
Book Reviews

Documenting how U.S. farms were destroyed

by Gerald Kopp

Night Came to the Farms of the Great Plains

by Raymond D. North

Acres U.S.A., Kansas City, Mo., 1991

286 pages, paperbound, \$17.50

Raymond North must be commended for his diligent work of documenting injustices imposed on the farmers of the U.S. Great Plains. His work is exemplary and long overdue. While farmers experienced the wrath of profit-seeking bankers and two-timing lawyers, very little press attention was given to their side of the story. North's book, however, does much more than tell the story of individual farm families. Lifting from the court records and register of deed files, he enumerates the cases of foreclosed farmers from Texas to North Dakota.

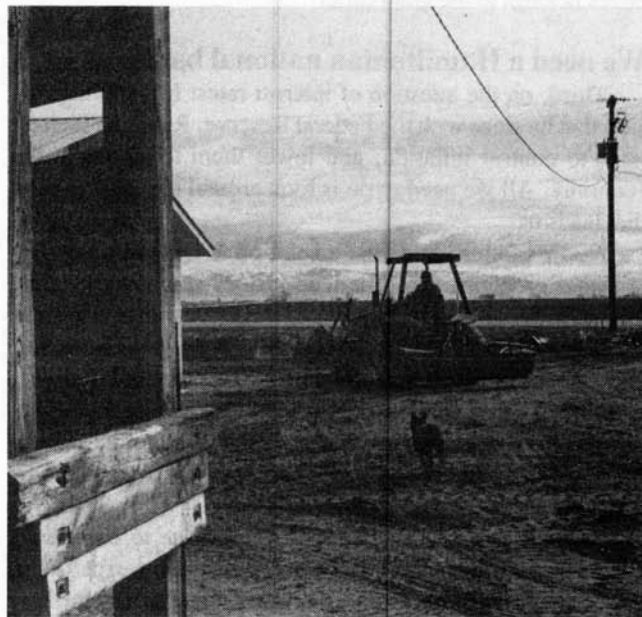
While the established news media expounded on the mismanagement by farmers, North's book brings forth the reality that mismanagement on the part of the financial institutions was as much, or more, to blame for the agricultural crisis as were the farmers. In fact, the Eastern banking establishment caused the crises in conjunction with the grain cartel, as *EIR's* Suzanne Rose detailed in the Aug. 30, 1991 issue.

Robert Clark, Comptroller of the Currency, stated in January 1988 that one of the main reasons for bank failures was mismanagement. So the financial institutions raided the equity in farm land deliberately. But North aptly points out the inept qualities of the loan officers and managers. Calling them *narodniks*, after the 19th-century Russian populist university students who would go "back to the farms" North writes: "The *narodniks* of Russia were really flim-flam men, hustlers who badly abused the farmers they encountered. Their modern counterparts haven't changed. Every *narodnik* that I have met has had one thing in common. All have been mentally narrow. They have had little or no interest in or knowledge of the arts, music, literature, history, economics, current events, governmental sciences, military lore, architecture, or the humanities in general. . . . But the rules of modern banking should be learned and applied by all loan officers. These rules are not hard to learn. Laura Ingalls

Wilder ran a loan office for the federal land bank for over 15 years and never lost a penny. She had a fourth-grade education. The association she worked for was merged into a larger association and now has a college-trained *narodnik* heading it. It is now losing money hand over fist." The amount of money lost through mismanagement to be recouped by the taxpayer and future bank customers is phenomenal. North's work exposes the figures on a case-by-case basis.

North relates how loan officers of the Federal Land Bank, by direct intervention at land auctions, deliberately drove up the price of land by guaranteeing both bidders unlimited loan funds to purchase the land; Thus, they were able to drive up the purchase price and the evaluation on land in the surrounding area, enabling another go round of higher prices and bigger loans. North also exposes how the Farmers Home Administration (FmHA) lent money flagrantly, while anyone with a fourth-grade education would realize the loans would be unpayable with interest rates above 10%—especially when the real rate of return for farmers has averaged somewhere around 3-4%. I remember the line the economists were feeding these loan office trainees at the agriculture colleges. "Borrow all you can, because at the present rate of inflation, you will pay back the loan with cheaper dollars."

My own experience as a farmer verifies what North says about lending policy by agriculture financial institutions. Three years in a row, I was talked into accepting a larger credit line by \$10,000 by Production Credit Association of



A farm in Idaho. Raymond North adequately exposes how agencies such as the Federal Land Bank help drive farmers off the land, but his solutions don't break with the usurious banking practices.

Mandan, North Dakota. But by then, I was asking too many pertinent questions, and they shoved me over to the FmHA.

Setting the record straight

For anyone who still believes that it was farmer mismanagement that caused the agriculture crises in the United States, North's book goes a long way toward setting the record straight. But North's analysis is erroneous on some very fundamental economic issues, one being the surplus production question. Surpluses accumulate when there is a lack of buying power. Lack of buying power is generated by less than parity prices for production. When the production at a parity price exceeds the needs of the producing nation, the excess production generates potential for credits to feed the starving.

Second, North thinks President Kennedy's investment tax credit was a mistake. North, a tax practitioner, has witnessed some of the superficial problems that occur on an individual basis, but he has failed to see how to mobilize a productive economy on a grander scale. Capital startup costs are significantly reduced by investment credits deducted from profits of industry and agriculture. Along with rapid depreciation on capital investment, the engine of an economy is started and propelled forward. Invention of technologies is also encouraged to realize greater efficiencies in production. That's how consumers realize cheaper products. Japan is an excellent model of how this works. Not to mention the production boom realized here in the United States at least partially because of the investment tax credit. But then, North believes farmers are too productive, and surpluses cause lower prices, adding to the plight of the farmer. Does he realize the "invisible hand" controlling prices belongs to the grain cartel?

We need a Hamiltonian national bank

Third, on the question of interest rates: It is my impression that he sides with the Federal Reserve. Raise the interest rates to control inflation, and lower them to stimulate the economy. All we need to do is look around us, to see where that leads us.

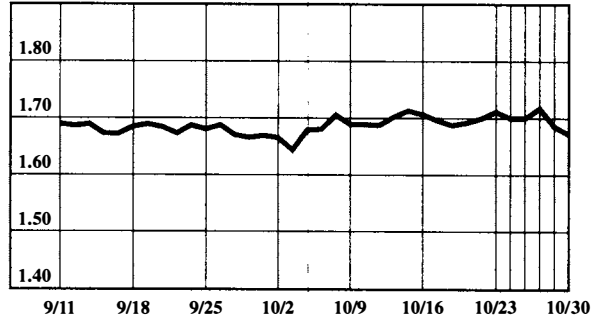
North's failure to define a solution to the banking crisis is also a problem, yet American history shows exactly the kind of program that is required. George Washington's Treasury Secretary Alexander Hamilton's "Report on Banking" explains the needs of a national bank and purposes it serves. While you are at it, Hamilton's 1791 "Report on Manufactures" gives one insight into the workings of a national economy. Both reports are necessary parts of any concerned citizen's library.

In conclusion, while North's *Night Came to the Farms* covers ground that needed to be documented, his expertise in economic analysis is lacking in understanding of natural law. It leaves out morality, the question of economics with dignity for the common man. That lack of understanding flows over into his suggested solutions. It is obvious he does not know or realize there is another way: the way of Lyndon LaRouche.

Currency Rates

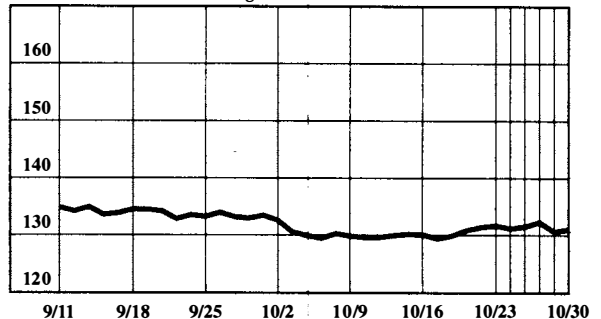
The dollar in deutschemarks

New York late afternoon fixing



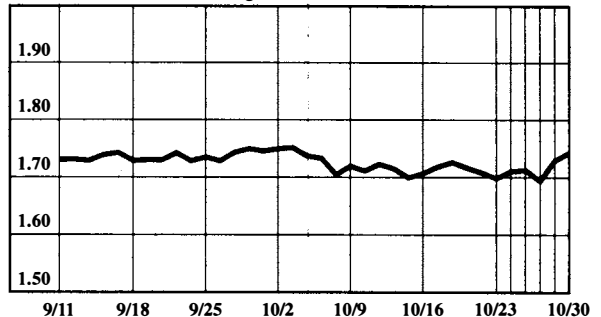
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

