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Title: Merc official lets fly against some of his favorite targets

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There's never much mystery about what's on Leo Melamed's mind.

The outspoken chairman of the Chicago Mercantile Exchange's executive committee held forth last week on some of his targets: the dalliances of Congress and the Federal Reserve, jealous New York bankers, dilatory regulators and even the Soviet Union. Melamed, who helped establish financial futures at the Merc, told the Cato Institute's sixth annual monetary conference in Washington, D.C., that the Federal Reserve should give up attempts to influence the value of the dollar by intervening in foreign exchange markets.

Intervention is "a joke. They could overwhelm the market for the next five minutes, but give us a day or two . . . the market is surely going to go where it wants to go," he said.

Congressional plans to legislate against computerized "program" trading of stocks and stock-index futures are fruitless, he said.

"You can't legislate against it, unless you're going to legislate something a lot worse. You better stop the whole information age, you better stop technology, you better stop progress, you better go back to the 1950s or before when life was a bit different," Melamed said.

He bristles at the Commodity Futures Trading Commission's power to forbid trading of futures contracts that are not deemed to have an appropriate economic purpose. "Let the market decide. You regulators can never make that decision," he said.

New York bankers aimed a lot of criticism at the Chicago futures exchanges, mainly because the silk-stocking types think Chicago "stole" financial futures from them "in the middle of the night," in Melamed's view.

Melamed, who fled Russia with his parents at an early age, doesn't think much of his motherland's attempt to fix the value of the ruble.

"Well, nobody gives a damn what that (Soviet) committee says the ruble is worth. We could do that. (Treasury Secretary James) Baker tried to do that. Others have tried to do that. You can't do it."

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