China's currency manipulation and American job loss: how did we get here and what can be done to reverse this trend?

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Description:
Thesis (M.A.L.S.)--Georgetown University, 2010.; Includes bibliographical references.; Text (Electronic thesis) in PDF format. China and the United States are very important trading partners. They have not agreed on every issue, but that hasn't gotten in the way of their trading relationship. There is one issue that could possibly derail their relationship; China's exchange rate. In 1994, China decided to go to a fixed exchange rate. The results of going to the fixed exchange rate for China have led to a multitude of changes between the two countries. China's exports to the United States began to increase dramatically after changing their monetary policy in 1994. The United States, at the same time, started to lose the market share in certain manufacturing areas and increase their trade deficit. The linkage between manufacturing jobs lost in America and China's fixed exchange rate seems to be linked. I studied numerous Congressional Bills that were introduced in both the United States House of Representatives and United States Senate that dealt with offsetting the harmful cause of China's fixed exchange rate. I also read Treasury reports on currency exchange, along with both GAO and CRS reports on the topic. In addition to those publications, I read books, newspaper clippings, journals, and study papers on the topic at hand; I was able to deduct from all of the various Government publications and academic publications that China's exchange rate was causing the American manufacturing sector to lose more jobs due to the unfair advantage in making their exports much cheaper. It was also clear that the American manufacturing sector had been losing jobs before China started to manipulate their currency. The U.S. Treasury Department has taken a quiet approach in trying to get China's exchange rate to be more market-based. On the other hand, the U.S. House and Senate have been vocal in their opposition of China's currency exchange rate. In conclusion, the problem's that exist between China and the United States because of the exchange rate will not be going away anytime soon. The Treasury Department or the U.S. Congress can label China as a "manipulator", but China must act. The reasoning behind their shift to a fixed exchange rate was to give them a trading advantage by making exports cheaper and imports more expensive. If China believes that by allowing their currency to appreciate, and continue to grow economically, then they will do that. Ultimately though, they are the deciders.

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Employers, employees, and the Presidential candidates are blaming China's currency manipulation for a bleak manufacturing environment in the US. They are wrong to blame the Chinese and should look elsewhere ... In last night's US Presidential Debate, Mitt Romney labeled China "a currency manipulator" when speaking about foreign policy and how to improve the manufacturing atmosphere in America. Is China a currency manipulator, and what would it mean for the US Dollar if Romney were elected? China's Yuan is in a "controlled peg" relative to a basket of currencies. How China is singling out the US Dollar. There is a flip side to this picture. While a stronger rupee (that is 70/$, instead of 100/$) is better for you as a consumer, it is worse for you if you were an Indian car manufacturer hoping to sell your car in the US. Currency manipulation happens when governments try to artificially tweak the exchange rate to gain an "unfair" advantage in trade. In other words, if China's central bank buys dollars in the forex market, it can artificially weaken the yuan — and Chinese goods will then become more affordable (and competitive) in the international market. Consider: An American-made mobile phone could be in demand in India because it is a genuinely good phone.