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Money Is the Question

If it is human nature to seek out answers to life's questions, then it seems that our second nature is to over-complicate the solutions to question already answered. Bogged down with conversion rates and buyer speculations, trillions of dollars are spent in the attempt to keep on top of what is happening in the international financial markets, the master behind the scenes of the chaos being the ups and downs of the 196 sovereign nations that occupy the globe and their almost two hundred unique currencies. Adopting a singular currency system eliminates the cat and mouse game that leads to unnecessary complications of the financial system and would lead to more sustainable international markets. Impoverished countries would benefit greatly from the rise of a singular financial identity, raising them up from their deplorable economic statuses and their destitute existence. It could, however, be a risky and ill-advised financial decision for wealthy nations, one that could put their citizens at risk. Benefits for rich nations are also present; it would eliminate the act of currency manipulation that is currently practiced by the likes of China, an act which is keeping their currency value artificially low so they can take advantage of mass production at the lowest cost possible, leading to their dominance of exports and trade. As the head of the US-China Economic and Security Review Commission, Dan Slane offers in *World Affairs Journal:* "We are in a trade war and stealing, lying, and cheating on the part of the Chinese are all part of it" (qtd. in

Navarro). The ability for China to manipulate their currency would be eliminated and a possibly significant return to the U.S. trade and manufacturing market, and if properly implemented, could stabilize and guarantee global growth for years to come. A singular global currency could truly aid in the ushering in of an age of monetary simplicity and safety.

If a proposed global currency began to gain traction in the world of international politics, the general form that should be first considered in its pursuance is the only example currently on the planet of many different countries adopting the same monetary system, the European Union. In pooling their collective resources, the European Union has become the largest equity market in the world in terms of GDP (the gross domestic production of a country), and will continue to grow into the foreseeable future (“Major”). This shows that in relying on one another, a collection of economic light weights have transformed themselves into some of the largest producers in the world. Seventeen sovereign nations use the same monetary system, the Euro, this means they all must have a say in the progress, distribution of money, and the occasional bailout of their fellow European Union members. Every country has one national bank; the president of the bank serves as a part of the international committee in charge of Euro monetary policy. Each voting member is encouraged to take into consideration the European Union’s well-being and not just that of the individual nation they represent, because if the Euro sees growth, each individual nation will see growth as well. If implemented on a full-fledged global scale, the Euro system could theoretically sustain long term economic growth and champion in a new era of international reliability.

Even with the consistent growth of the Euro, some still believe it to be plagued with the scent of impending doom. Contributor to *The Atlantic,* Matthew O'Brien claims that the inequality of wages and living conditions throughout the European Union make the Euro unsustainable. In his article, "Why the Euro is Doomed" O'Brien goes on to assert that the lack of international trade with countries outside of the EU has lead to a stagnant economy across the board (O'Brien). Europe's experience applied to a global scale, suggests that there would not be an elimination of currency manipulation in the global markets. Countries such as China would still be able to supply a cheap labor force because the low cost of living in their society is already deeply ingrained. Much like the discrepancies between the way of life in Northern Europe and Southern Europe, wealthier countries that pay livable wages simply cannot compete with third-world nations with a starving work force. When other issues arise such as the 2008 "credit crunch", where countries like Ireland and Spain were making strong headway by taking advantage of their proportionally low interest rates, that is, until the dissipation of the money that was fueling their growth and their "once-hot asset prices headed south" (Hall). The market was not prepared for such a sharp turn for the worse and took a blow, affecting the same assets that helped pull Germany up from their relatively dull performances, showing once again that the Euro is not immune to having their rug of financial stability pulled out from underneath them. With uncertainty always looming around the corner for the Euro, it may be ill advised to strictly model a global currency on the "Great European Experiment".

A look at another economic power house may give another idea as to which system would work most effectively with the introduction of a global currency, namely, the United States Federal Reserve system. The Federal Reserve was created in 1913 with the intention of a constructing an elastic currency for the United States, and thus, a more sustainable economy. Before the Federal Reserve was implemented, small and rural banks would deposit their funds in a larger bank located in a city. When an increase in demand for withdrawals or loans was placed on smaller banks, it would create a draining effect on the bigger banks reserves, and when done in succession, could throw off the stability of the bank. The idea of the Federal Reserve was that the bank presidents in big cities like New York City and Chicago would form a board and monitor the flow of credit to the smaller banks from the large ones, thus creating a steady flow of credit to each bank based on its needs all flowing from one central bank (Young 4). Now looking at the set up of the United States' banking system, it appears to be a very simple concept that could be applied to an international scale upon the application of some minor adjustments. Every nation that chooses to adopt the monetary model would be allowed a set amount of representatives (based on GDP, population, etc.) who not only preside over their designated national bank, but also have a say in the international policy of the new global currency, a great equalizing force for nations without much current economic clout.

The Federal Reserve System is far from being ideal however; in fact, the largest flaw of the Fed is the people who are in charge of it. The Fed was intended to be a hybrid of private and public sector cooperation, a government entity ran purely by bankers as to, at least in theory, avoid being caught in the middle of political gridlock. So, by putting private bosses in charge to run, arguably, the most important public resource in the United States we see cases such as the 2008 economic collapse, with the Fed's response being pumping public money into private banking institutions that were "too big to fail." Ezra Klein put it this way in his 2009 op-ed for the *Washington Post,* "The Fed's favoritism toward bankers is embedded in its DNA" (Klein). It appears that bankers are partial to the strife of their fellow banker, not necessarily a revelation of any manor, but a noted weakness in the Federal Reserve machine. The Fed itself may also stand against the notion of a single global currency, seeing it as the ultimate threat to the creation of a structurally sound and strong dollar, however that is just speculation. Just like statements by Walker Capital Management Corp. CEO Lewis J. Walker in 1994, when he told *USA Today* that "the U.S. dollar has weakened dramatically against other currencies in the past twenty years and this may open the door for many influential people...Who want to create a single global currency." Walker goes on to say that the single currency could resemble the Federal Reserve System but on a global scale and sold to the American people over time, as they see the financial sector turn to ruin (qtd. in "U.S. Should"). This interview helps to display the kind of paranoia that would come with the attempted adoption of a single currency, the fear of an unknown force acting to benefit a select few as a part of some international scheme for world domination by the wealthy, a fear held by a minority of people but still one that would still present a obstacle to the currencies implementation.

A boiled down hybrid of the European Central Bank (ECB) and the Federal Reserve would most likely lend itself to the success of implementing a global currency. The goals of the Fed and ECB are two very different things, and so if a consolidation of the goals could be achieved a stable singular currency would be right around the corner. The ECB seeks only the stability of the Euro, while the Fed is constantly trying to grow the dollar while also keeping it flexible to take any hit that may come along the way (Kumas). A central world bank would have collect, manage, monitor the resources of 196 nations opposed to just seventeen like the ECB does, an incredibly large undertaking that of which details may prove to be an incredibly large ordeal to surmount, however, with major support and a global pact to make a working single currency, it would not be an impossible feat.

To strengthen the market of smaller nations was the basic idea behind the creation of the European Union, while what it has done is forced larger nations who were more productive before the Euro work harder to maintain their same level of productivity while smaller nations coast a bit because they have a slightly increased value. The European Union's productivity has slipped from where it once was while still growing, it is not as steady as previously (Schoen). On a global scale countries with high GDP will most certainly feel the same effect with a single currency, the United States for example would need to greatly boost their export level to match that of a country like Taiwan where manufacturing is a much larger market. Although, with a playing field that has been evened out by a global monetary system, the U.S. could also see a return in manufacturing jobs as the incentives to remain in poor nations would not be as great for corporations.

The single currency idea also, theoretically, eliminates the uncertainty that feels so deeply ingrained in the culture of international economics. In an interview with Morrison Bonpasse, operator of the website *singleglobalcurrency.org* and author of the book, *The Single Global Currency: Common Cents for the World*, Bonpasse maintains that not only will the uncertainty that comes with speculation in the international financial sector be eliminated, but also, trillions of dollars currently locked up in reserves to aid with foreign currency exchange will be freed and able to be used instead of sitting as a protective cushion. International interest rates will lower with the reduction of currency speculation, coincidentally, that will also raise the value of international assets by trillions of dollars, not only leading to global economic stability, but enormous growth as well (Bonpasse). Perhaps leading to an age where recessions and depressions in the economic cycle are retarded if not done away with entirely.

Political economist and one of the highest regarded philosophers of the nineteenth century, John Stuart Hall once said on the topic of a single world currency, “So much of barbarism still remains in the transactions of the most civilized nations that almost all independent countries choose to assert their nationality by having, to their own inconvenience and that of their neighbors, a peculiar currency of their own” (qtd. in Bonpasse). Hall notes that the “need” for individual currencies is a mark of idiocy that it is only a game that is to be played so that a select few nations can feel a sense supremacy over the others. Eliminating multiple currencies that clog transactions, cost trillions of dollars in the process of maintaining, and that keep the world tethered to a concept that is purely primitive, not allowing for the success of others by forcing to keep their dominant currency on its own competing against the rest of the world, shows to be a reasonable way to go in an age where we live in a truly global market. Whether using the system presented by the European Union or that of the United States with the Federal Reserve System, adopting a single world currency benefits the entire world, from the ground up.

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