Europe

Broadly speaking, the obstacles to American business are motivated in Europe by the strategic industry problem (here strategic is fairly broadly defined), the disparate size of American and foreign firms, and a feeling that American firms are insensitive to European problems, customs and ways of doing business, and relations to government. (American willingness to shut down unprofitable plants is the typically cited example.) In all of these matters, the banking industry, among all U.S. industries, does not rank highly as a threat to Europeans. However, in the characteristic of American business most highly valued in Europe, that is the ability to demonstrate and transmit technological advancements, the U.S. banking industry, in foreign eyes, does not have anything unusual to offer either. In general, the technological changes in banking, while they have been great, are not such as to involve much timelag in being transmitted from country to country. Those associated with physical processes (check handling, credit cards, etc.) are capable of being passed rapidly across international borders (even though competition may not require them) while those that involve new concepts (certificates of deposit, bank debentures, term loans) involve changes of tradition, legislation, et cetera, which are extremely slow to be accepted and do not merely involve learnable techniques.

Some of the European resistance to the entry of American business has been a product of fear that America was really not in Europe to stay but that after sapping the viability of indigenous industry by taking over an important share of the domestic market, American firms might well pull out. Long-range European defense policy, looking toward its gradual independence from American help, therefore required limiting American business entry. While this is not specifically aimed at banking and the capital market, certainly it was not difficult to encompass these areas in those industries considered strategic.[5] Whether this reasoning is significant in determining current European attitudes toward American banking cannot be assessed here.

Central America

Under a headline "Small Nations Don't Want U.S. Branches" an unusually frank article in the *American Banker* spelled out the reasons U.S. banks are not warmly welcomed in a group of countries.[6] According to the author, the feeling exists in Honduras and, by implication, in other Central American countries, that U.S. firms and private investors who formerly brought funds to Central America will now merely borrow them from the U.S. bank branches which, in turn, will have obtained them from local depositors. Citing the loss by Guatemalan banks of one-third of their deposits after a U.S. bank opened a branch, he indicates the U.S. bank increased its deposits by more than half of that amount and most of the rest was presumed to have reached U.S. investments through the facilities of the U.S. branch bank. Some $21 million of Guatemalan deposits, according to the author at the time of the article, were controlled from one desk in New York.

[5] *The Atlantic Community and Economic Growth. The Climate for American Business in Europe*, p. 4, report of the Crotonville Conference, Dec. 12–15, 1965. The Atlantic Council of the United States, Washington, D.C., 1966.

[6] Nasralla, Manuel H., "Small Nations Don't Want U.S. Branches." *American Banker*, Aug. 13, 1965.