
BANKING

Albany fight continues on HongShang takeover

Moves continued this week in Albany around the U.S. Labor Party-led drive to deny the Hongkong and Shanghai Bank permission to purchase New York's Marine Midland on the New York State level. New York State Senate Banking Committee Chairman Rolison sent Senate Bill 3333, the Takeover Bill of 1979, back to Governor Carey for signing,

leaving in the outspokenly pro-HongShang governor's lap the decision as to whether he would veto the overwhelmingly popular bill.

The Labor Party has charged that HongShang controls the \$200 billion illicit international narcotics trade and seeks Marine Midland to further that trade and to extend British government influence over the

U.S. banking system. S.3333 was written by New York State Banking Superintendent Muriel Siebert because of her opposition, reflecting the party's charges, to the HongShang takeover. The bill, which was passed by the New York State legislature in early May, would give Siebert the authority to deny foreign banks the right to actually purchase stock in New York banks. Currently the Superintendent may only deny them the right to vote the stock once purchased.

New York Governor Carey, who is widely reported to be in receipt of over \$300,000 in campaign funding from the Canadian Bronfman family, close business associates of the HongShang, last month denounced Siebert's efforts and threatened her job. As part of this overt political intervention into New York banking regulation, Carey sent her bill back to the state legislature in mid-May to be "reworked."

Now Senator Rolison has re-

BRITAIN

Britain: a gloomy assessment

"In the immediate aftermath of the war, we continued to rank as one of the great powers.... A quarter of the world's population did after all still belong to the British Commonwealth and the Empire.... We were the second most important power in the Far East with all the influence that that carried.... We were the predominant power in the Middle East from Iran to Libya, from Iraq to Aden.... We had every Western government ready to eat out of our

hands.... For several years our prestige and influence were paramount and we could have stamped Europe as we wished...."

Harking back to a bygone era when Britain was still at the height of its imperial powers, these nostalgic remarks were penned on March 31 by Britain's newly appointed Ambassador to Washington, Sir Nicholas Henderson, just before he left his post as envoy to Paris and "retired" from the diplomatic service. The

memo, addressed to former Foreign Secretary David Owen, was meant to be a confidential document, but when Henderson was suddenly plucked from retirement by the new Thatcher government to serve as Her Majesty's Ambassador to Washington, the memo was "leaked" to the London *Economist* and became front page news in all the national press. Presumably, it was meant to serve notice on the U.S. and Europe that Britain intends to recapture its former imperial glory under the Thatcher regime. As former Prime Minister Sir Harold Wilson is quoted in the document as saying, "our frontiers are on the Himalayas."

It may be a long climb back, however. Henderson's dispatch, filled with facts and figures, is a gloomy assessment of Britain's economic and political decline since the war. Both Tory and Labour governments come under fire for missing repeated opportunities to shape post-war Europe and particularly for under-esti-

turned the bill unchanged. "Carey will be taking an awfully big political step to veto it," a New York source said, "it's on his head."

If Carey doesn't veto the bill, sources close to Rolison say that the Federal Reserve and Comptroller of the Currency, who in March rubber-stamped the HongShang takeover, have threatened to sue the New York State Banking Department and put Siebert and the New York State legislature "through three years of litigation" to hobble New York State's right to oppose British bank takeovers.

Farrell backs Carey

New York State Assembly Banking Committee Chairman Herman Farrell meanwhile this week was exposed as a Carey collaborator when it was revealed that his bill for a ban on all foreign banking takeovers was being negotiated closely with Carey. Earlier in May, Carey had convinced Farrell to water the total ban formu-

lation down to a four-month moratorium. Farrell's aides now say that they are unwilling to go with any bill at all except with the prior approval and cooperation of the governor, who "promised us some new proposals for a bill" but hasn't even made them yet.

Farrell is reported to be destabilized by a resolution about to be introduced into both banking committees by State Assemblymen John R. Flack and Robert Schmidt, authored on the basis of the Labor Party's analysis of the HongShang takeover, calling on the legislature to go on record opposing the takeover. The resolution will reiterate the objections of Superintendent Siebert on the intentions of the foreign governments behind the HongShang—Hong Kong and Britain—to "control U.S. capital assets" and will call for an investigation, importantly, into the narcotics charges lodged by the Labor Party for the first time in New York State.

Another twist in the takeover situation came when the National Bank of North America announced June 6 that it is "actively considering" buying a parcel of Bankers Trust branches. Bankers Trust, one of New York's largest commercial banks, had planned until last April to sell all 89 of its retail branches to the Bank of Montreal, a key Dope Incorporated institution. The kicker in the new announcement is that the National Bank of North America itself was recently taken over by National Westminster, a member of the British financial command center that actually set up and directs the drug traffic. It would be a remarkable loophole if, as a nationally chartered bank, National Bank of North America were able to conduct takeover operations even in the event of prohibitory legislation.

—Kathy Burdman

mating Franco-German economic and political potential. In the mid-1950s, Britain was "still the strongest European power, both militarily and economically," writes Sir Nicholas. "It is our decline since then in relation to our European partners that has been so marked so that today we are not only no longer a world power, but we are not in the first rank even as a European one."

Income per head in Britain is now below that of France for the first time in over 300 years, moans Sir Nicholas. "We are scarcely in the same economic league as the Germans or the French. . . . If present trends continue we shall be overtaken in gdp (gross domestic product) per head by Italy and Spain well before the end of the century. Britain's economic decline," complains the new Ambassador, "has sapped the very foundations of our diplomacy."

Thatcher's cabinet ministers, attending the first meeting of the National Economic Development

Council, were presented with a view of Britain's industrial future which cohered in all essential features to Sir Nicholas' assessment. According to the director general of the NEDC, "every indicator—without exception—shows the U.K.'s performance worse than that of its main competitors in the EEC." Britain's growth rate was far worse than Japan's and only slightly better than that of the U.S., according to the NEDC paper which points out that most of these trends have been apparent for the last 10 years, and many of them go back 30 years or more. For this reason, the U.K. now had a "problem of adjustment" of quite different magnitude than the rest of industrial Europe.

Although this view of Britain's decline was endorsed at the meeting by all of Thatcher's cabinet, including Industry Minister Keith Joseph and Chancellor of the Exchequer Geoffrey Howe, from all indications Sir Nicholas and his faction in the

Foreign Office intend to pursue a vigorous diplomatic policy which will seek to reestablish Britain's voice in the corridors of European political power, despite the fact that it has shriveled to nothing as an economic entity.

The 60-year-old Sir Nicholas has been brought out of retirement specifically for this purpose. His first task will be to convey to the U.S. Britain's intentions to recolonize its former possessions in the Middle East and elsewhere—using "gunboat diplomacy" if necessary. His pedigree, as one of the aristocratic "old boys" who determined policy in the heyday of British colonialism, qualifies him supremely for the job. Besides stints in Greece and Cairo, "Nico" as he is fondly called, was second secretary at the British Embassy in Washington during the Truman Administration when the U.S. was taking its cue directly from Churchill's Cold War policy.

—Marla Minnicio