



NEWS RELEASE

The Federal Reserve Bank of St. Louis
St. Louis Little Rock Louisville Memphis

Media Advisory
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**St. Louis Fed's *Regional Economist*:
The EMU Will Fly, But Will It Stay Aloft?
Does Big Business Need Taming?
8th District Bank Loans**

ST. LOUIS — The July 1998 edition of *The Regional Economist*, the Federal Reserve Bank of St. Louis' quarterly journal of economic and business issues, features the following articles:

- **“Yes, This EMU Will Fly, But Will It Stay Aloft?”** On Jan. 1, 1999, 11 European nations will relinquish their individual currencies and form the European Monetary Union (EMU), creating an economic area comparable in size and output to that of the United States. Economist Adam M. Zaretsky looks at what the movement to a single currency will mean for those European countries and their citizens — both the advantages and the potential pitfalls. He concludes that although the EMU has many problems still to deal with, a successful euro could compete with the U.S. dollar as an international currency and, perhaps, spur additional currency consolidations around the world.

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- **“Does Big Business Need Taming?”** Ever-larger mergers and acquisitions, as well as high-profile antitrust cases such as that filed recently against Microsoft, have generated renewed debate about the role of government in ensuring a competitive marketplace. Economist Michelle Clark Neely reviews the basics of antitrust economics, including some recently developed advances in the field, and finds that it’s still very difficult to draw a line between good, hard-nosed competition and illegal, anticompetitive practices.
- **“District Bank Loans.”** Banking in the Fed’s Eighth District has undergone sweeping changes in the past decade. One of the more interesting ones is the increasing tendency of bankers to rely on mortgage lending to pay the bills. Economists Dusan Stojanovic and Mark D. Vaughan analyze the composition of loans in the District. Although they find that the net impact of the shift to mortgage lending on overall District banking is unclear, they express concern for community banks. These banks, they conclude, are substituting liquidity and interest rate risk — which they have relatively little experience managing — for credit risk, which they have historically managed very well.

Subscriptions to *The Regional Economist* are free and can be obtained by calling (314) 444-8809. The publication is also available on the Bank’s website: <http://www.stls.frb.org>.

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