failures with his own credit policies, Volcker can argue that abridgement of the McFadden Act which prohibits interstate banking, including buyouts, may be necessary. This too is a non-starter. Last month 24 state bankers' associations tried to force their parent American Bankers Association to call an emergency meeting to defend McFadden. The ABA, heavily controlled at the top by the money center banks, cooled things off by mandating a panel on the subject at the September national convention in Washington; but the magnitude of the revolt is unprecedented. The plan to grind America's 14,000 banks, with their basic committment to local industry, farming, mining and ranching, into a tightly controlled several dozen dominated by the money center giants has drawn other resistance as well.

The U.S. Savings League, which three weeks ago sued Volcker's Deregulatory Committee to stop it from wrecking the S&L's ability to service the housing market, is now considering a suit to overturn the Deregulation Committee section of the 1980 Omnibus Banking Bill as unconstitutional.

Savings and loan bankers thrown the carrot of credit cards, trust accounts, checking and NOW accounts have widely rejected the "service economy" road and confirmed their dedication to financing America's homebuilding.

As one New England savings banker said, "We're committed to housing because the nation needs housing and we can best finance it. We are not going to change our stripes to compete with Citibank and be swallowed up by them."

This will not deter the money center banks and their regulatory allies. Citibank is still pushing its Electronic Funds Transfer operations in Ohio, its data processing services. It also continues to push its integration of services with holding company corresponding banks like Minnesota's First Bank Systems. Citibank's control of Florida's governor has won it loan creation offices in that state, known for its drug money. Word is that Citibank is about to float a new secondary mortgage buy and sell operation to ease the savings banks out of their housing paper.

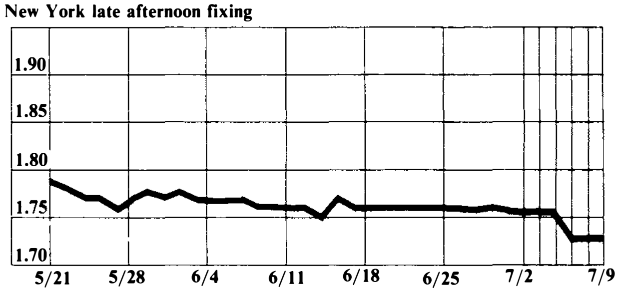
For its part the Fed last month issued rules for defining deposits which would reduce the period money must remain in an institution to receive interest. The cut was from 30 days to 14 days—a necessary "reform" to create hot money potential.

But the truth is that the "one banking system" drive has been temporarily stalled at a critical moment in its promoters' financial war against the European Monetary System. The ball is suspended in midair. Whether U.S. regional banks can find the policy to drive credit back into production and out of the hands of the hot-money banks and their political allies—that is what remains to be seen.

Foreign Exchange

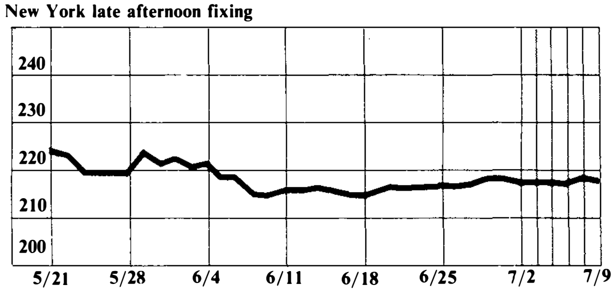
The dollar in deutschemarks

New York late afternoon fixing



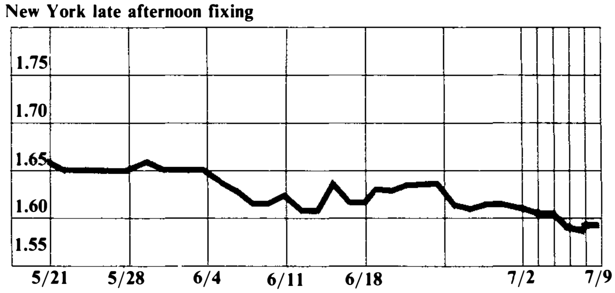
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing