

Chairman PATMAN. I am talking about the central bank like our Federal Reserve. Compare the Bank of England.

Mr. DAY. The Bank of England is nationally owned.

Chairman PATMAN. Do you know any country in the world where the central bank authorities have as much power as they have in the United States?

Mr. DAY. I doubt whether we have in England. I don't know of any other that is comparable with the Federal Reserve.

Chairman PATMAN. What about you, Dr. Niehans?

Mr. NIEHANS. I wouldn't have a specific comment.

Mr. LOLLI. I would say the Central Bank of Italy has similar powers to the powers of the Federal Reserve Bank.

Chairman PATMAN. Does any other central bank in the world have as much power as the central banks of England and the United States?

Mr. LOLLI. I would not be able to answer. In Italy the Central Bank has, I think, almost the same powers.

Chairman PATMAN. What about the independence of the banks from the government? Your bank is publicly owned. It is directly connected with the government.

Mr. LOLLI. It is in the sense that the government, take the crisis that happened in 1929 or 1930, has the majority of the capital of all major Italian banks. But as a matter of policy the government does not interfere in any way with the operation of the commercial banks. We are only under the control of the central bank the same way as the commercial banks in the United States are under the control of the Federal Reserve.

Chairman PATMAN. I would like to ask each one of you to briefly answer this question, if you please.

We have a bill pending. It has been reported by the House Banking and Currency Committee, to provide higher interest rates for foreign accounts.

Do you believe that will be of substantial help in our difficulty?

Mr. LOLLI. Personally, no.

Mr. NIEHANS. I don't believe in interference in the interest rate structure. It might help on the short-term, but it is not a fundamental remedy.

Mr. DAY. I believe it might have some effect, but I think it would be extremely difficult in practice to separate foreign-held accounts from domestically held accounts.

Chairman PATMAN. This would only apply to the central bank accounts?

Mr. DAY. For central bank accounts I can see this working quite successfully, although I would prefer the idea of the gold exchange guarantee.

Mr. LOLLI. May I comment? My answer "No" was based specifically on the fact that all major New York banks and all major American banks, I would say, have branches in Europe and in London, particularly, where they are free to pay any interest that they want. So they are in a competitive position, if they want to be, with any other European bank.

They don't need any specific legislation to pay a higher rate if they want. As far as I know, they are not paying now, for long-term