
ON WATCH IN WASHINGTON

Intercessors for America's PRAYER ALERT

April 20, 2011

ECONOMY

FALLING DOLLAR FUELS A BRIC RESERVE PLAN

The BRIC nations, Brazil, Russia, India and China, are once again making rumblings about the status of the U.S. Dollar as the world's primary reserve currency.

The governing structure of international financial institutions, the statement said, "should reflect the changes in the world economy, increasing the voice and representation of emerging economies and developing countries." The statement also calls for "comprehensive reform" of the United Nations to make the body "more effective, efficient, and representative".

On Monday, China added its concern to a growing chorus of internationals seeking the replacement of the dollar as the main reserve currency, urging for an overhaul of the global monetary system to allow for wider use of Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF).

Zhou Xiaochuan, China's central bank chief, said the SDRs, created by the IMF as international reserve assets in 1965, could be used as a super-sovereign reserve currency, eventually displacing the dollar.

Zhou's remarks come a week after Russia said it would put forward a proposal for the creation of a new reserve currency issued by international financial institutions at the G20 meeting in April.

Russia said it had the broad support of its fellow BRIC countries -- Brazil, India and China. The BRIC leaders' unease with the dollar amplifies the growing concerns among emerging-market leaders about the long-term value of the "greenback" dollar.

"The unknowns are how fast and the disruption this may cause," Booth said.

China, which has the world's largest foreign currency reserves at close to \$2 trillion, would be especially keen to avoid a widespread dollar sell-off.

Chinese Premier Wen Jiabao said earlier this month that he was worried about China's heavy exposure to the United States -- which, taking into account its US Treasuries and other bond holdings, is estimated to represent about two-thirds of its reserves.

Any Chinese move to "reweight" its reserves portfolio could be destabilizing to the value of the dollar because of the level of market scrutiny. (Contributors to this report: [Sebastian Tong and Peter Apps, Reuters](#); [Seeking Alpha Market Analysis](#); [The Economist](#))

Pray that the Lord will give United States financial authorities wisdom in how best to bring forth a balanced budget in 2011 and 2012 which is now being deliberated. Pray for wisdom on how to bring a responsible solution to this growing crisis regarding the dollar in the U.S. as well as its value in the world economy.

“A prudent man sees danger and takes refuge, but the simple keep going and suffer for it.” (Proverbs 22:3)

GAS TOPS FOUR DOLLARS PER GALLON IN MANY STATES

The national average per gallon of gasoline has risen for 28 straight days, now at \$3.83

According to USA Today's research, gasoline prices across the nation rose **33 cents a gallon** on average the past two weeks.

New York has been added to the growing list of states where gas prices are topping \$4 per gallon.

This past Sunday, the Empire State became the sixth state to top \$4 for the average price of a gallon of gas, joining Alaska, California, Connecticut, Hawaii and Illinois, according to AAA's Daily Fuel Gauge. The average price of gas also rose to more than \$4 per gallon in Washington, D.C. this past Saturday.

The next states to join the list could be Michigan, which has gas for \$3.95 per gallon on average, and Indiana, where the average price is \$3.94. Nevada, Washington and Wisconsin are close behind.

Hawaii has the highest price in the U.S. at \$4.48 per gallon. As of this article, Wyoming has the lowest, at \$3.54.

For American drivers, the \$4 mark harkens back to the summer of 2008, when oil rose to \$147 per barrel and gas prices topped out at \$4.11 per gallon before the economy went into a tailspin.

The rapid increase at the pump follows a parallel rise in oil. Since Labor Day, oil has risen 48 percent and U.S. gas prices have gone up 42 percent. The increases gained momentum in mid-February when a popular rebellion in Libya turned violent and shut down the country's exports. Crude has jumped 30 percent since then, with gas prices gaining 22 percent.

Rep. Doc Hastings (R-WA), who is chairman of the House Natural Resources Committee, has catalogued ways he says the Obama administration has frustrated oil production, from suspended drilling leases to increased red tape. [House Speaker John Boehner \(R-OH\) posted highlights of the list on his website.](#)

"Since this administration has taken over, they have done everything to block energy development in this country," Hastings said.

Mississippi Gov. Haley Barbour, who may challenge Obama next year, [suggested that Obama is quietly cheering for even higher prices at the pump.](#)

"The Obama energy policy to me seems very clear. It's to increase the cost of energy so Americans will use less of it," Barbour said at a conference organized by the Wall Street Journal. "When you shut in the Gulf of Mexico, and American domestic oil production goes down, to me that is bad policy for our country."

But White House spokesman Jay Carney said there's one problem with this line of argument: Domestic oil production last year rose to its highest level since 2003.

According to the federal government's Energy Information Administration, U.S. oil production jumped nearly 3 percent last year, while oil imports fell. While the administration did suspend some Western drilling leases near national parks early on, the administration argues that oil producers still have 41 million acres in which to drill. (Contributors: [Associated Press](#); [USA Today](#); [NPR](#); [House Speaker John Boehner \(R-OH\)](#))

Pray that our national leaders would be given wisdom to stimulate oil production in ways that will benefit the consumer and promote effective use of our national resources. Ask for God's intervention into matters of wise conservation of our natural resources in order to be good stewards of His gifts.

"Charge them that are rich in this world, that they be not high-minded, nor trust in uncertain riches, but in the living God, who giveth us richly all things to enjoy; that they do good, that they be rich in good works, ready to distribute, willing to communicate." (1 Timothy 6:17-18)

WORLD BANK: 'ONE SHOCK AWAY FROM CRISIS'

World Bank President Robert Zoellick said the global economy is "one shock away" from a crisis in food supplies and prices.

Zoellick estimated [44 million people have fallen into poverty](#) due to rising food prices in the past year, and a 10 percent increase in the food price index would send 10 million more people into poverty. The United Nations FAO Food Price index jumped 25 percent last year, the second-steepest increase since at least 1991, and surged to a record in February.

Zoellick was speaking in Washington at the end of the spring meetings of the World Bank and International Monetary Fund. Meanwhile, G20 finance chiefs, who also met in Washington, pledged financial support to help new governments in the Middle East and North Africa. Zoellick said such support was vital.

"The crisis in the Middle East and North Africa underscores how we need to put the conclusions from our latest world development report into practice. The report highlighted the importance of citizen security, justice and jobs," he said.

He also called for the World Bank to act quickly to support reforms in the region.

"Waiting for the situation to stabilize will mean lost opportunities. In revolutionary moments the status quo is not a winning hand."

At the Washington meetings, turmoil in the Middle East, volatile oil prices and high unemployment were also discussed.

[IMF chief Dominique Strauss-Kahn raised particular concerns about high levels of unemployment among young people.](#) "It's probably too much to say that it's a jobless recovery, but it's certainly a recovery with not enough jobs," he said.

"Especially because of youth unemployment... there is now a risk that this will be turned into a life sentence, and that there is a possibility of a lost generation," he said. (Contributors: [BBC](#); [Bloomberg Business Week](#))

Pray that the Lord would impart wisdom to financial administrators in order to produce sound economic solutions. Pray that jobs will be created to aid families in need of financial help. Pray especially for those who have been seeking employment and need economic assistance.

"Speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy." (Proverbs 31:8-9)

NATURAL DISASTER

JAPAN NUCLEAR REACTOR COLD SHUTDOWN

Japanese nuclear safety officials say the first radiation measurements taken inside two reactor buildings at Japan's crisis-stricken nuclear plant show a harsh environment, but not one that will be impossible for humans to work in.

Nuclear safety agency official Hidehiko Nishiyama said this past Monday that the measurements taken by two robots sent into units 1 and 3 of the tsunami-wrecked Fukushima Dai-ichi nuclear plant mean that workers trying to restore plant systems will only be able to stay for short intervals inside the reactor buildings.

He said the radiation would not delay progress toward achieving a cold shutdown of [the plant within nine months](#).

In another three to six months, Asia's largest utility aims to secure a "cold shutdown" at the plant, a state in which the water cooling fuel rods would be cooled to a state below 100 degrees Celsius and at that temperature the reactors would be considered stable.

The firm, commonly known as TEPCO, has been struggling to stabilize the Fukushima complex 240 km north (150 miles) of Tokyo, which was seriously damaged by the March 11 earthquake and tsunami and has been leaking radiation.

Japan's crisis has now been rated on par with the world's worst nuclear accident at Chernobyl in 1986, although the total amount of radiation released is only a fraction of the amount released when the nuclear plant in Ukraine exploded.

TEPCO and the government have been under pressure to offer a [roadmap for containing the crisis](#) and to clarify when those who have had to evacuate the area around the damaged plant will be able to go home. Prime Minister Naoto Kan has faced criticism over comments, which he later denied making, suggesting evacuees may not be able to return for 10 or 20 years.

After achieving a cold shutdown at the six-reactor plant, TEPCO said it would then focus on longer-term issues such as encasing the reactor buildings, cleaning up contaminated soil, and removing nuclear fuel to a safe holding place. (Contributors: [Agence France-Presse](#); [The Times of India](#); [Pakistan Today](#))

Pray that the technicians in Japan will be given wisdom to resolve the major issues regarding the final shutdown of the reactors that are causing such a major threat to the city of Fukushima. Pray that this will be resolved soon and that the citizens that have been displaced will be able to return to their homes if possible. If this is not possible, pray that their welfare and relocation will be a priority regarded with utmost care.

He lifts the poor from the dust--Yes, from a pile of ashes-- and treats them as princes sitting in the seats of honor. For all the earth is the Lord's and he has set the world in order. (1 Samuel 2:8)

EDUCATION

SUPREME COURT BACKS RELIGIOUS SCHOOL AID

A divided U.S. Supreme Court ruled Monday that taxpayers have no legal right to challenge a tax break worth millions to donors supporting private religious schools. The 5-4 decision left intact an Arizona tax subsidy that was enacted because the state constitution forbids direct aid to religious schools. The court's ruling put an implicit stamp of approval on similar laws in at least six other states that offer tax credits for those who support religious schools. [And it is likely to encourage other states to do the same](#) because tax credits are more politically acceptable than public aid to religious schools.

Justice Elena Kagan, in her first written dissent, spoke for the court's liberal bloc in saying the ruling "offers a road map - more truly, a one-step instruction" for those who seek public money to aid religion. Use tax credits, not cash grants, she advised.

The ruling goes further than ever before in shielding public subsidies for religion from a legal challenge. The First Amendment bars the government from promoting "an establishment of religion." And since the 1960s, the high court has invoked the First Amendment to strike down a series of state laws that send public money to parochial schools.

In all those decisions, taxpayers had sued in federal court, arguing the subsidy for religion violated the First Amendment. The Arizona case began the same way when several taxpayers sued to challenge the state's tax credits. They pointed out that some tuition support groups gave money only to children who attended certain church schools. And their ads told taxpayers they could support a child in a religious school and "it won't cost you a dime."

The U.S. 9th Circuit Court of Appeals ruled this scheme an unconstitutional subsidy for teaching religion, but in Monday's decision Justice Anthony M. Kennedy threw out the entire lawsuit, holding that the objecting taxpayers had no standing to sue.

"When Arizona taxpayers choose to contribute (to a school tuition group), they spend their own money," he said, not the state's money; therefore, others have no right to object. Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. agreed in the case of Arizona Christian School Tuition Organization v. Winn. (Contributors: [Tribune- Washington Bureau](#); [KQED News](#))

Give thanks to the Lord for allowing justice to prevail in the freedom to educate children as parents deem prudent with their tax dollar credits. Thank the Lord for this nation's righteous judges who desire to see its citizens' educational needs and choices met with equity.

"Train up a child in the way he should go and when he is old, he will not depart from it." (Proverbs 22:6)