

June 25, 2009

Whatever happened to ... ?

News stories come and go. Today's topic of interest likely won't hold many readers' attention tomorrow, so every day reporters pick up the hot topics and run with them after dropping any that are more than a few days old.

Care to dust off a few aged issues? This isn't the news. I guess you could say this is the "olds." Whatever term you use, I think these stories are worth a look.

Exchange Rates. Remember all the noise about the exchange rate between the Chinese yuan and the U.S. dollar? The Chinese government kept its currency pegged at a fixed rate relative to the greenback for many years; some in the U.S. thought it kept the yuan undervalued (making Chinese goods artificially inexpensive for U.S. consumers) by 40 percent.

In case the details are fuzzy, a little background: Currencies rise and fall in value in the same way that any other commodity does. It might sound bizarre, but currencies can be bought and sold in the same manner as other commodities. And, like other goods, the value of a currency is determined by the forces of supply and demand. The concept is simple: If a trader thinks a currency is undervalued and likely to rise, he buys some of that currency. If its value later increases, he makes money by selling it. Buy low, sell high. Easy.

A government can do this and if it purchases large amounts—really, really large amounts—it can influence the exchange rate. I took a quick look at x-rates.com and found that from October 1998 until July 2005, China's currency rarely budged from 8.28 yuan per dollar.

Since July 2005, the Chinese currency has strengthened by more than 17 percent, to 6.83 yuan per dollar. It sounds as though the People's Bank of China has backed off slightly, doesn't it?

It hasn't. While recent figures are elusive—the **latest data** provided at the People's Bank of China's Web site is from 2004—a paper posted at the Peterson Institute for International Economics' Web site shows that **China's foreign reserves rose** from \$145 billion in 1998 to \$243 billion in 2002. According to an article posted at Bloomberg.com in April 2009, its holdings of foreign currencies increased 40 percent, to \$1.68 trillion, in the previous 12 months.

Shenanigans at Sea. Piracy got all the attention a couple of months ago when U.S. Navy snipers dropped three Somali hostage-takers (head shots, no doubt). Piracy isn't the only problem; weapons proliferation is another. The **USS John McCain is tracking the movements of the Kang Nam**, which is sailing under the North Korean flag. U.S. officials suspect that it is carrying major weapons systems to Myanmar. U.N. Security Council **Resolution 1874** calls for members to enforce a ban on North Korean weapons imports and exports, and allows members to "inspect, seize, and dispose of the items" and deny fuel or supplies to service the vessels carrying them. Also, the council called on "all states to cooperate with those inspections, and, if the flag state did not consent to inspection on the high seas, decided that that state should direct the vessel to proceed to an appropriate and convenient port for the required inspection by the local authorities."

Wow—that should put the fear of God into the hearts of the Kang Nam's captain and crew. Oh, it gets better. The resolution doesn't authorize the use of force.

I think U.N. diplomats should be forced to live in really bad neighborhoods and forfeit their wheels so they'd have to walk to work. I'd allow them to arm themselves with handguns (no bullets, of course), and I'd provide free guard dogs (old, toothless ones). Don't worry—if any U.N. diplomats were mugged or beaten, they'd be ready to respond. Using Resolution 1874 as a template, I'd allow U.N. staff to "condemn in the strongest terms" the mugging, "decide" that the mugger shall suspend all criminal and assorted antisocial activities, and "demand" the immediate return of all property and compensation for medical bills.

Seriously—"condemn," "decide," and "demand" are the strongest actions the U.N. authorizes. No wonder we're in a world of hurt.

H1N1. Whatever you call it—swine flu, avian flu, or H1N1—it has been relegated to most news bureaus' waste cans. And while this story has a prominent position on the home page of the **World Health Organization**, two other topics are hotter. One was written by Captain Obvious ("Pedestrians, cyclists main road traffic crash victims") and the other by his cohort, Major Transparent-self-promotion ("Why the world needs global health initiatives").

In the words of the World Health Organization, the spread of the virus has become a pandemic of moderate severity. Part of the assessment, in its own words, reads: "Overall, hospitals and health care systems in most countries have been able to cope with the numbers of people seeking care, although some facilities and systems have been stressed in some localities."

That's about as helpful as a U.N. resolution.

To its credit, the WHO provides an update on cumulative cases and deaths nearly every day. I looked at the data from every Monday since May 1. The number of reported cases nearly quintupled from May 4 to May 11. Since then it has been spreading at a slower but, unfortunately, steady rate. Throughout June the number of cases increased by about 50 percent every week.

If any other neglected news topics come to mind, send me a line and I'll dig around to see what I can find. Unless it involves the U.N. of course. I shall not insult that organization a second time, out of fear that its staff might condemn my blog in the strongest possible terms and demand an apology.

Posted At : 7:48 AM. | Posted By : Eric Lundin