

## New York financial press: raising the noise level

The global impetus of the European Monetary System, and the certainty that it will soon be realized, have now forced broad coverage in the New York financial press. Three articles apiece in the *Wall Street Journal* and *Journal of Commerce* of Oct. 17 show both this acknowledgement, and a continued propaganda effort against the program.

### 'An engine for inflation'

*Lindley Clarke, in his "Speaking of Business" op-ed column in the Wall Street Journal, featured the American Enterprise Institute and the Rothschilds' Kredietbank of Brussels growling that the EMS will be inflationary:*

"All such schemes of linking together major currencies, either rigidly or in the form of target zones, are entirely utopian. . ." Mr. Haberler says the arrangement "would require enormous interventions and would be what the Germans call an 'Inflationsgemeinschaft,' an engine for world inflation."

### "The odds are very much against the IMF"

*The Journal of Commerce editorialized in behalf of the poor, beleaguered IMF and its "sur-*

*veillance" programs that are threatened by the emergence of the EMS:*

Jacques de Larosiere, new managing director of the International Monetary Fund, presides over an organization with greatly augmented resources as a result of agreements reached last month at the annual meetings of the Fund and World Bank. Now he must work hard on restoring morale and maintaining the prestige that could be eroded by the emerging European Monetary System. . . .

The soft-spoken Mr. de Larosiere will have to start carrying a bigger stick if he is to stave off competition from the rival European monetary scheme. The Fund will have even less influence on surplus countries like Germany if the European scheme is successful. One wonders how much influence he will have on the weaker countries once they are firmly under the tutelage of the Germans. . . .

Will Mr. de Larosiere have any more influence on the U.S., now that it has a gaping balance of payments deficit, than other managing directors have had?...

Mr. de Larosiere will now have the funds to help the smaller countries if they want to come to the IMF before their problems become too serious. But he will have to fight as hard as his predecessors have done to have any impact on the policies of the surplus or larger countries. The odds remain very much against him.

## London: "dead and falling off the slab"

*The "Lex" column of the London Financial Times, titled "Casualties of the currency upset," on Oct. 13 summarized the pyramiding problems for Britain of the weakening pound and the rising interest rates London is recommending for the U.S. higher government borrowing costs, panic among brokers of the kind seen in the U.S. stock markets, and zero market for long-term sterling-denominated Eurobonds are the immediate pinch of a crisis London had expected to put off for a month longer.*

. . . the discount houses are battenning down the hatches. Until recently it has seemed unlikely that the authorities would come under any serious pressure before, say, the second half of November. . . . But the international currency crisis is now putting the heat on: at today's Treasury bill tender the rate is likely to rise to above 9 1/2 percent which would have led to an increase in minimum lending rate under the only formula. . . .

Nowhere was the impact of the currency crisis more obvious than in the Eurosterling bond market. Already dead to all would-be borrowers since April, it has now fallen off the slab. . . . There is a jaundiced view abroad of the outlook for British inflation and interest rates. . . . (dealers) have seen their short term Eurosterling financing costs go from 12.25 to 13.25 percent over the past four weeks.