

Snow backs strong U.S. dollar
Nominated treasury head

Peter Morton
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WASHINGTON - The latest nominee for U.S. Treasury Secretary vowed to pursue a strong U.S. dollar policy, bolstering the battered currency yesterday against the euro for the first time in nearly two weeks.

John Snow, chief executive officer of the country's third largest railroad, CSX Corp., told the U.S. Senate Finance Committee yesterday he also plans to do whatever it takes to help speed up the sagging economic recovery.

"I favour a strong dollar," Mr. Snow told his confirmation hearing. "A strong dollar is in the national interest."

The U.S. dollar has fallen to a three-year low against the euro in recent weeks on concerns over the still soft economy and a possible war with Iraq. But Mr. Snow's comments yesterday helped the U.S. dollar strengthen to US\$1.08 per euro.

Mr. Snow is continuing an eight-year history of treasury secretaries who have endorsed a strong dollar policy -- despite concerns from U.S. manufacturers and exporters, who have lobbied fiercely for a "soft dollar" policy to make U.S. products cheaper in foreign markets.

"A strong currency provides a reliable medium of exchange and serves as a stable store of value that people choose to hold," said the 63-year-old Mr. Snow in his first comments about the U.S. dollar. "Sound, pro-growth economic policies and a commitment to free and open markets are the foundation for a strong dollar."

Since the administration adopted its strong dollar policy, the U.S. dollar has jumped 24% against other major currencies although it began a tumble last year because of both economic and geopolitical uncertainty.

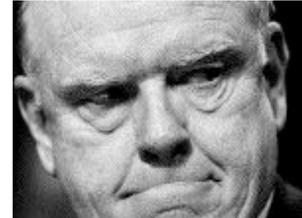
Mr. Snow was picked by George W. Bush, the U.S. President, to replace Paul O'Neill, who was Treasury Secretary during the first two years of Mr. Bush's administration. However, he was asked to step down by Mr. Bush after appearing to be uncomfortable in defending the administration's spending and tax cut proposals.

"I don't think there will be any significant change in rhetoric from the administration," said David Gilmore, an economist at Foreign Exchange Analytics. "What remains to be seen is if Mr. Snow is more comfortable talking about the policy, like [former treasury secretaries, Robert] Rubin and [Larry] Summers were but O'Neill was not. But it is more an issue of style than substance."

Mr. Snow also vowed to promote the President's plan to cut taxes by US\$674-billion over the next 10 years, saying that the issue was to create new jobs. Since Mr. Bush took office two years ago, about 1.6 million jobs have disappeared and the economy has slumped with growth expected to be under 1% during the final three months of the year.

The Republican-controlled Senate has promised to give Mr. Snow a quick confirmation as the country's 73rd Treasury Secretary with a vote on the Senate floor coming as early as tomorrow.

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John Snow, U.S. Treasury Secretary nominee, pauses during a Senate Finance Committee hearing on Capitol Hill yesterday.

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