

into foreign financial markets it has not asked for nor received preferential treatment. Our aim in our markets has been mutual nondiscrimination among us and foreign banks. . . .

Since 1973 this association has worked actively for such (equal treatment) legislation. Generally our position has been similar to that of the Federal Reserve Board and

our efforts have been closely aligned. We were pleased when legislation incorporating these principles was enacted by the House in 1976 and was again reported out of the House Banking Committee in February. However, the legislation later passed by the House and before you today was altered significantly on the House floor by the omission of the amendment of Section V, thereby

Moratorium On Foreign Takeovers

The following is a shortened version of a statement issued by the National Executive Committee of the U.S. Labor Party on June 20. Nationally distributed prior to the June 21 hearings on the International Banking Act of 1978 before Senator McIntyre's Financial Institutions Subcommittee of the Senate Banking Committee, the full text appeared in the U.S. Labor Party's newspaper, New Solidarity, June 23. The "USLP Non-Partisan Action Program" referred to in the statement is reprinted in this week's Special Report.

Congress must immediately enact a one-year moratorium on foreign takeovers of American financial institutions, pending the passage of legislation securing the safety of the American credit system. The last few week's spate of British takeovers of American banks, which shows only the tip of the iceberg of the influx, represents an attempt by British financial circles to grab a decisive share of American credit and hence political control in the United States. This distress sale must be halted to give Congress time to enact broader measures to ensure the continued flow of cheap credit for American industry, agriculture, and foreign trade. The proposed moratorium would apply only to foreign purchases of existing banking and other financial institutions, not to foreign banks' opening of branches, agencies, and representative facilities.

These British financial interests are collaborating with Federal Reserve Chairman G. William Miller, Controller of the Currency John Heimann, and other officials, to transform the American credit system into a free-for-all resembling the speculation-oriented Eurodollar market abroad, to London's advantage and the severe detriment of the American economy.

The U.S. Labor Party is in possession of evidence that G. William Miller is in collusion with British banks to select appropriate takeover victims, on the pretext of targetting "weak banks" in need of "injections of capital." Furthermore, the Labor Party possesses evidence that John Heimann, in malfeasance of the Controller's duty under law, is suppressing evidence that the British institutions concerned are wildcatting in the United States in an attempt to hedge against their own fiduciary weakness. Three significant takeovers have occurred in the last two months—Hong Kong and Shanghai Bank's purchase of Marine Midland, National

Westminster's purchase of National Bank of North America, and Standard and Chartered's purchase of Union Bank of California. By themselves, these takeovers have placed control of almost \$20 billion in American banking assets in British hands. Controller John Heimann has stated publically that six more such transactions are currently in preparation.

Miller's objective is three-fold:

1) The British equity-buying spree, which includes operations of British bank holding companies across state lines, will prepare the way for elimination of all controls against interstate banking.

2) The explosion of foreign banking operations in the United States tends to merge the American credit system with the unregulated offshore dollar, or "Eurodollar" market.

3) The ultimate regulation of American banks through supranational entities through the International Monetary Fund. Bank of England Governor Gordon Richardson publicly demanded, in a speech in Berne, Switzerland, June 13, that the IMF have powers to review virtually all international bank lending operations. Miller proposed the same, including IMF powers to impose reserve requirements; limit the total size of bank operations; impose conditionality on borrowers; and set interest charges, to the IMF's Interim Committee, according to evidence in possession of the U.S. Labor Party.

Interstate banking would be a disaster. Doubters should inspect the Canadian banking system, where the domination of five money-center banks channels most national savings into Eurodollar-oriented operations, and starves the regions for credits needed for economic development. Such centralization of credit in a few money centers would threaten the political balance of the country.

The Labor Party does not oppose the expansion of foreign banking in the United States through normal means, as a benefit to American international trade. But Congress must call a halt to British scavenging. The country requires time to put into effect measures of the type USLP National Chairman Lyndon H. LaRouche, Jr. outlined in the "U.S. Labor Party Nonpartisan Action Program for 1978": a two-tier credit system favoring long-term industrial investment and development of new technologies, and a tax structure favoring investment in new plant and equipment and household incomes rather than speculation.