

FOREWORD

Senator Chuck Grassley†

In 1985, I was in my first term as a U.S. Senator from Iowa. Every weekend, I traveled home to meet with constituents and work on my family farm in Butler County. During the 1980s, farmers in the United States were confronted by an economic crisis more severe than any since the Great Depression. Many of those who relied on agriculture for their livelihoods faced financial ruin. The epicenter of the downturn was in the Midwest, but the effects quickly rippled to other areas where agriculture played a prominent role in the local economy.

There were several causes. Tight money policies by the Federal Reserve, intended to bring down high interest rates upwards of twenty-one percent, caused farmland value to drop sixty percent in some parts of the Midwest from 1981 to 1985. Record production resulted in a glut of farm commodities, forcing prices down. This glut, combined with a U.S. export decline of more than twenty percent between 1981 and 1983 (following the 1979 Soviet Union embargo), caused farm debt to hit a staggering \$215 billion by 1984—double what it had been in 1978.

Farm foreclosures rose dramatically, and economists said more than thirty-three percent of farmers were in serious trouble—further depressing land prices. Farmers and ranchers who expanded by buying land during the strong export days of the 1970s were hardest hit. And that crisis rippled across the supply chain and into rural banks and whole communities. Farm creditors were no better off: for example, the Farm Credit System sustained a \$2.6 billion loss in one twelve-month period.

I remember too many painful stories of farm sales, farmers taking their own lives, even taking the lives of bankers. The situation was grim. In the summer of 1985, the situation in the Northern District of Iowa took on tragic proportions with the sudden death of the sole bankruptcy judge for the district, William Thinner. He collapsed at his desk one Saturday in June, before he was to hold hearings on 103 farm-related Chapter 11 cases. The judge had been working fifteen hours per day, seven days a week, while valiantly attempting to clear the Nation's largest backlog of farm bankruptcies.

† Chuck Grassley is currently in his seventh term as a U.S. Senator and serves as President Pro Tempore Emeritus of the U.S. Senate. Senator Grassley was first elected to the Iowa state legislature in 1958 and served there until Iowans sent him to the U.S. House of Representatives in 1974. In 1980, Grassley was elected to the U.S. Senate, where he has developed a reputation for bipartisanship and pragmatism.

I chaired the Senate Judiciary Subcommittee on Administrative Practice and Procedure, and Courts. We had jurisdiction over the U.S. Bankruptcy Code. It was clear to me that current law was not doing justice to working farmers or their creditors. Farm income is seasonal and a farmer typically has one major secured creditor, who could block any effort to reorganize. This led to more liquidations and a further depression in land values. We needed a new approach.

One of my counsels on the committee was a young lawyer just two years removed from law school at Syracuse University College of Law, Sam Gerdano. He was hired to work on administrative law issues that were also a priority, as the Reagan administration sought to reduce the regulatory burden on Americans. Sam was from central New York, coincidentally from the village of New Hartford, the same name as my community in Iowa. I directed him to come up with a solution, quickly.

He jumped into the issue, thoroughly researching the law, meeting with legal experts, judges, agricultural economists and scholars. Sam organized two legislative hearings in the subcommittee in November, 1985. He followed up on alternative remedies for debtors and their creditors with diligence and compassion, then skillfully organized a strategy to reach consensus with the House and the Administration on final passage. The “Family Farm Reorganization Act of 1986” became Public Law 99-554, effective on Thanksgiving Day.¹ It created Chapter 12 of the Bankruptcy Code, which has worked as intended: to provide family farmers with a fair chance to restructure debts and stabilize farm communities. Since then, more than 30,000 cases have been filed, providing relief across every state.

Sam handled other legal matters before the subcommittee for me, including several Supreme Court nominations, with the same dedication and results, serving as my chief counsel and staff director until he left to become the Executive Director of the American Bankruptcy Institute in 1991.

Since then, Sam has turned a fledgling professional association into the leading voice on bankruptcy for nearly 11,000 members, and a trusted resource on Capitol Hill. For nearly thirty years, ABI has been a thought leader, through support for efforts like the National Bankruptcy Review Commission of the 1990s and ABI’s comprehensive reform commissions of 2012–14 and 2017–19. Sam was a driver of the important bankruptcy reforms enacted in the 116th Congress, including an important new small

¹ Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986, Pub. L. No. 99-554, 100 Stat. 3088 (1986) (codified as amended at 11 U.S.C. §§ 1201-1231 (1986)).

business reorganization law modeled on the successful Chapter 12 framework.

I am now in my seventh term as a U.S. Senator from Iowa and serve as President Pro Tempore Emeritus, a constitutionally recognized officer. I have been fortunate to have many dedicated and talented staff who help me better serve the people of Iowa and the nation. Sam is among the best and I am happy to be part of this tribute to his career, on his retirement from ABI.