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## BUSINESS AND FINANCE

# Europeans Angry at U.S. On Drop in Their Markets

## Investors Abroad Have Losses in Stock and Bond Holdings and in Mutual Funds Sold by Americans

By CLYDE H. FARNSWORTH  
Special to The New York Times

COPENHAGEN, May 31—One European securities man to the other:

"Why can't some authority decide how long the working day should be?"

"Do you personally think it's too long or too short?"

"Too short."

"Listen, that's the reason we're still alive to make markets."

Once again demonstrating that when the United States sneezes the rest of the world catches cold, the European securities industry has fallen into the depths of recession. Trading institutions have taken large losses, and difficulties have been aggravated in the already clogged capital market.

No European stock market has been strong enough to withstand the pressures from New York, a development of political as well as economic significance.

## WALL STREET SETS TOKYO STOCK PAGE

### Gyrations in New York Are Reflected by Wide Swings in the Japanese Market

By PHILIP SHABECOFF  
Special to The New York Times

TOKYO, May 31—The old truism about Europe sneezing when Wall Street catches cold now applies demonstrably to Japan as well.

Wall Street's recent ills have had the Tokyo stock market sneezing, coughing and racked by violent chills.

On April 6, the Tokyo market had reached its all-time high (2,534 yen on the Dow-Jones index).

A month later, the index had plunged by 25 per cent including the greatest single day loss in the exchange's history, on April 30.

One of the factors behind the nosedive was the fact that big foreign institutional investors unloaded a lot of Japanese shares when their home markets began to slide. One of the of merger is rife, although so recently was said to be Investors Overseas Services.

#### Dramatic Comeback

Tokyo's empathy with New York was demonstrated again last Thursday when, following the dramatic comeback made by Wall Street, the Tokyo exchange made its sharpest single-day gain in history.

The Dow-Jones index rose by 79.46 points to 2,009.10, the first time in nine days the index has been back over the 2,000 mark.

The dizzying gyrations of the stock market have not had any unduly damaging effects on brokerage business in Tokyo.

Closely supervised by the Government Finance Ministry, securities companies are required to follow a "sound business policy."

Among other things, this means that their investments in

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Resentments have been stirred up against the United States, and particularly the Nixon economic policies. Fresh moves have been undertaken to integrate financial and monetary systems to reduce the influence on Europe of troubles in New York and Washington. Europeans have been hit in both their stock and bond portfolios and in the mutual funds they buy from offshore American managers. To top it all, Investors Overseas Services, largest of the offshore fund groups, is having serious troubles of its own.

#### Banker Comments

"It's been an expensive lesson for the European banking community," Rolf Hallberg of Stockholm's Enskilda Bank told a group of bond dealers in Copenhagen.

What principally irks European bankers is that they had placed vast amounts of American issues with European investors and that some of these issues, such as bonds of Commonwealth United and Ling-Temco-Vought, have greatly depreciated.

Mr. Hallberg, chairman of the Association of International Bond Dealers, does not mince words in apportioning the blame:

"Some very severe mistakes have been made during the last three years when several United States companies of too low quality and too speculative character have raised money in equity-linked issues in the Eurobond market. Some corporations, a couple of years after they raised large sums of money in Europe, are near bankruptcy."

#### Americans' Reply

American bond men retort by suggesting the Europeans may have lacked a little professionalism and sophistication. They say no one can afford to ignore the standard rule of the market place: "caveat emptor"—let the buyer beware.

Wall Street's influence is seen in the statistics measuring the break in securities prices on both sides of the Atlantic. These show percentage drops of almost the same size.

Capital International, the research affiliate of a Los Angeles-based group of mutual funds, computed the fall in European stock markets from Jan. 1 to May 27 this year at 20 per cent, which compares with an over-all decline in the New York Stock Exchange of 23 per cent.

In the last three trading days of May prices in Europe rose 5.6 per cent compared with 5.3 per cent in New York.