

why Airborne was insisting Midwest bump the very Federal Reserve," commented the prestigious money market analysis house Aubry G. Langston.

The scandal extends back to National City Bank in Cleveland, which has for the last year at least been making a mint off the nation's resultant monetary troubles. Bank stock analysts at Britain's Lazard Freres explained that National City makes most of its steady profits off arbitraging in the float-distorted federal funds markets. When float is large—\$14 billion—checks don't clear, and banks must go to the interbank market in federal funds to borrow short-term cash. This raises the demand for short-term funds, and the short-term rates rise. National City Bank, anticipating this as no one else in the market can, knows that rates will rise at some time in the future and arranges to sell on that day long-term bonds for cash to place in the short-term

market at the higher rates. No other bank, says Lazard, has been able so consistently to make an arbitrage profit like this.

Most bank analysts and commercial banks, however, are well aware of what National City is up to, and intend to keep the situation covered up. "That's our favorite bank!" cried the prestigious Keefe, Bruyette bank stock analysis house. "We would never give you any information which could lead to their incrimination." A top officer of a New York clearing bank added that if the big New York banks knew about the National City scandal, they would probably "be smug about it. ... They wouldn't jump up and run around. Perhaps National City Bank should not have an edge on the arbitrage game, but everybody's in on the game and no one wants to wreck it."

—Kathy Burdman

BRITAIN

Are the Tories going to pot?

No wonder Britain's economy has so much trouble developing efficient executive and middle-management personnel. According to latest reports, "Turn on to Maggie" has become the slogan of the day among Britain's Young Conservatives, who have discovered the joys of cannabis and are hoping to enjoy "high times" in Parliament if their campaign to legalize the weed succeeds.

At least 40 percent of the members of London's Young Conservative organization have sampled marijuana, and they like it, says Charles Smedley, the group's vice-chairman. But being respectful subjects, they want the stuff legalized before they will start smoking it in public as they go to their jobs in the banks, financial houses and law firms in the City of London. "I work in the City and I'm active in politics, explained the 28-year old Mr. Smedley, who is a stockbroker himself. "To break even such a stupid law would be to set a bad example."

Instead, the young Tories will try to change the laws so that by the time they run for office and take seats in Parliament, MPs will be able to smoke pot as openly as they now smoke pipes. Smedley says that there are now younger MPs in Parliament and with luck the law may be changed within the next ten to fifteen years. To speed up the process, his group is organizing a "pot caucus" to be held at the Tory Party's annual conference in October.

"Compared with tobacco or alcohol, cannabis is relatively harmless," Smedley adds. "But the profits should go to the tax man, not to the drug pusher." In the meantime, a work slowdown by British customs officials at Heathrow has demonstrated the fact that every day large hauls of drugs pass through the airport undetected because of deliberate understaffing.

In the first day of their job action to protest staff shortages, customs officials doubled the amount of contraband seized, merely by working at a deliberately slower speed and meticulously searching each "tourist" and "holidaygoer" instead of using

the usual quick, sloppy search procedures which make London a drug smuggler's haven. Three kilograms of heroin worth over \$600,000 were discovered the first day of the job action, in the briefcase of a man who had nonchalantly walked through the green "Nothing to Declare" gate. The following day, marijuana, hidden in a banana, was seized by customs officials. Inspecting a bunch of fruit from a Nigerian woman's baggage, officials found that the fruit had been removed, the skin filled with cannabis and the peel carefully stitched back on!

Although adequate staffing at customs might put a stop to the drug trafficking, the government plans to do just the opposite. It wants to cut the number of customs inspectors by 1,800 from the present level of 28,000 with the prospect of a further 6,000 jobs being lost in 1980. According to the Society of Civil Servants, the customs workers' union, which is protesting the cutbacks, "Smugglers are walking straight through with no one to stop them. We need more staff and not less as the Government plans."

—Marla Minnicino