

Supt. Siebert demands "national policy review"

New York State Banking Superintendent Muriel Siebert has shaken the British banking community with a strong call for "an immediate review on the federal level of U.S. national policy on foreign bank takeovers...." Mrs. Siebert itemized her objections to the ongoing spate of British bank purchases in the U.S. in a recent letter to Rep. Henry Reuss (D-Wisc.), chairman of the House Banking Committee, which Reuss released in full to the press on March 1.

All U.S. national banking regulatory agencies, including the Federal Reserve Board, Comptroller of the Currency, Federal Deposit Insurance Corporation, as well as the Securities and Exchange Commission, have been forwarded the Siebert letter by the House Banking Committee. They have received along with it a request for a full policy review statement, as has Rep. St. Germain's (D-R.I.) House Banking Committee Financial Institutions Subcommittee.

Mrs. Siebert's letter reads in part:

"I am pro-competitive... (but) in the United States there are now proposed foreign bank acquisitions announced over the past year alone totalling \$23 billion in U.S. banking assets, on top of the \$19 billion in existing foreign banking assets and if these were all accepted it would not be in the interests of competition.... New York has welcomed foreign bank branches and agencies... *de novo* operations are pro-competitive... Our banks for the most part started their international operations *de novo* rather than through acquisitions of existing major networks abroad....

"Regarding the International Banking Act of 1978... foreign ac-

quisitions of large domestic banks pose serious questions which have not been addressed.... The following points must be addressed:

"1. *Reciprocity*: ...On the basis of my discussions with my counterparts in other countries, no developed country other than the United States would permit any significant local bank to be acquired by a non-domestic bank. The opening of the U.S. banking system to foreign acquisitions probably will not create equivalent opportunities for our banks abroad.

"2. *Fairness*: "...I cannot reconcile the fact that our own U.S. banks operate under statutory and regulatory restrictions which place them at a distinct competitive disadvantage relative to their foreign bank competitors in these proposed acquisitions (ie., Citibank would not be allowed to purchase the banks which the British banks have targeted—ed.).

"3. *Impact on Worldwide Competitive Position of U.S. Banks*...

"4. *Impact on Control over U.S. Capital Resources*.... Many foreign banks are government-owned or controlled and operate in closer harmony with their governments than is the case here. *A U.S. bank owned by a foreign bank could carry out monetary or investment policy of its own country which were in direct conflict with U.S. policies. These conflicts could include foreign exchange operations, domestic or international credit restraint, types of credit extended, and levels of credit allocated to particular borrowers....* (emphasis added).

"5. *Amenability and Ability for Supervision of Resulting Institution and/or Its Parent Bank*..." Congressional sources have reported that Banking Committee Chairman

Reuss is indeed planning near-future hearings to investigate the issues brought forward in Siebert's letter. Such a probe promises to be very embarrassing for the City of London financial institutions leading the banking takeover drive, particularly to the Hong Kong and Shanghai Banking Corporation, which is awaiting a Federal Reserve decision on its bid to purchase the controlling interest of the New York-based Marine Midland Bank. As has been documented, the "HongShang" is involved up to its corporate ledgers in the international drug trade. A congressional investigation should reveal this illicit underbelly of HongShang's business enterprises, as well as the corporation's collusion with other British-based institutions to take over domestic credit markets and implement the deindustrialization of the USA.

Reached for comment on the Banking Superintendent Siebert's letter, a source at the Hong Shang said this week: "All of our worst suspicions about why the Fed has held up our acquisition of Marine Midland have been confirmed."

—Kathy Burdman