Rob from the poor to give to the rich

The primary role of the so-called government-sponsored enterprises is to put your money in the bankers' pockets.

Do you think the federal deficit comes from overspending on the general welfare? That's what you're told to think. But think again.

While the Constitution charges the government to care for the general welfare, instead, the government has created myriad tools for looting the population, for the welfare of select international financial interests.

Among the forms of this looting is the creation of federally backed debt (farm borrowing, family home loans, and other seemingly useful debt) expressly for the purpose of lining the pockets of holders of the federal loan guarantees—giant bankrupt banks. Bad loans are even deliberately set up, so that taxpayers' money ends up going to the banks holding the loan guarantees.

That process is clearly seen in government-sponsored enterprises (GSEs), such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Company (Freddie Mac), which buy mortgages from mortgage lenders, bundle them together, and issue them as government-backed securities.

In theory, these agencies exist to help families buy homes, by providing government guarantees for loans. By buying mortgages from savings and loans and other mortgage lenders, such agencies as Fannie Mae and Freddie Mac free up the lenders' funds for further mortgage loans, allowing more people to buy houses.

Were that the whole story, we would have no objection. By helping families buy homes, the government would indeed be contributing to the general welfare of the population. But that's not what is going on.

By running loans through these GSEs, the government is converting ordinary loans, for which the bankers are at risk, into government-backed securities. Moreover, since these securities are as good as cash, they can be traded freely in the securities markets, providing hundreds of billions of dollars to inflate the speculative bubble.

Another facet of this robbery is found in the farm sector, where the Farm Credit System (FCS) and the Farmers Home Administration (FmHA) operate.

The methods by which the government is separating farmers from their land and livelihood, for the benefit of the big banks, were detailed in hearings in North and South Dakota in December 1992.

The hearings, called on behalf of the Schiller Institute, were run by retired Washington State Supreme Court Justice William Goodloe, Oklahoma executive director of the National Association for the Advancement of Colored People Wade Watts, and Schiller Institute Food for Peace representative Phil Valenti.

The investigative committee found evidence of widespread fraud on the part of bankers, officers of government-sponsored enterprises, and government officials at the federal, state, and local levels. The committee found evidence of a clear "intent and pattern by creditors to defraud" the FmHA and "violate the law." The committee also found that "officers and directors of the Farm Credit System" repeatedly violated the law by failing to inform borrowers of how lower interest rates and better loan repayment schedules could be obtained, thereby illegally increasing the debt burden borne by farmers, and increasing the likelihood that the debt could not be repaid.

These illegal activities, the committee found, were part of a deliberate government policy, as outlined in the Farm Credit System's "Project 1995," under which the independent family farmer is to be destroyed, his money stolen by the bankers, and his land appropriated by the grain cartels.

"I resigned from Farm Credit in February 1988, over my concern and belief Farm Credit was defrauding the government, was committing restructuring fraud, and was violating ethics to debtors," Keith McGruder, a former Loan Officer Special Accounts with the Farm Credit Bank of Omaha and the Farm Credit Bank of Louisville, told the committee.

The FCS is defrauding farmer-borrowers by three main methods, McGruder testified. First, the FCS raised interest rates on fully secured current loans, while hiding, in violation of the law, options by which the borrower could obtain lower interest rates or longer payout schedules. Second, the FCS often fraudulently forced borrowers to restructure their loans, to obtain additional security. Third, the FCS often threw farmers into foreclosure and took their farms.

The consequence of this is to loot the farmer of as much of his assets as possible, then put him out of business.

The inhumanity of forcing farmers off their land, while much of the world is dying for lack of food, is shocking, but it is hardly surprising, given the government's repeated moves to protect the predatory financial system, no matter the cost in human lives.