
Walter Wriston of Citibank.

laundered in his legitimate Chase account. This is then successfully transferred to Nassau with the publicly noted transfer, and the banks' computers pick up no unusual movement of funds—particularly if the account is one where large sums of money come in and are withdrawn, as the executive said, each day.

In 1979, a computer programmer at Security Pacific Bank in Seattle was arrested by the FBI for doing just that—but he simply created a nonexistent $11 million extra message unit on a wire transfer from his Security Pacific account to a numbered account in Zürich, Switzerland. When the Zürich bank went to collect, he was caught.

But if the money *exists to be laundered,* actual funds will in fact have been transferred to the offshore center, and no problem arises. This is going on every day, Bell's Morris asserts.

Bring it here

It is the New York Clearing House banks, owners of the CHIPS computer network, who wrote the International Banking Facilities free-zone plan and who now stand to collect. With IBFs, the entire shell game of

The economic future under free-zone banking

The establishment of International Banking Facility free banking zones in the United States will cut dramatically into real U.S. industrial activity, by contracting the net credit available to the productive sectors of the economy.

Using IBFs, the top 100 money-center banks in the U.S. plan to consolidate control over the nation's banking system in their own hands. Credit in general is to be channeled into real-estate, commodity, and other speculative loans, at the expense of the nation's other 14,600 regional banks, who make most of the productive loans to the economy.

To Americans, this will mean steel plant closings, auto layoffs, less ability to buy homes, and soaring food prices. The international "hot money" brought into the United States by IBFs will "raise U.S. real estate prices across the board," M. J. Rossant of the Twentieth Century Fund predicts.

The IBF program, however, is part of a broader plan to establish a *national banking cartel.*

New York Fed president Anthony Solomon, in a Nov. 7 letter to Paul Volcker, stated that the Fed intends to approve, as part of IBFs, the equivalent of nationwide branching by all large banks who will join CHIPS, the New York banks' computer clearing system, to set up their IBFs.

As Comptroller of the Currency John Heimann said last week, the new EFT system, which renders McFadden "irrelevant," also means many small banks will go. "The transition to this era will be marked by . . . the disappearance of some institutions. The entity that does not adapt will not survive," he told a Washington audience.

In particular, as the Fed's Oct. 31 memo approving IBFs points out, the big banks using IBFs will be able to take *domestic* business away from regional banks by lending to U.S. corporations' home offices on the books of companies' foreign subsidiaries.

The loans now made by regional banks which are thus endangered include 85 percent of agricultural loans, 64 percent of consumer loans, 36 percent of industrial loans, including all small businesses locally, and 60 percent of housing loans in the United States.