
Subject: Any openminded opinions regarding where the economy is going?

Posted by [Manualblock](#) on Sat, 26 Aug 2006 14:55:04 GMT

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Lets see what we have; Jobless rate hovering in the high 5's; interest rates steady for now until the November elections. The dollar is the real issue now. Allow me to cut and paste an interesting paragraph here:" World trade is now an interesting game in which the U.S. produces dollars and the rest of the world produces things that dollars can buy. The worlds inter-linked economies no longer trade to capture an economic advantage; they compete in exports to capture needed dollars to service dollar denominated foreign debts and to accumulate dollar reserves to sustain the exchange value of domestic currencies. To prevent speculative attacks on their currencies; the worlds central banks must acquire and hold dollar amounts equal to their currencies in circulation. This creates a built-in support for a strong dollar that in turn forces the worlds central banks to acquire and hold even more dollars in reserve. This phenomenon is known as 'dollar hegemony', which is created by the geopolitically constructed peculiarity that critical commodities, most notably oil are denominated in dollars. Everyone accepts dollars because dollars can buy oil. The re-cycling of petro-dollars is the price the U.S. has extracted from oil producing countries for continuing U.S. tolerance of the oil exporting cartel since 1973." Henry C.K. Lui
Something to think about since the Iraqis had failed to convert their oil revenue to Euro-dollars shortly before the war began.
