deficit as a result of increased oil prices. However, in the cases of "Turkey, Peru, Zaire," and other especially crisis-ridden countries, Rieke insisted that "if the Euromarket didn't finance them" then "the IMF could have moved in ... much, much earlier.... Those deficits would disappear if they weren't financed."

In other words, the Bundesbank is demanding that private commercial banks stop financing the countries with "avoidable" deficits and hand them directly over to the IMF, where they will be subjected to the IMF's austerity requirements. But, as the case of Zaire (whose central bank is now being run by an IMF official) shows, IMF conditions are a cure that kills the patient.

Dutch central bank chief Jelle Zijlstra, who also heads up the Bank for International Settlements, has joined Emminger in calling for the imposition of some form of controls on the Euromarket. Zijlstra's views were published in the annual report of the Dutch central bank issued last week. The London *Financial Times* reported that Dr. Zijlstra "said there was an increasing awareness that the lack of control over banks' foreign branches was unsatisfactory....Revised rules governing the consolidation of these foreign subsidiaries could extend controls across national boundaries."

Zijlstra's comments provide a hint as to the form which Euromarket controls may initially take. Banks will probably be required to "consolidate" their reporting of lending by their offshore branch offices with lending by their home offices, and a reserve requirement will then be slapped on all international lending. In this way, the central banks hope to get around the problem of how to police each presently unregulated offshore center. The Bank of England has already directed all British banks to consolidate their reporting and the Bundesbank annual report indicates a similar change in accounting practices is underway in West Germany.

—*Alice Roth*

BANKING

New York shows some fight versus British banks

The New York State legislature's passage on May 1 of the "Takeover Bill" proposed by New York Superintendent of Banks Muriel Siebert marks a new show of fight among New York legislators, banks, and citizens generally against the impending wave of predatory British bank takeovers of American banks.

This New York response has been sparked by the U.S. Labor Party's now year-old effort to expose the Hong Kong and Shanghai Banking Corporation and other British banks' involvement in the illegal world narcotics trade and their intent to politically influence the U.S. credit system on behalf of the British government. The USLP filed suit April 16 to stay the Federal Reserve's recent approval of the purchase by HongShang of New York's Marine Midland and the purchase by Standard Chartered of the Union Bank in Los Angeles.

Rumors are circulating in Albany that the public outcry, capped by the passage of the bill, may give Superintendent Siebert the support she needs to deny the HongShang its application on the New York State level.

Arthur M. Richardson, president of the Security Trust Bank in Rochester, reflected this in his statement to the bank's annual meeting late last month. "Like Superintendent Siebert, I have questions about these trends... these foreign based institutions operate with different management objectives and corporate philosophy than the unique 14,000-member bank system that has its roots in the American tradition. ... We are dealing with an issue that has an impact on the prosperity and quality of life of each of us..."

Mr. Richardson called upon Governor Carey to form a private sector committee "to chart the course for the state's banking system ... the very best people, experts in banking, members of regulatory boards, legislative leaders, nonbanking members." The committee must hold public hearings on the issue "to create opportunities for open dialogue among concerned citizens."

The Takeover Bill, which passed the New York Senate on April 23 and Assembly on May 1, will give the State Banking Board the right to prevent foreign banks from buying New York banks. Before, the law provided for oversight only on their voting of the stock once bought. The Board, led by Superintendent Siebert, will include five smaller New York State regional bankers, who will outvote the pro-British Chemical Bank Chairman Donals Platten nicely.

—*Kathy Burdman*