



tom thompson

## Anxiety over the falling dollar

The American dollar has fallen sharply over the last year, particularly in terms of the West German mark, the Japanese yen and the Swiss franc. Many analysts now fear the dollar will fall still further, adding to domestic inflation pressures, depressing global trade growth prospects and contributing to nervousness in financial markets.

At the annual meeting of the International Monetary Fund (IMF) recently, ministers from more than 100 countries have been in Washington, D.C., to discuss the dollar's plight.

The dollar is the prime currency used in international trade; it is held in the reserves of many national governments. Thus, its value is of crucial importance to all countries.

Private bankers by the hundreds were at the IMF meeting, spreading gloom about the dollar's prospects while negotiating loans with various officials from foreign countries. No doubt they were also seeking advice from Arab countries as to whether to dump some of their substantial dollar holdings and turn to other currencies or even gold.

The meetings themselves did not produce solutions to the dollar's ailments, but they did help clarify the full consequences for the world of a further, steep erosion in

the dollar's value.

The fall in the dollar has added to the cost of foreign vacations, as thousands of Americans discovered over the past summer. More importantly, it has increased the prices of imported goods and commodities purchased here, adding one full percentage point to this year's U.S. consumer price index. Efforts to stem the dollar's decline are thus in themselves anti-inflation actions for this country.

The dollar's decline has reduced the value of a large portion of the \$240 billion of currency reserves held by all national governments. It has reduced the real incomes of most nations, which use the dollar as their main currency unit in foreign trade. It has, for example, reduced the effective income of oil-exporting countries, thus increasing the probability that these nations will raise the international oil price before long.

Worst of all it has made many foreign governments consider actions to reduce their dependence on the dollar. The Europeans are considering what they call a "zone of monetary stability" with a brand new currency of their own. The oil exporters are thinking about using some other unit than the dollar to set oil prices.

Why has the dollar continued to fall? Without doubt the supply of greenbacks now far exceeds the demand. Easy credit

policies by the Federal Reserve Board, combined with continuing large budget deficits, have added to inflationary pressures and so reduced the attractiveness of the dollar to foreign investors.

Many foreign bankers would agree with Ellmore Patterson, chairman of Morgan Guaranty Trust Company, who says, "Although we repeatedly tell ourselves that inflation is our No. 1 economic problem, we are exceedingly skillful in developing rationalizations for avoiding all but the mildest of remedies. I am afraid it is no exaggeration to say that, to a disturbing degree, we are a nation adrift in terms of economic policy. We talk, we diagnose, but we cannot seem to muster the will to act decisively."

In addition to failures on the inflation front, the nation has amassed a huge balance-of-payments deficit by simply importing far more goods than it exports.

Few foreign financiers today seem to have much confidence that the U.S. has the will to act on this front.

Foreigners want the U.S. to implement an affective energy program. By this they mean measures that directly clamp down on oil imports, such as oil import tariffs, and not just actions concerning home insulation and natural gas prices.

Arrangements can be made to aid the

dollar. Some governments, such as the Swiss, German and Japanese, can increase credit lines to the Federal Reserve system, so as to enable the Fed's to buy more dollars in the markets with foreign currencies and thus support the dollar's exchange rate.

In addition, some foreign governments could assure the U.S. that they will take measures to stem inflows of dollar to their currencies and to reduce the volume of dollar loans made by banks overseas.

Further, numerous governments with large reserves of dollars, such as Saudi Arabia, could promise to hold onto their dollars and so reduce selling pressures.

But all such actions, like increased U.S. treasury gold sales, would probably have only a short-term impact. Foreign confidence in America's economic prospects and in the economic management skills of America's leaders is at a low ebb.

No evidence exists that U.S. foreign payments deficit will fall sharply. Nor is there any reason to believe that inflation in 1979 will be less than that in 1978.

The Carter administration, the Federal Reserve system, the Congress, and, of course, the American public, have to realize no substitute exists for an effective energy program and stern monetary and fiscal discipline.

## The right thing

Too, often, it seems, our would-be heroes (and heroines) trip over their pocketbooks on their way out to save the world.

This week, somebody finally got it right.

The UO Bookstore board of directors has ordered the sale of bonds it holds from companies doing business in South Africa.

In order to accomplish the divestiture of a few thousand dollars in bonds, the bookstore will have to sell a portfolio of securities valued at nearly \$100,000. That means a \$1,000 to \$4,000 loss in sales costs: the price of being right.

The cost, however, is well worth the demonstration of bookstore patrons' sentiments regarding South Africa's viciously racist apartheid policies. It also sets an example for the State Board of Higher Education, which has been requested to divest its much larger portfolio of stocks in South Africa's business supporters.

Reformers, particularly reformers from academia, often are attacked for recommending changes that will mean dollar loss for others, but not for themselves.

The bookstore board's action should discredit that argument somewhat. Students, who in a referendum last year voted their support of divestiture, will bear the cost of the board's decision through their bookstore purchases.

Although the decision may not save the world, it will, at the least, help save our honor.

## The wrong thing

Well, this ought to bring in some letters.

Being dog-owners and students ourselves, we hold no grudge against the domesticated beast.

But the owner of the barking dog that gets parked between Allen and Lawrence halls during classes is winning no friends for himself, his hound, dogs in general or their human companions.

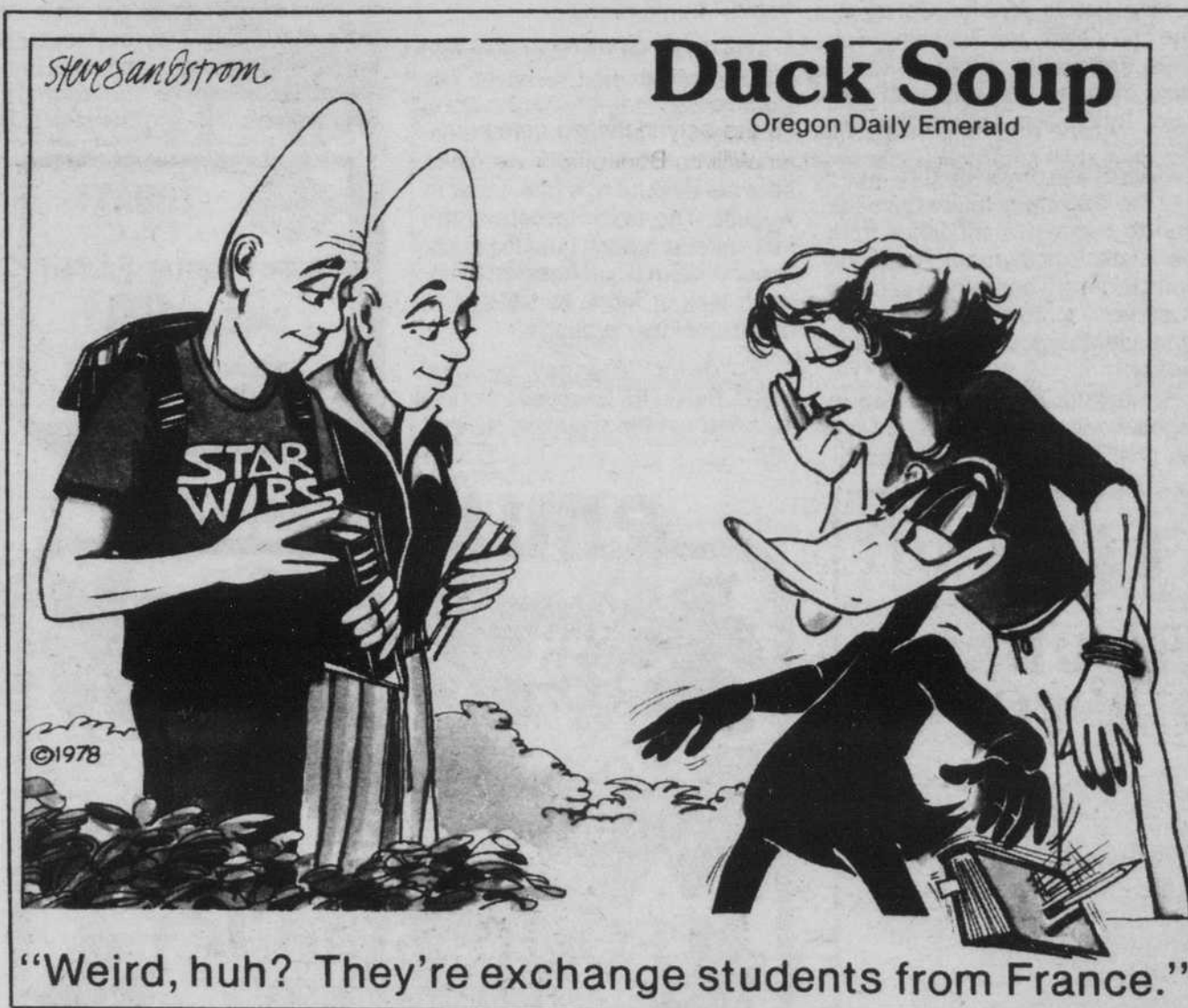
Neither are the human/dog frisbee teams on the campus' open areas. Nor the student wandering around outside the library calling for his strayed pooch.

These are the same persons, we suspect, who leave their German shepherds locked up in Honda Civics on summer days or ignore their Lab retrievers coursing along Pre's Trail and city bikeways to the peril of joggers, cyclists and pedestrians alike.

The signs on campus tell us that leashed, attended dogs are acceptable. These other examples are not.

Ultimately, campus security or the city's animal patrol become the arbiters of right and wrong in students' control of their dogs.

Common sense and respect for neighbors should resolve the issue well short of those recourses.



yours

## Computerized Registration

In reference to "Computer Scheduling? Not Yet" (ODE, Oct.

Why not pre-registration?

First, look at the time and effort it would save both students and faculty. Second, you wouldn't have to cut out an extra few days from your schedule just to register for fall or any other term. Third, you wouldn't have to say, "Yeah, I

have to go down to Eugene early to register."

Even if the students here could pre-register one term only to start with, it would be a small step toward a possible full system at UO.

I really think it's been a long time coming . . .

I've been back East and observed how much easier it is for students to get the classes (a majority of them non-cancelled) they

not only want but need for their majors. And all of this without the hassle right before the term begins. They know in advance what classes they are going to take which is a big load off the fall registration procedure.

What do you say guys? With all of your "hurdles," it's about time you made your way to the starting line.

J. Weinstein  
Freshman,  
business administration

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