

Dollar's future looks uncertain

BY ALEX GRANADOS
STAFF WRITER

Many economists say President Bush is attempting to lower the exchange rate of the U.S. dollar in some Asian countries — and some experts are predicting financial crises.

While the plan is seen by some economists as mildly beneficial, others perceive it as a thinly veiled handout to exporters masked as fiscal salvation.

A recent G8 Global Information Society conference of the major industrial democracies ended with seven of the member nations — Japan, Italy, France, Germany, Britain, the United States and Canada — agreeing to make currency values more flexible.

"All the currency traders quickly decided that meant they wanted the value (of the dollar) to fall," said Stanley Black, a professor of economics at UNC.

In order to accomplish this and create more jobs in the United States, Black said, the Bush administration has developed a policy that might bring about change in

the financial policies of China and Japan.

"The strategy they have come up with is to criticize the Japanese and Chinese for pegging their currencies against the dollar," Black said.

The strategy already might be making progress. By the end of last week the dollar had fallen against the rising Japanese yen to end with an exchange rate of 111.07 yen to one U.S. dollar.

But China still has a set currency exchange rate of 8.28 yuans to the dollar, Hanke said. So, if the dollar falls, the yuan does too, keeping the two units evenly matched.

Black said that if the dollar was able to fall without the yuan or the Japanese yen falling with it, U.S. goods would become cheaper in those two countries.

But first, China and Japan must be willing to stop fixing their currencies against the dollar.

"What the U.S. is trying to do is tell China to let the world market fix the exchange prices," said Zaki Eusufzai, professor of economics at

Loyola Marymount University.

But this could have dire consequences, said Steve Hanke, professor of applied economics at Johns Hopkins University and a senior fellow at the Cato institute in Washington, D.C.

Asian countries have bought and now own a great deal of U.S. bonds, he said. Pressure from the Bush administration could influence whether the governments of these countries decide to buy them in the future.

"In the end, you will have Asians buying a lot fewer U.S. bonds, which means the price will go down," he said.

If U.S. bond prices should drop, interest rates will rise, Hanke said, which could lead the United States into a deep recession.

The only people who will benefit from the dollar value deflation, Black said, are U.S. exporters and those businesses that compete against importers, not necessarily the average U.S. worker.

Eusufzai said the effect on U.S. citizens will be mixed, as the devaluation will have a positive effect on

some and a negative impact on others.

Workers involved in U.S. exports could see more employment, but at the same time, those linked to imports could be subject to layoffs, he said. "It goes both ways because we are both buyers and sellers of goods and services."

Hanke said he believes the Bush administration, reacting to pressure from exporters, is only superficially aware of the negative consequences it could be setting into motion.

"It is just like a speech at a rotary club," he said. "The exporters are making political noise and the White House has reacted to the noise without thinking about it."

But Eusufzai said the plan to deflate the value of the U.S. dollar is a much-needed attempt to solve part of the current economic dilemma in the United States. "Given that we are in a recession, any help we can get would be welcome."

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DEAN

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the decision," he said. "And you must support someone when they make a choice."

Shelton announced that he is awarding an alumni distinguished professorship to Marshall in recognition of her outstanding work and as an acknowledgement that she is moving away from administration and into a faculty role.

The search for a new dean still is in its initial stages, Shelton said. He recently requested submissions of possible faculty and stu-

dent candidates for a search committee.

Shelton's goal is to get a new dean in place by spring, who then would be able to take over in fall 2004.

Shelton added that because the school is so small, a national search will be implemented rather than an internal quest for a new dean.

Since it first opened in 1931, the school has seen 11 directors or deans. The school's first director was founder Louis Round Wilson.

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SENIOR GIFT

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ever really die," he said. "It allows the class to leave traditions that can't ever be erased."

Senior class officers took a unique approach to finding ideas for this year's class gift, Leamon said.

The six-member fund-raising committee researched past senior class gifts at every NCAA Division I school, pulling ideas from more than 120 universities.

Leamon said officers also solicited ideas from members of the sen-

ior class through the senior class listserv, the class Web site and suggestion forms at the weekly Senior Hump Day table.

Voting for the class gift will be open on Student Central on Oct. 14.

No matter which option is chosen, Evans said, she is confident that the gift will leave a lasting impression on the University.

"It's not like it is just a one-year thing," she said. "It is going to be a legacy that we will always be remembered for."

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SCHOLARSHIP

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Va., and a graduate of the University of Alabama, lives in Durham.

"UNC is a medium to do what I want to do," Swaim said. "I could have picked my own alma mater. UNC is a first-class institution that provides a wide range of education."

Additionally, Swaim said, UNC is a good place for a scholarship aimed at descendants of FBI agents because many retired agents live in the Carolinas, and their family members might or do attend UNC.

Swaim said having an FBI parent or grandparent is not the only criterion for the scholarship. Applicants will be judged on financial need, and an applicant should be "someone who is interested and motivated," he said. "They have to have some evidence of scholarship."

Thornton said that because of the scholarship's unusual criteria, other requirements were created.

If FBI descendants do not apply, Steel said, the scholarship money still will be used. Swaim said it can go to anyone who is a U.S. citizen and a resident of the Carolinas.

Steel said the scholarship is

unique to UNC. "I've never worked on anything like this before," she said. "(Swaim) just spent a lot of years in the service and really wanted to give something back."

Swaim said he would encourage students to pursue FBI careers, but that is not the scholarship's goal. "I didn't have that goal in mind. I'm not trying to recruit FBI agents."

But Swaim said he thinks UNC is a good starting point for those who hope for careers at the FBI, which requires a college education and three years of professional experience for its employees.

"There's no specific way to train for the FBI," Swaim said, but he identified enrollment in UNC programs at the Schools of Medicine, Dentistry and Law as beneficial.

Swaim, who attained a bachelor's degree in business administration at Alabama, said that above all, he just wants to help hard-working students attend college.

"It's as simple as that," he said, laughing. "I wanted to lend a helping hand to someone down the road."

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HOMECOMING

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an organization that helps develop youth leadership skills.

Her project, "Keep Doing What You're Doing," would raise money for the March of Dimes through everyday student activities. "If you're going to a club, you might as well go to one whose proceeds benefit March of Dimes," Green said.

The Fellowship of Christian Athletes is sponsoring Miller, a Chapel Hill High School mentor.

Her project includes a small tutoring program, with outreach toward Hispanics and a beautification day. "Kids will learn better if they like the environment they are learning in," Miller said.

She also plans on starting "Tar

Heels Talk to Tigers," where UNC students visit high school students to talk about college life.

Taylor, Miss BSM and a volunteer at the Orange County Rape Crisis Center, said she will implement a service project titled "No Means No," designed to raise awareness of violence against women.

She plans to hold two self-defense classes and a rape survivors' forum. "It's not just a minority-based program," Taylor said. "It includes people outside the group and all over the community."

Candidates begin campaigning at 7 a.m. on Oct. 7. Online voting for Homecoming King and Queen will take place Oct. 14.

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FIRE ACCESS

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"In a true emergency, we will use the bumpers of the trucks themselves to create our own access routes," he said. "We hope it doesn't come to that, but it is an option."


Mitchell expressed cautious opti-

mism about the situation UNC faces. "I feel pretty comfortable," he said. "We have not forgotten about this at all. But you never can tell when somebody or something might be where it shouldn't be."


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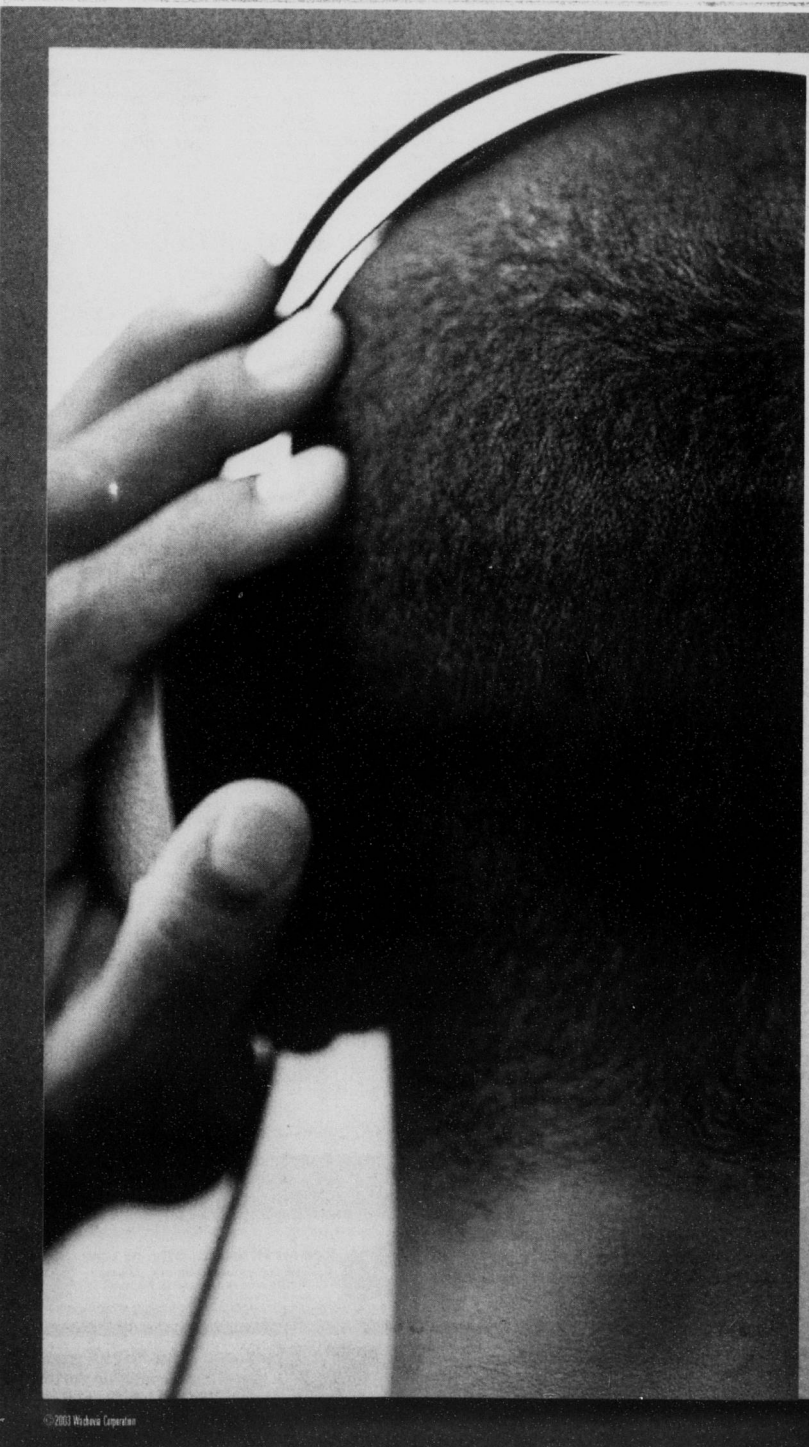
PLAY

(We're talking having fun, not remote controls.)



A DTH special issue tab exploring the wide variety of arts and entertainment in the triangle area. Available Friday, October 3.





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