

# Boehner to resign position as Speaker of the House

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In something of a surprise announcement, Speaker of the House John Boehner said on September 25 that he would be resigning from Congress at the end of October.

This announcement comes at a time of intense partisan conflict over the direction of the government, made worse by the coming debates on raising the debt ceiling and creating a new federal budget for 2016.

John Boehner is a Republican from Ohio who became Speaker of the House in 2011 when a wave of Tea Party Republicans were elected to Congress. Since then, he has been in the middle of a partisan gap, attempting to maintain some sort of order in Congress despite the increasingly vehement demands of the Tea Party.

The next partisan showdown in Washington is almost certainly going to be the now almost routine debate over the national budget and the debt ceiling. This battle is expected to take place in the coming months, and a government shutdown was avoided just last week.

The partisan conflict this time is expected to be worse, as recent videos alleged to show representatives of Planned Parenthood negotiating the price for aborted fetuses.

These videos have caused uproar among Republicans and have fueled a strong

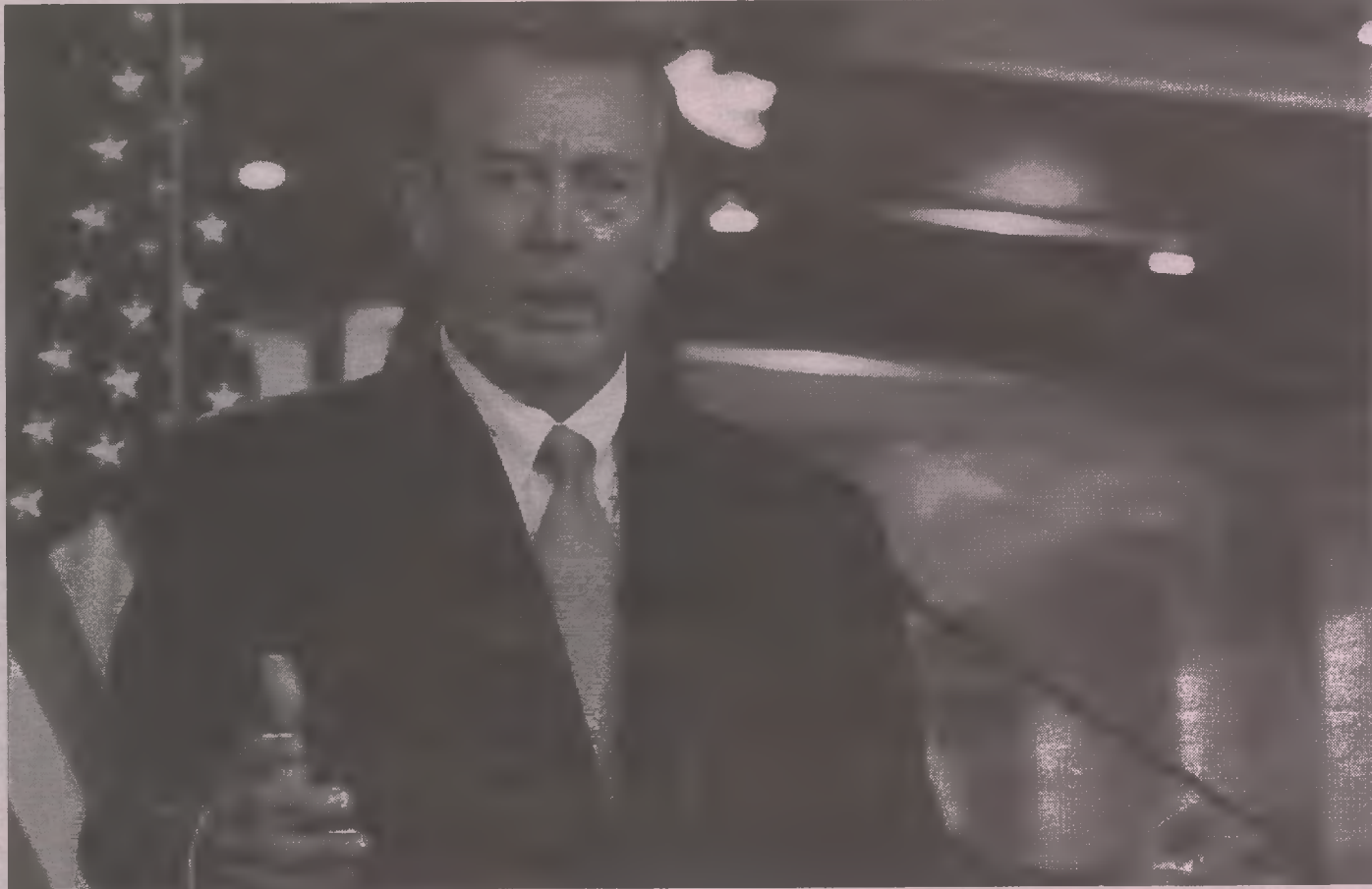


photo courtesy of Zimbio

Boehner holds a press conference on Capitol Hill.

movement in Congress against federal funding for Planned Parenthood, despite the fact that experts have shown these videos to be heavily manipulated and unreliable.

The battle over the right to reproductive health and basic human rights for women will go on though, and may cause a government shutdown as many Republicans refuse to pass a budget which would continue to fund Planned Parenthood. John Boehner's resignation should help to

pacify this battle and keep the government open now that he is freed from the prospect of being forced out the Speaker position and is able to pursue a more bipartisan (though short term) resolution. In some ways this was an act of political bravery and an attempt to keep the government open.

On the other hand, everyone needs a bit of bravery in the current political climate as the heat of the Tea Party continues to strain any semblance of compromise that may be left.

Since the beginning of his term, John Boehner has been pulled farther and farther to an uncompromising Right Wing. This process isn't just isolated to Boehner however; over the past few years the entire political environment in the United States has moved to the right, and the future doesn't look to change that.

Although the future of the position is uncertain, it is predicted that the current majority leader, Republican California representative Kevin McCar-

thy, will be the next Speaker of the House. McCarthy is known as the kind of person who goes along with Tea Party politics and may join the Tea Party in its partisan fights. He is now being challenged by Utah representative Jason Chaffetz.

The coming 2016 Presidential election is certainly not the only hot topic in politics right now, as this war in Congress continues with another government shutdown looming in the not-so-distant future.

# Chinese economy experiences biggest drop in 20 years

BY MARGAUX WINTER

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In August 2015, China's currency, the yuan, was devalued, resulting in the biggest one-day drop in China's economy in twenty years. Since 1994, the yuan had been on an upward track, yet the recent move showed the Chinese government's worry about slow growth.

The weaker currency results in cheaper exports and a rise in prices for imports, and is a "major step toward a more market-determined exchange rate," said Nicholas Lardy for China Economic Watch.

Previously, the yuan was set at a midpoint value against the U.S. dollar, being allowed to move 2% above or below that midpoint during daily trading.

Occasionally, China's central bank ignored daily market shifts, keeping the yuan's value, called the daily fixing, stronger against

the dollar when the market indicated otherwise. Since August's move, the fixing is determined by how the yuan closes in the previous trading session.

The Chinese leadership continues to push the International Monetary Fund (IMF) to declare the yuan as an official reserve currency. The status of reserve currency would place the yuan in a group with the dollar, euro, and yen.

The label would not only increase demand for the yuan, but would also advance China's role in the international economy, during a time when Beijing is trying to challenge U.S. international economic dominance.

To be awarded reserve currency status, the yuan must be deemed "freely usable." Over the past six years, the amount of China's trade paid for in yuan has risen from 0.02% to nearly 25%,

according to the Hong Kong Commissioner's office.

This increase influences the currency's ability to achieve the "freely usable" criteria.

German and Australian finance officials have stated their respective government's support for the move, but the U.S. Treasury Secretary, Jacob Lew, noted that Washington would not back the proposal until China performed a major overhaul on their economy.

Perhaps not a response to this comment, but a definite step toward progress, Beijing plans to release bank deposit insurance in May.

Tensions between Beijing and the U.S. rose after a proposed Beijing-led infrastructure bank that would rival the U.S.-led World Bank. Many U.S. allies, including the U.K., France, and Germany, intended to become founding members.

Those same countries support China's efforts to integrate the yuan, and

its world's second largest economy, into the international economy.

IMF Managing Director Christine Lagarde stated that the fund shared Beijing's interest in raising the yuan to reserve currency status, saying it was a matter of when, not if. China's reform-minded officials hope that a reserve-currency bid will bolster China's revamping of its financial sector, a move that could win the U.S.'s support.

Other effects of the yuan's devaluation have been more detrimental for Asian markets. South Korean's 14.7% decline in exports from August 2014, were motivated in part by its largest trading partner, China's, decreased import demand.

Despite Beijing's efforts to bolster the economy, an official measure of manufacturing activity in August showed a three-year low. Some analysts say that this drop could be a result of the temporary factory

closures in the nation's capital, which were a way of controlling pollution in remembrance of the 70th anniversary of the end of World War II.

Zhao Qinghe, an economist with the Chinese National Bureau of Statistics said, "There is insufficient growth momentum in the country's manufacturing sector," in a statement released with the official economic data.

This data increased selling in Asia; Shanghai's major stock index down around 5%. China's official manufacturing purchasing-managers index (PMI) fell from 50 in July to 49.7 in August. A PMI above 50 indicates an expansion in the managing sector, while a reading below 50 represents a contraction.

China has set an economic growth target of 7% for this year. Even if achieved, this growth would be the worst performance of a full-year expansion in over two decades.