

Re: What could China do to the American economy if they traded their dollars for Euros?

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- *From:* "Robert Miller" <[stargazr@xxxxxxxxxxxxx](mailto:stargazr@xxxxxxxxxxxxx)>
  - *Date:* Sat, 21 Oct 2006 22:24:16 -0600
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"Zerge" <[zerge@xxxxxxxxxxxxx](mailto:zerge@xxxxxxxxxxxxx)> wrote in message  
[news:1161470164.458663.159990@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:news:1161470164.458663.159990@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)

Nospam wrote:

Zerge wrote:

China is not the only economic force out there. The moment they start dumping dollars, the dollar loses value vs. other currencies, so other countries start to pick up those dollars dropped by the Chinese, and the market reaches a new equilibrium. At what equilibrium point, I don't know. But it would reach it.

Well, yes and no. The problem is that one need to have dollars if they can buy something with it. That means US is producing smtg. to sell.

That seems not to be the case anymore. All US corporations are moving their manufacturing facilities offshore. From clothing (where US produce only 4% of it) even to high technology (in 2005 US become a bigger importer of HighTech than it exported) US currently it is 100% dependent by offshore producers since our industrial base has been decimated by the corporate-libertarian-republicans-neocons gangs of greed.

It doesn't matter where the products are manufactured; the earnings of a US business enter the US for the most part. Is this not obvious?

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US dollar has been artificially kept high by Chinese crediting us and buying bonds. If they decide to wage an economic war against US, they have all what is required to bring US to its knees in a matter of few months.

No, it's the other way around, I insist. They could certainly cause waves in the currency market if they wanted, but so could many other large countries. If China were to try something like that, US could shut down China completely in a month by imposing trade barriers.

Didn't we try that once with Japan?