As one Iowa farmer put it, “By 1990, whole counties could become someone’s private property.”

The local bankers are more understated, but say the same thing. The president-elect of the Independent Bankers Association, Tom Olson, a

Lisco, Nebraska banker, warned, “Every lender is concerned about quick sales.”

Enter Charles Manatt. Former head of the national Democratic Party, Manatt once tried to cultivate a friend-of-the-people veneer, but that didn’t work. He was known in California as “bankers’ boy Manatt.” Back in Iowa now, Manatt is involved in loathsome deals to acquire cropland from dispossessed farmers.

Charles Manatt is associated with an Omaha-based outfit called LeDioyt Land Co., that manages and sells Farm Credit System property. A year ago, Congress mandated the creation of the Farm Credit System Capital Corp., to warehouse and dispose of FCS foreclosed farmland.

The LeDioyt operation is a local collaborator of this effort. Glen LeDioyt, president of the company, maintains that there are plenty of farmers in the market for new land, so there is no reason to fear the corruption of the market.

Officials of the FmHA and the FCS insist that the bottom has been reached on land values, and that their sell off of property will not force down land values, or allow concentration of property in the hands of alien interests.

However, incidents of land dumping abound. Manatt and other operators have opportunity to acquire choice holdings, and create virtual estates with former farmers as vassals.

For example, a 70-acre parcel near Tekamah, Iowa recently sold for \$450 an acre: the original investor would likely have paid \$500 or \$550 an acre for, and still have expected a 6-8% return on investment.

In three Iowa counties—Clinton, Scott, and Jackson—recent sales of Farm Credit System land have gone for \$50-100 an acre under the expected market level.

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