

From: Mark Raabe
Proposal: 1479 (RIN 7100-AE10) Regulation: Physical Commodities-FHCs (ANPR)
Subject: Physical Commodities-FHCs

Comments:

Dear members of the Federal Reserve:

The Fed is currently addressing the question of the merits of bank ownership of commodities. Please give strong consideration to the larger question regarding whether allowing the financial industry to own commodities yields any public benefit at all. An ever-growing share of public resources are being spent on financial wheeling and dealing, while little or no benefit is obtained in return. A recent paper by Thomas Philippon of New York University estimates the waste to the public at several hundred billion dollars a year. This is not traditional banking; this is pure speculation - i.e., money used directly to make more money. This sector of the economy is growing at a rapid rate. The interest of the public is not in this type of economic growth. Speculation exposes the financial industry - and our financial system - to unnecessary and reckless risks. In the end, it is the citizens of our country who bear the risks, because they are most vulnerable to the wreckage that results when risks go bad. Furthermore, the benefits of speculation to the financial industry are not directly transferable to the public, and often are inversely related. These relationships are especially poignant with regards to food, energy and other essential commodities.

I encourage the Board of the Federal Reserve to prohibit financial institutions from all forms of speculation in commodities and other sectors of the economy, which fundamentally have nothing to do with banking.

Sincerely yours,

Mark Raabe