

Market rebound good for students: economist

Students are concerned about their job prospects in the face of American financial crisis

By Kenny Sharpe - *The Muse*

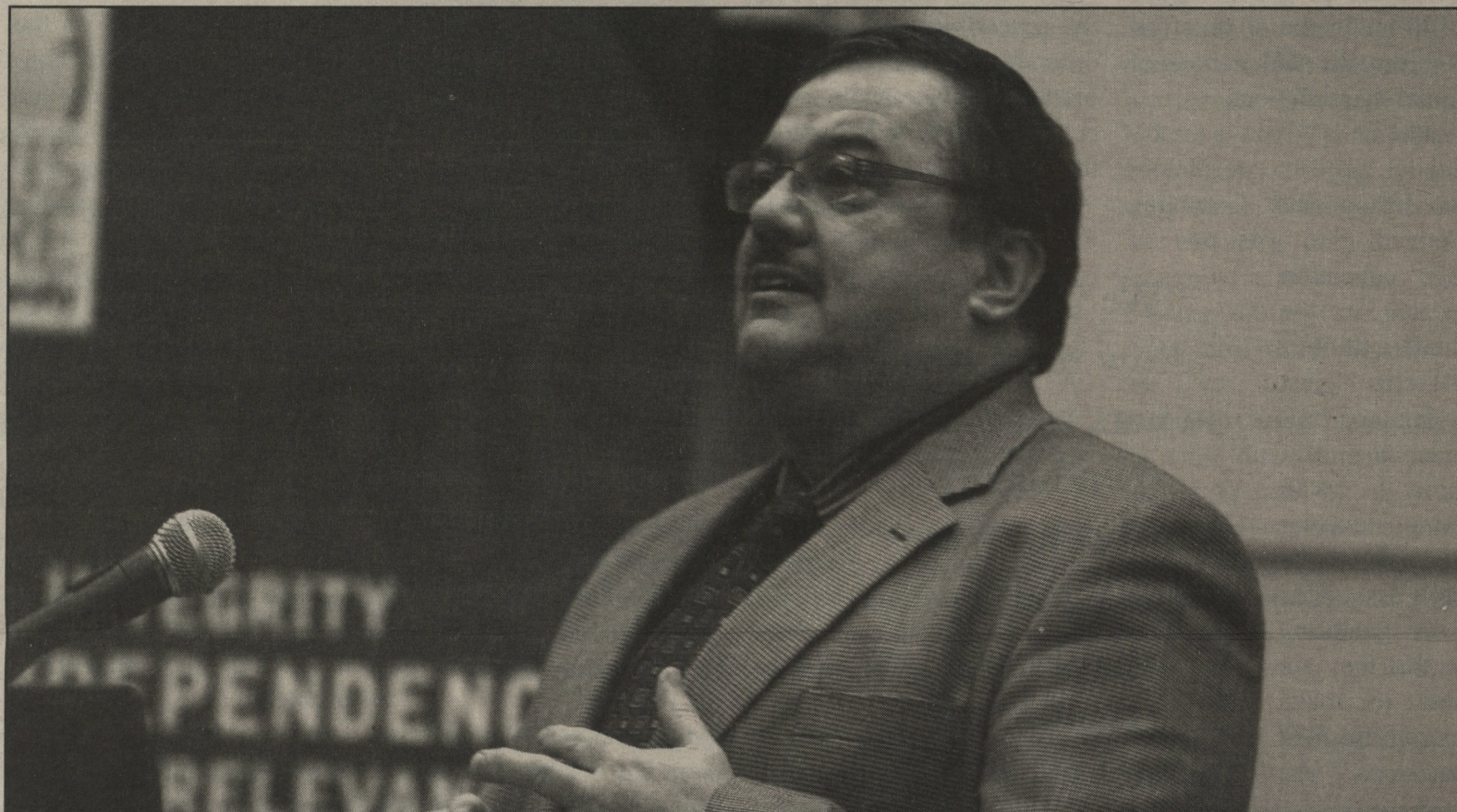
ST. JOHN'S (CUP) – Early week rebounds in global markets may signal the turn-around of the stock market, reassuring student aid and employment opportunities for graduates, says a Memorial University economist.

Markets around the world spent weeks on the decline, with stocks closing at new lows every day, struggling to hold onto their value.

During an eight day trading span from Oct. 1-10, the Dow Jones industrial average – which gives an index of the stock market – lost almost 2,400 points, or about \$2.4-trillion dollars' worth of shareholders' money, marking the worst losing streak in its 112 year history, with markets around the world showing similar losses.

On the flip, a \$700-billion injection made by the American government into the U.S. economy, followed by the addition of about a \$3-trillion infusion into the European markets, the Dow, after a stunning loss, rebounded with its largest gain in almost 75 years as markets closed on Monday, Oct. 13.

Wade Locke, an economics professor at Memorial University of Newfoundland in St. John's, N.L., is optimistic that early-week rebounds may signal the beginning of



Wade Locke, Memorial economics professor, hopes government intervention in markets will turn the tides of a failing global economy. Jonathan Penney - *The Muse*

the end, and in turn, have fewer negative effects on prospering and graduating students.

"I'm hoping that the various government interventions around the world will cure the uncertainties and risks associated with borrowing money from financial institutions," Locke said.

"I am very optimistic that the worst of this is behind us."

Locke summarizes what the variations in stock values over the recent weeks actually mean.

"It just reflects people's uncertainty of what will hap-

pen to their wealth in the future. For example, if you are about to retire, and you have your money tied up in mutual funds or whatever, and you thought you had \$200,000, now suddenly they have a lot less."

"[The Canadian] dollar is affected, so that affects people like you or I directly," he added.

Locke says if Monday's gain of over 900 points hadn't caused an early week turnaround, students may have felt the crunch.

"I think we might be OK. We might get out of this yet. The issue is with uncertain-

ty, with uncertainty there is more risk, with more risk there is more difficulty for borrowers to borrow."

"It would have been very difficult when it comes to borrowing funds or the ability to borrow student loans . . . and probably would be students finding it more difficult to take out a student line of credit," said Locke.

"In sectors that would have been affected by the market crisis, it would have been more difficult for students to find jobs, and in turn, pay their student loans or line of credit off."

Amanda Butt, a recent Me-

memorial education graduate, says that while the ongoing market rebounds may indicate short-term gains, she worries for her future and her security.

"Most of our country's trading is with the United States. As a country, we will be greatly affected should the U.S. be unable to pull themselves out of whatever it is they started," said Butt.

"I fear not being able to find employment in the near future. I mean, will there be funding available to pay for new programs for new facilities to employ more people?"