system which makes available to the public the widest variety of financial services in a competitive marketplace. The interests of users of financial services are the primary concern of the OCC—of even more importance than the preservation of the national banking system."

Kemp-Roth real estate bubble

The third major legislative factor in the destruction of the regional U.S. banking and thrift system was the Kemp-Roth tax bill of 1981, which was designed to speed the shift of the economy from an industrial orientation to a service one, a "post-industrial" economy. The Kemp-Roth tax bill changed the tax structure such that it became more lucrative, from the narrowest short-term investment standpoint, for banks and other investors to funnel their money out of industry and into the service sector, especially into real estate. The tax breaks, coupled with the high interest rates of Paul Volcker's Federal Reserve, forced banks and other investors to seek the highest rates of return they could find, which for the most part meant real estate.

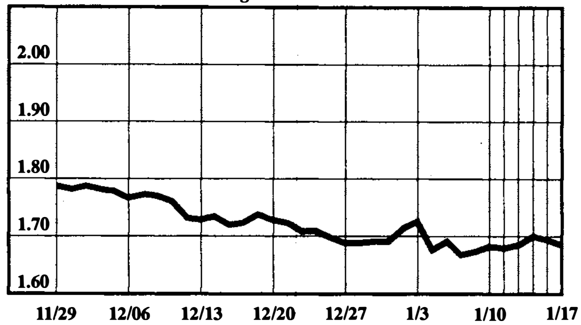
From a banking perspective, the bill might be considered the Kemp-Roth real estate bubble law. The effect of the bill is well illustrated by the case of Texas. During the period from 1982 through 1987, one out of every two new dollars lent by major Texas banks went into real estate, a pattern that was followed to a lesser extent nationwide by both banks and thrifts.

Then in 1986, James Baker III decided to close some of the real estate and oil partnership tax loopholes to help raise some tax revenues to deal with the federal budget deficit. This short-sighted policy removed many of the tax incentives which propped the real estate bubble, which was already beginning to collapse under the weight of the growing depression. The result was that throughout 1987 and 1988, the real estate sector began to unravel, and began to take the banking system with it. The S&Ls, which were hit by the decline of their traditional mortgage-lending business as well as the rapid decline of their commercial real estate lending, were caught in a situation where their asset base was eroding, and there was nowhere to turn to make up the difference. The savings and loan industry, as a direct result of government economic and tax policies, was hung out to dry. It had nowhere to go but under, which is exactly what is happening today.

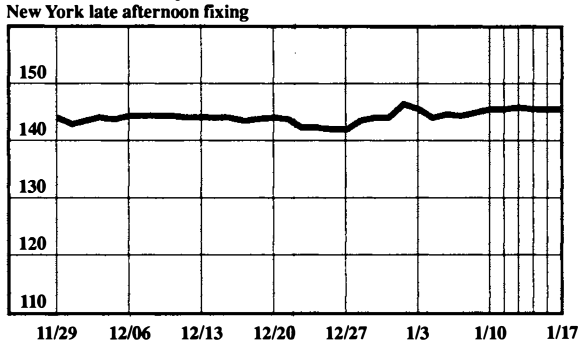
The entire savings and loan fraud scandal is a sham, designed to cover for the biggest asset grab in American history. Men like Charles Keating and Neil Bush are being sacrificed by Wall Street and the government as part of this process. It is indeed ironic that President Bush's own son is being victimized by the Bush administration's capitulation to Wall Street, but that is what happens when morality and law are sacrificed in the name of filthy lucre. The real tragedy is what it means for the nation and its people, who are also being sacrificed on Wall Street's financial altar.

Currency Rates

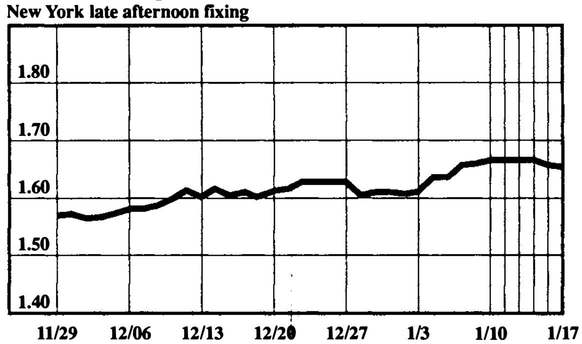
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing



The dollar in Swiss franks
New York late afternoon fixing