

Chinese Yuan and American Dollar Influence in The World Financial Benefit Conflicts

Adnan Mnati Salih

Baghdad College of Economic Sciences University, Baghdad, Iraq

ABSTRACT

Economic war is one of the means of conflict throughout the history of mankind, and its concept developed through the development of the march of mankind, and the measures of this war (defensive and offensive) were used in it, and the international monetary system had also witnessed a development associated with global events, especially world wars and their results, and the US dollar was on the throne of this The system is one of the results of the Second World War, which had an important role in the development, development and modernization that happened to China since the seventies of the last century, especially with the presence of transcontinental companies, with the American vanguard, and because of the intertwining between the American and Chinese economies and the uncalculated results of the development of the economic conflict between them is difficult Where the current economic conflict has developed, especially in light of the US dollar's leadership of the international monetary system and the inability of most of the world's countries to abandon it in international economic and commercial transactions. The importance of this research comes from the fact that the nature of the US-Chinese economic conflict, if it develops, may be a serious threat to various countries of the world, especially the global economic system. That the existence of this conflict and its development may lead to a threat to the economic life of many countries of the world. This research paper aims to study and to analysis of the nature of the US-Chinese economic conflict, and that the alternative to this conflict is economic cooperation in a way that serves the development and progress of the various peoples of the earth.

How to cite this paper: Adnan Mnati Salih "Chinese Yuan and American Dollar Influence in The World Financial Benefit Conflicts" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-5 | Issue-3, April 2021, pp.13-15, URL: www.ijtsrd.com/papers/ijtsrd38674.pdf



IJTSRD38674

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Hypothesis

This US-Chinese economic conflict constitutes a threat to economic and non-economic life, and addressing its causes is sufficient to replace this threat with development, progress and modernization aspects.

Economic War is Strategic Conflict

Economic war can be interpreted as the use of means of a purely economic nature that express the role of the economic factor in the conflict of international interests, and which have been used in the old, modern and contemporary international wars between the countries of the world to determine their results. Just as the phenomenon of war witnessed during the development of human life an evolution in strategic means of conflict such as military and political means, economic means have also witnessed a development in their various forms of defensive (preventive) and offensive (exposure), and the offensive may be closer to the concept of military means, and the term (economic war) has clearly emerged. In Britain in the period before World War II ⁽¹⁾. The most prominent measures or means in the defensive economic war can be identified as follows:

1. Maintaining the state's economic capacity, including maintaining the volume of exports, as well as guaranteeing imports.
2. To prevent capital flight from leaving the country.

3. Maintaining a secure strategic stockpile for the longest possible period of time.
4. Organizing economic activities such as production, distribution and consumption (2), in a manner that ensures achieving the maximum possible return that supports the economy if it is exposed to unmatched problems and crises.
5. Freezing the funds of the target country in the conflict and deposited with it. This method was applied by the United States of America in 1940 before entering World War II and joining the allies, which was intended to freeze the financial and commercial operations of the enemy and the country it occupies.
6. Raising taxes on goods imported from the target country in the conflict, in order to reduce its exports and thus influence it economically.
7. The country in the economic war imposed an embargo on materials of strategic importance to the target country, just as the United States did during the time of the US President (Trump) to impose an embargo on Iranian oil.
8. Blacklists issued by the country involved in this war to prevent its nationals within a range of borders. Sovereignty comes from trading with neutral merchants who are suspected or known to relocate stores to the target country.

9. Means of economic boycott intended to disrupt all economic relations with the target country.
10. The means of the economic blockade (land, sea and air), and its contemporary example is the blockade imposed by the United States of America against Iraq in the 1990s.
11. Preventive procurement system, which is intended to deprive the country in power and its allies of the target state of strategic materials.
12. Withdrawing loans and breaching their terms in order to create economic and even political pressure.
13. Control over the funds of the target country deposited in the state banks involved in the economic war, as happened when the United States imposed it on Cuba ⁽³⁾.

Those means and measures have been used in wars, especially since the Second World War, and more specifically after the United States of America came to the throne of the world, economically and militarily, after the collapse of the Soviet Union and the disintegration of the countries of the socialist system.

To reveal the nature of the strategic economic conflict existing between the United States and China, especially during the past decade, it is noted that the US dollar was not absent in this conflict, describing that this dollar represents the leading currency in the international monetary system and a tool for assessing and settling international payments, including oil, and this dollar is still It is the mainstay of the United States' continuation in this global role, especially the increasing economic rise of China in the world, which made the United States fear the future, so it made its relations with China, especially the economic one, in a state of tension and great concern for its future, and on this basis the American economic war against other countries It is not the product of the eighties only as the decade in which competitors emerged for America and the specter of its economic removal from the international throne ⁽⁴⁾, especially China, at which time America began to publicly declare that its continuation as a great power depends on its success in this economic war, especially against economic competitors, including its Western allies such as Japan. And Germany, as well as Russia. We read this fear in many of the presidents' statements the Americans, especially what Clinton said before assuming the presidency of the United States in a lecture at Georgetown University in January 1992, saying: (We have to learn the lesson learned from the collapse of communism and the Soviet Union, because we did not defeat them on the battlefield. Economic and political failure ⁽⁵⁾). In particular, the numerous statements of the US President (Trump), including his accusation on May 9, 2019, of China revoking the agreement concluded in the trade talks between them and his threat to double customs tariffs on about \$ 200 billion worth of Chinese products and his saying (They broke the agreement ... they cannot. He did so, so they will pay the price for it ⁽⁶⁾), as well as the threat on 1/8/2020 to impose sanctions against China that affect the application of (TikTok) as a social media application, which led to Chinese statements and counter-positions.

The International Monetary System

The international monetary system means the (international) institutions, laws, procedures, and means through which payments for commercial exchanges between countries are transferred, and the transfer of funds between

these institutions and countries, and this system has a set of objectives, most notably the following:

1. Increasing rates of international trade.
2. Encouraging international investment operations.
3. Encouraging monetary cooperation between countries.
4. Achieving high rates of economic growth.
5. Achieving economic stability.
6. Fixing foreign exchange rates in the foreign exchange markets.
7. Addressing international economic problems and the imbalance in the balance of countries payments.

Therefore, the importance of the international monetary system emerges through its role in facilitating international trade and investment, its response to economic and monetary changes, and its effectiveness in addressing the imbalance and economic, financial and monetary problems that occur in the world, and this system in particular determines the method of setting foreign exchange rates ⁽⁷⁾, And how governments intervene to influence exchange rates. And reading modern history shows that this system, which represents the basis of the international economic system, which

Its rule was the gold standard, by making the money itself golden money in the sense of the value of the monetary currency representing the value of the gold metal formed from it, and with the beginning of the first signs of the outbreak of the First World War, some countries, especially Germany, began to think and work to replace this golden cash with paper money that covers the requirements of war, especially war spending. In addition to covering economic transactions and international trade, the capitalist countries adopted a new system (exchange with gold) meaning that there is a cover of gold for monetary issuance in the central bank of the state, so that (70%) of the currency value is covered with gold. And by virtue of America's geographical distance from the battlefields of grinding wars, especially in Europe, gold went to America, which has accumulated huge quantities of this metal, and after World War II and the need to rebuild what the war destroyed, and for the allies to emerge victorious in this war with a new monetary system that serves their interests, they held a conference They had them in the American city (Bretton Woods) and came out with decisions including the establishment of the Fund and the World Bank, and America remained on the gold exchange base until 1971 ⁽⁸⁾, and so with the expansion of the volume of foreign economic transactions, the increase in spending and global investments, and the pricing of strategic commodities such as oil in the international market, the dollar issuance increased. From the US Federal Reserve, and a new international monetary system became based on printing the dollar, and America continued to increase this printing until trillions of dollars circulated in all global economic and financial channels, and at the same time these trillions formed a burden on the US economy as a debt on the US Federal Reserve and one of its tools Threatening other countries. As for the state of China that the Yuan made, its economic path took three stages, the first is the stage of socialist transformation, from the founding of the republic in 1949 until 1976, the second is the stage of economic reform and openness from 1977 to 1992, and the third is the stage of the socialist market economy since the year 1993, when the two systems coexisted (socialist and capitalist) in the

manner (one country, two systems)⁽⁹⁾, and the basis for this was the massive Western investment, especially the American monopolistic companies, so that the Chinese Communist Party conferences became indicative of economic problems in their countries that were not previously familiar. Like inflation and corruption, the US dollar was the leading currency in China's foreign economic transactions and its internal investments, meaning that leaving this dollar could lead to major problems in it and possibly economic and financial collapses. On the basis of the foregoing, the Chinese tendency to make the (yuan) an alternative to the US dollar in transactions. The internal and external economic will have significant negative effects on the Chinese economy (although other countries stand with it, such as Russia, Iran, Venezuela and Turkey), meaning that it may lead to the collapse of the international monetary system, which will certainly have an economic and non-economic response from the US in order not to leave the summit of the international economic throne. And China may announce this, and it is certain that China is not in its interest in the Third World War, just as it is not in the interest of all peoples of the earth, and the Chinese trend may just be a threat to its advantage in the current US-Chinese conflict.

Conclusion and Discussion

The analytical reading of the Chinese economic reform since 1977 based on openness to the outside world, whose general framework is (the socialist market economy system), which has brought about tremendous development in Chinese life, especially in the economy, development, modernization and technology, and the intertwining that occurred between the US and Chinese economies. In light of the Corona pandemic and its economic and human repercussions, this makes it difficult to use the Chinese currency (the yuan) as one of the Chinese strategy options in threatening the US economy (the dollar), based on a set of facts and reasons, most notably the following:

1. The one who issues the US dollar currency is not the US Treasury, that is, it is not a governmental entity, but rather the US Central Bank, whose ownership is private, especially multinational or transcontinental companies, meaning that these companies are the supporters of the dollar currency, which have huge investments in the Chinese economy and was and still is It has a big role in developing and modernizing this economy.
2. The US dollar represents a convertible currency reserve in many developed and developing countries of the world, capitalist or socialist countries. This means that these countries are not easy to give up this dollar. Rather, their need requires that they defend their dollar cash reserves, especially western countries that are Its economies are intertwined with the US economy.
3. The US dollar is the main currency in the pricing of strategic commodities in the global market, especially oil, meaning that oil-producing countries are very difficult to dispense with this currency, which represents a guarantee for them in settling their economic and oil transactions in the world.
4. China owns a large monetary block of US Treasury bills, meaning in US dollars, and this constitutes a constraint on the Chinese central bank and a financial loss if it abandoned it and replaced it with its currency (yuan), in addition to that, many countries in the world are also containing their central

banks on these Bills, which makes its economic stability closer to the US dollar than to another currency, including the Chinese currency.

5. The Chinese currency, which is based on a strong economy, is the second economic capacity in the world, but its national product has not exceeded its US counterpart supported by Western countries and most developing countries on the path of a free market economy, so it is difficult to convert the Chinese currency into a leading international currency at the current stage.
6. The US market represents the largest market for importing Chinese goods and services, and international trade exchange is mainly based on the dollar, and this means that it is difficult to replace another currency in this trade exchange because the two sides of the economic conflict will be in favor of America.
7. Although Chinese technological progress and modernization is growing at a higher rate than it is in the United States and European countries, America still precedes it technologically .. On the basis of the above, it is difficult to use the (yuan) in the economic and non-economic conflict processes between China and America and in light of the pandemic. Corona and the instability of oil prices towards collapse. The valid alternative for these two countries and the peoples of the earth is economic cooperation, which is based on addressing the causes of this conflict, especially in light of the intertwined economic and non-economic interests, as evidenced by China's response to the statements of the US President (Trump) to cut ties with China by saying the Chinese Foreign Ministry spokesman on May 15th. 2020 (that the stability of relations between the United States and China serves the interests of the peoples of the two countries)⁽¹⁰⁾.

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