

## TRADING CURRENCY – B&G TRADING

### Finance Catalogue - Looking for Trading Currency?

...It [the United States] is likely also to remain the world's richest and most productive national economy for a long time (though the European Union as a whole is both larger and more productive). These blocs are neither "free trade" nor "protectionist", but both at the same time. Even more novel is that what is emerging is not one but four world economies: a world economy of information; of money; of multinationals (one no longer dominated by American enterprises); and a mercantilist world economy of goods, services and trade. These subsidies are in fact a major--perhaps the major--cement of the Franco-German alliance, and with it, of the European Union. The international organization designed to set world economic policy is the World Trade Organization (WTO). Typical perhaps is a German manufacturer of specialized surgical instruments who, with \$20 million in sales and with plants in eleven countries, has around 60 percent of the world market in the field. In the meantime, however, the world economy of multinationals has become a truly global one, rather than one dominated by America and by U.S. The euro has managed to make itself the second most-used reserve currency in its three years, displacing the Deutsche mark and well ahead of the yen and the pound.

...[Note] the recent merger of steel makers from Spain, Luxembourg and France to create a powerhouse called Arcelor. By breaking down currency and trade barriers between their states and trying to achieve economies of scale, Europe is playing America's game...

... It has frequently been said that free trade is a mechanism to redistribute income from poor people in rich countries to rich people in poor countries; the history of blue-collar wage levels in the United States since 1973 tends to validate this thesis (although heavy immigration, a separate question, has exacerbated the problem by still further augmenting the supply of modestly skilled U.S. But a supermajority--maybe 75 percent--of votes would be required to pass tariff agreements. Designing an orthodox currency board for Iraq will require discarding the model used by the International Monetary Fund in Argentina, Estonia, Lithuania, and Bulgaria. They are already suffering from heavy competition from China in many of their traditional exports, and China's dollar peg means that it is sucking up investment from Japan and outside the region that might otherwise have gone to Southeast Asia. People in developed countries tend to think that China is now a global economic power and strong enough to choose its economic policies freely. The assembled panelists (except me) embraced the idea that China was exporting deflation. A country with vibrant growth does not run a large current account surplus (\$17.4 billion in 2001) despite a large inflow of foreign direct investment (\$37.3 billion net in 2001) and hence large reserve accumulation (\$47.3 billion in 2001) unless its currency is undervalued. When a country signs the IMF Articles of Agreement, it explicitly commits itself "to avoid competitive exchange depreciation" and "to avoid manipulating exchange rates in order to prevent effective balance of payments adjustment or to gain unfair competitive advantage over other members." The Articles also explicitly assign the IMF responsibility for surveillance over member exchange rates and related policies. Unfortunately, China does not allow publication of the IMF's annual surveillance report on the Chinese economy and policies.

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## Trading Currency Catalogue

...In the early years of the 21st century, power is shifting to the ultimate consumer. There is no distance in this world economy. But similar protectionism is certain to develop for blue-collar workers in the manufacturing industry, and for the same reason: They are becoming an endangered species, the victims of productivity. "hegemony." **The United States could therefore find itself with a smaller "home market" than rival blocs, but with the same high-cost regulations, in a world of intense mercantilist competition...And it is facing rivals that, either singly or in combination, could conceivably make America Number Two. (1) For more, see Lawrence Kogan, "Exporting Europe's Protectionism", The National Interest (Fall 2004).**

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## Basics Currency Trading

### TRADING CURRENCIES: Looking for Basics Currency Trading?

There is no distance in this world economy. It will put to a severe test the oligopoly of the central banks of the developed countries that now rules over the world financial economy. Sixty years ago, in the Bretton Woods meetings of 1944, which tried to refashion a world economy that had been devastated by depression and war, John Maynard Keynes, the 20th century's greatest economist, proposed a supra-national central bank. Thirty-one years later, in 2000, the number had increased nine-fold to more than 63,000. That is wrong in almost every particular. American-based multinationals are only a fraction--and a diminishing one--of all multinationals. [G]overnment's ability to attract foreign funds to finance its deficit and thus maintain the Bush Doctrine. **Though the United States today still dominates the world economy of information, it is only one major player in the three other world economies of money, multinationals and trade. And it is facing rivals that, either singly or in combination, could conceivably make America Number Two.(1) For more, see Lawrence Kogan, "Exporting Europe's Protectionism", The National Interest (Fall 2004).**

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