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From 2529 Trophy Lane, Reston VA 20191-2126, 6 April, 2004

Docket No. 04-06

Communications Division, Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency, 250 E St. SW, Washington 20219

Docket No. R-1181, Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW, Washington DC 20551

Robert E. Feldman, Executive Secretary, Attention: Comments:
Federal Deposit Insurance Corporation, 550 17th St NW, Washington DC 20429

Regulation Comments, Attention: No. 2004-04, Chief Counsel's Office,
Office of Thrift Supervision, 1700 G Street NW, Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

I support the proposed changes to the Community Reinvestment Act regulations. CRA is a tax on banks and thrifts, and an unusually high one because of the extent to which it permits special interest groups such as the NCRC and their members to dictate how banks and thrifts should do business, in ways that increase the costs of financial intermediation for all using these institutions. CRA holds banks to ransom and is anti-consumer by raising costs.

In fact, why not simply extend the exemption proposal to all banks and thrifts?

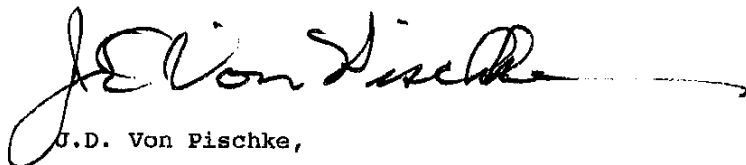
It is interesting to reflect on the two major institutionalized efforts to "democratize" financial services in the 20th century. The first was the spread of credit unions, based on private initiative with facilitating legislation. Everyone gained. Bankers were generally not opposed because they worked in a different market segment and would be the depositories for credit unions.

The CRA was the second such effort. It was based on legislation, rather than on innovation by individuals and small groups of enthusiasts with a mission. It cost the banks a bundle, raising costs for depositors and borrowers. It put inordinate power, such as blocking bank mergers, into the hands of "activists."

The American way to deal with the challenge that the CRA seeks to address is to create special institutions for special situations. Where is "The Redline National Mortgage Bank" and such sister organizations that could find ways of serving the poor more economically, which would require regulations different from those burdening banks? Possibly we have lost our knack in experimenting with institutional arrangements at the bottom end of the market.

Thank you for your attention to this critical matter.

Sincerely,



J.D. Von Pischke,

Cc: President George W. Bush, Treasury Secretary John W. Snow