Thus, in soliciting customers, differences in the nature of American and foreign banking systems raise some obstacles to American banking efforts overseas. This is particularly true where there is a strong identity between the commercial bankers of the country and the monetary authorities who are in position to pass on operating practices.

No discussion of the philosophy of U.S. banking abroad would be complete without indicating the delicate nature of the relationship between the U.S. banks and the government, the central bank, and the commercial banks in the host country. While all commercial banks both here and abroad conduct their business at the sufferance of governmental authorities, in foreign countries American banks feel particularly constrained to be cooperative participants. In relatively few countries are foreign firms subject to legal discrimination; instead, most, if they are permitted to enter, are considered fully equal legally to institutions with head offices in the host country. Yet, particularly in banking, where contacts with authorities are frequent and detailed, the active cooperation of government is a prime requisite for successful operations, and this cooperation is not such that can be demanded as a right or law, or that cannot be terminated formally or informally. American banks, therefore, enter foreign countries as guests, albeit hopefully as permanent guests, and their conduct, needless to say, must be beyond reproach.

Such a necessity to maintain completely harmonious relations requires American banks to be particularly circumspect in their statements and criticisms of foreign governments. Whereas American banks have been active commentators on U.S. economic affairs and offer advice freely on all matters of U.S. banking regulation, national finance, and international economic relations, they are scarcely able to comment as freely abroad within their status of guests on their best behavior. This accounts for the fact that American banks are often not in the forefront of those demanding free banking in all countries. While American international banks would undoubtedly benefit from greatly enlarged freedom to enter and conduct banking abroad, they are also susceptible to gaining the reputation of being undesirable and of being charged with using their large size and the economic and political power of the United States in their self-interest. Accordingly, their long-term interests dictate that they maintain in foreign countries an attitude of active cooperation within the scope of existing banking authority, regulatory system and banking structure. Only by such an attitude will American banks be able to accomplish their aims of extending their operations to maximize longrun service and profit opportunities.

ATTITUDES OF FOREIGN COUNTRIES TOWARD U.S. BANKS

In an important respect, the receptivity of foreign countries to the establishment of U.S. banking facilities in their countries is a product of their general attitude toward foreign ownership of domestic business facilities. Countries differ in their attitudes based on various sets of motives. Many have several such motives important in limiting bank entry.