"One and Only One Currency May well Save the World Economy"

Fazal Ahmad Afzali

Department of Economics, Former Assistance Professor in Merwais Neka Institute of Higher Education

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ABSTRACT

The main objective of this research study is to determine that circulation of all national currencies is a fence to the growth of world economy due to the flexible exchange rates, lack of international trades, foreign investments, and new technology, inflation, and currency crises. This research study is conducted through qualitative analysis method by introducing a lumpy descriptive theory of One Common Currency May well save the World Economy. This theory is tested and supported by Authors' supporting arguments, written books, expert views, scholar journals, official reports, academic research websites, and previously researched papers. The study contains the solution to the problem by hosting a global currency in the world market. In this research findings, global currency tends to remove exchange rates such that prices of goods and service will not be affected by the conversion cost. Throughout this research discoveries, an increase in international trade, improvements in production and technology, zero inflation, increasing employment were the notable outcomes of applying global currency. Since the world economy has not experienced the flow of global currency that is why significant examples of Euro Union are presented to supports the effects of a single currency. Based on these findings, these indicators are assumed to be the factors of world economic growth. On the other hand, there are a few contradictions to the use of global currency in the world economy. This research study found out that global currency will not increase international trade because there will be too much competition which new and old firms in the developing countries which will not be able to race with firms from developed countries. Employment will not increase because there will be only substitution of skilled labor in the market. New technology will replace human labor force which will increase unemployment. Only one type of inflation will be removed but not all types of inflation such as the excessive demand and limited supply inflation. Together, the concept of global currency is supported to draw a conclusion of global currency impacts on the world economic growth.

Key Words: Economic growth, Currency crisis, Price Discrimination, International Trade, and Exchange Rates

1. INTRODUCTION

The world was consisted of 76 countries in 1947 with almost 70 currencies but today, there exist 193 countries with 180 currencies that has been a big change during the last 60 years. The increase amount of international trade and financial assimilations motivated weak currencies' nations to join other strong currencies. For example, around 12 European countries agreed on a single currency, Argentina, Hong Kong engage a currency board with U.S. and many other countries are adopting to dollars such as Ecuador, and El Salvador. Besides, Estonia and Bulgaria agreed on currency board with German Mark but now entered in to Euro Union. The very remarkable examples that happened much earlier of join currencies are the French franc zone in Africa, the Eastern Caribbean Currency Union, Panama with the United States, and a few others (Alesina 2006). The idea of a single currency is not that much new because it been existed and remained undebated in various forms since 1700s due to the complexity of a single currency theory. In 1930s. Keynes and White researched on single currency that exposed much more to the attention but MIT economics professor Kindle Berger made it much more branded by saying "World Money with World Monetary Authority" (Neuby 2017). The lumpy idea of using a particular currency around the world became recommended since "1960" which was later introduced after the Second World War (Whit Bourne 2014).

The motivation of using common currency arises because the use of many currencies has been a common problem to the economic growth of all countries. Numerous money crises caused by the use of national currencies. In "1971", the United State deferred the "convertibility" of US dollars into Gold for foreign central banks that obliged other national currencies to depreciate against US dollar as crisis happened (Jahnson 1973)**.** During "1919", the French crisis took place when the Franc was "unpegged", as a resul,t, the exchange rate of Franc declined against other national notes and inflation took place in the country (Schartaz 1997). The use of national currencies is a source of currencies crisis such that affects not only the economy of a country of origin but also other most economic associated countries.
The use of national currencies is believed to decrease the growth of world economy by a simple change in the values of currencies. The change in values affect the prices of goods and service both in domestic and global markets which cause price discriminations. The

variation in prices causes inflation which lowers the amount of foreign investment, decreases exports and increases imports. In such situation, countries who use different currencies do not better off each other and face a drop in the level of international trade that offsets the growth of world economy. If national currencies are not replaced, the global economy will face big challenges toward its growth such as unexpected global currency crises. Thus, the use of a global currency is a mean to grow the world economy by removing the exchange rates.

The practice of national currencies around the world is a notable obstacle to the growth of world economy by having their different faces of values. The unstable exchange rates of these currencies source the economic problems such as loss of market, price increase, inflation, decrease in foreign investment, and decrease in net exports and supply. To illustrate it, the sharp drop of Russian "rubble" affected the economies of Armenia, Georgia, Kyrgyzstan, Turkmenistan, Uzbekistan, Moldova and Ukraine (Walker 2015). The fall of Russian currency threatened the regional market as well as affected negatively other countries' currencies. A change in one country currency affects other countries' currencies which is a serious economic threat to the world economic growth. In 2015, the currency of china devalued by more than 2 percent which shocked the global market, decreased china's products prices and also appreciated the US currency that reduced the US exports (Group 2015). Thus, the flexible exchange rates create challenges to the world economy which is a major barrier to the world economic growth.

In addition, price discrimination is a barrier to international trade due to the existence of many currencies. Why the same products have very difference prices in different countries? It is not only the addition of custom duty or other transportation cost to the price of products but it is the cost of exchanges that added to the price of products. It is the difference of currencies' values that increase the prices of same products. Suppose a Japanese car is priced ten thousand dollars in United States but the same car is priced four hundred thousand Soms in Kyrgyzstan. Exchanging the Kyrgyzstan Som to dollar by the current exchange rate which is one dollar equals sixty eight Som, it becomes five thousands and nine hundreds US dollars. The prices differ because of the different values of Japanese Yen, US dollar and Som. As a result, many Japanese cars could be sold in Kyrgyzstan compared to the United States. These different prices will reduce the number of Japanese exports which is a barrier to international trade.

The use of currencies is not the only problem to the world economy but it is also the problem of each country economy. If the use of national currencies affects the world economy, it will affect all domestic economies which will result in lowering imports and exports. It will also increase unemployment, poverty, and inflation that affect the national societies. Since the problem is severe both to the economic growths and societies that is why the research on using a common currency is essential in order to find a better solution for it. Exposing the problem and finding solution will be an advantage to global economy. This research study states that global currency will eliminate the conversion costs, enhance international trade, the increase of foreign investment, and remove currency crises. All these discoveries will grant the opportunity to the growth of world economy.

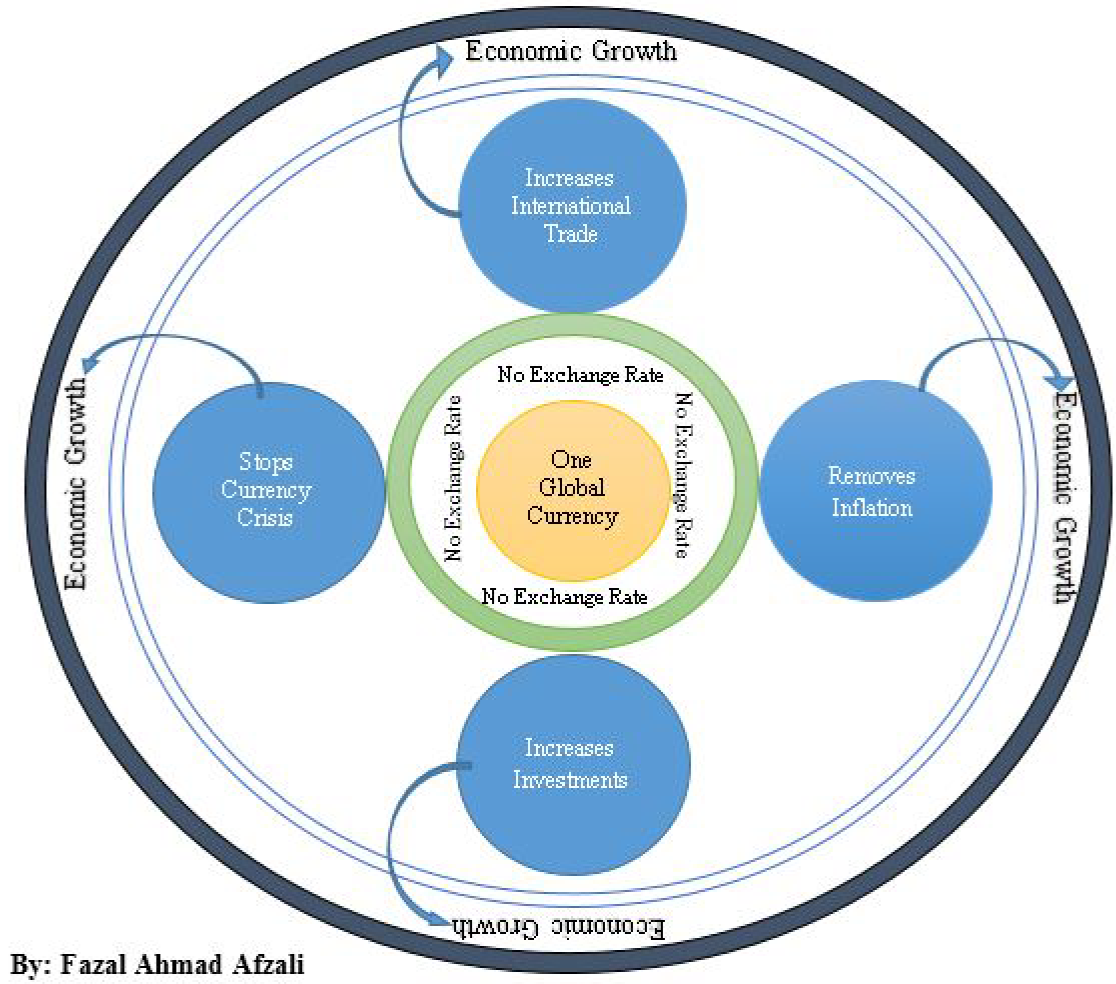
The Concept Summarized: One Global Currency as a Mean to World Economic Growth

"One and Only One Currency Could Save the World Economy" suggests that let the world to have one common currency such that all national currencies would be converted to it in all international transactions with a fixed exchange rate. The fixed exchange rate means that no national currencies will be appreciated or depreciated against this one global currency which this fixed rate would be allocated by international monetary organization. The objective of this global currency is to oblige all international investors and consumers to pay through global currency with stable exchange rates against their national currencies. Besides, the global currency will be the only conversion currency through a secure rate which means that all the national currencies are banned to convert each other among themselves as this is also one of the main objectives of the global currency. To put it in example, suppose that Afghanistan and India have regular trade connections and both have their national currencies. To pay after the trade, both national currencies should be converted to one global currency with a fixed exchange rate and also Afghanistan and India should not be allowed to convert their national currencies among themselves either through stationary or floating rates because then the idea of a single global currency remains not beneficial and insignificant.

On the other hand, the national currencies are the cultural heritages and values that most of the countries are in deep interest of keeping such cultural legacies. Due to its ethnic importance, it seems impossible to remove all the national currencies but instead to pick one as global currency for all national and international transactions will be an option, however, so many national currencies put all the domestic and world economies in great challenge to their growth as noticed above. So the existence of national currencies will be just symbolic for cultural importance and besides valuable only in domestic economies to remain their cultural vibrant and easy domestic payment system.

The author "I" believe that one global currency will be a mean to develop the world economy through several solid channels. The existence of one global currency will allow to international trade to increase because there will be no any currency conversion risk that investors will lose during currency converting. One world currency will be the best option to stop world or countries' currencies crisis because all the previous crises were triggered by the appreciation and depreciation of national currencies against each other's. Furthermore, the presence of one global currency will also enhance both domestic and foreign direct investments through elimination of exchange risks and conversion costs. Finally, it is strongly believed that inflation will be removed due to the inexistence of price discrimination which is caused by conversion costs. So one global currency is believed to bring such significant changes that all of them are strong factors of world economic growth in many ways.

Global Currency Module in Figure



Objective of the Study

This research study establishes the theory of using a single note as a mean of world economic growth. The purpose of this research is to expose the negative impacts of all national currencies around the world. It will also provide a general understanding of using global currency in the world economy. It will indicate the impacts of using one common currency on global economic growth. This research study will focus to find a proper explanation for two questions. First, how the flow of global currency will grow the world economy? The question asks if the world economy has one single currency, what factors will grant the growth to the world economy. Second, does the practice of one global currency motivate the world economic growth? This looks for factors that really enhance the growth or if these factors are sufficient for the growth of world economy. Answering these questions will be the final result of this research study.

Many economic terms are challenging to understand in research papers. In order to avoid these ambiguities, a few key terms that will be misunderstood are defined as follow.

Economic growth takes place when Per capita output grows over time such that growth rate does not incline to reduce, somatic wealth per worker raises over time, the rate of profit to wealth is nearly continuous, the ratio of physical wealth to productivity is nearly continuous and the portions of labor and bodily wealth in national income are nearly continuous (Barro 2004)

Currency crisis: The risk due to appreciating or depreciating of currencies of countries. The devaluation of currencies are caused by "pegging" or other policies such as central banks policies (Kuepper 2018).

Prince discrimination occurs when a firm or firms sell the same type of products at very different prices due to customer benefits, tariffs, and maybe currency appreciations and depreciations (Simonm P. Anderson 2008).

The fixed exchange rate is a regime where government has already agreed to buy to sell any amount of currency at a preset rate which in such case, the rate is connected to one or a bag of currencies (Labonte 2004).

Limitation and Delimitation:

The limitation on this research is lack of prior research studies on the use of common currency in the world economy. There are not many research papers, books, or journals written to support my research topic that is why it was challenging to find enough published resources. Lack of experts who have knowledge on currencies risks. During this research, it was quit challenging to access expert on conducting interview.

This research paper is delimited to understand the problem in both domestic and world economy. Single economy is not focused only because the problem is common between them. National currencies risks and crisis are used to know the existence of the problem. Other irrelevant economic risks and crises are not focused in this research. The use of one common currency is used as a solution to the problem. Other solutions are not focused because common currency is chosen as the best fit.

Methodology

This research study follows the qualitative secondary data to support and test the hypothesis of using global currency in the world economy because the quantitative analysis was not possible due to the inexistence of such relevant data and research type**.** The secondary data is collected from books, scholarly journals, and online search engines to support the presence of the problem and find the solution of the problem (ACAPS 2012). Particularly, these data sources are from International Monetary Fund, World Bank, United Nations, research institutions and other government websites. The data collected from these assigned sources is mainly about the problem of many currencies and the demand for the use of one common currency in the world economy.

This is a conceptual method which theoretical assessments are used to investigate the problem and find solution through texts and behavioral views of experts written in documents and online research engines. Arguments and views that had close connection to the problem and solution were benefited during this research. Specific illustrations of similar situations are sourced in this study. For instance, the Euro union, US Dollar, West African monetary zone and central African economic and monetary community (Volcker 2002). The method uses a collection of different understandings and making a new interpretation for this problem solution.

LITERATURE REVIEW

In 1961, Robert A. Mundell introduced the theory of "A Theory of Optimum Currency Areas" where he proposed one single currency for a specified region such that the currency zone is not clarified in his research theory. He conveyed his theory through analyzing the example of Canada and United States as one region and East and West. He summarized that application of a single currency in a specific region would be set by the will of central establishments at the cost of unemployment in deficit countries but regions or countries with flexible exchange rates or in other words countries with different national currencies would set the employment at the expense of inflation. He argued that both pacing inflation and unemployment would be possible partially between these two regions such as Canada and United State or East and West. Finally, he noted that the currency area is no the world which definitely means that one and only currency is not hypothesized by Robert Mundell (Mundell 1961).

In June 2006, Richard N. Cooper researched on the proposal of a common currency in rich democracies such as the United States, European Union, and Japan. This research exposed three justifications for proposing a common currency in industrialized democracies. The first projection suggests that international financial transactions will grow relatively with international trade in goods and services such that exchange rate will be even more significant. The second prognosis determines that the real shocks will not be unbalanced in these large economies. The third prediction is that financial markets will be changeable as they were before in the past (Cooper 2006).

In May 2001, Kenneth Rogoff conducted a research on the suggestion of a global currency with coming up unexpected findings. The author argued that the exchange rate affects the prices wildly specially on domestic goods and services and they can impact foreign direct investment and trade which a global currency can eliminate these impacts. But there is a disagreement on the effects of exchange rates, says that exchange rates have impacts on the prices on the long run not in short run. Besides, it is well revealed by the author that markets of goods and services are less assimilated that one can picture because additional to other costs, currencies costs are also existed in the market such that make the current accounts smaller comparing to saving and investment. Thus, global currency can remove them but there are still two sides of the coin. The author also pointed some basic implications for exchange rates such as the loss of independent monetary policy (ROGOFF 2001).

F. A Hayek discovered very deep understandings about global currency in his book titled: Denationalization of money, Argument defined 1999. One of the remarkable advantage of denationalization was preventing governments who protect the currencies against the harmful consequences and prevent them from engaging them. Besides, the governments will not be able to hide the depreciation of the money, avoid money outflow, capital, and other resources that tend to destroy common market (HAYEK 1974).

In 2010, Richard W. Rahn introduced the theory of "A Constant Unit of Account" which is similar to idea of one Global currency. This research paper is a re-glance on the same issue of one world one currency. He pointed that in an idyllic world, we would have one currency that will not allow inflation or deflation, and also no political influence by any countries. The existence of such currency will diminish the costs of transaction, investment and exchange and further any relevant risks. The author argued that it may not going to happen in such conceivable future (Rahn 2010).

In 2003, Michal Šoltés researched on the advantages and challenges of a single currency in Europe through a contribution in discussion. It is resulted that there has been an increase in the trade growth and macroeconomic development in the Euro zone or in the Euro-Union. Besides, it also provided a significant growth in competition, specialization, and modification of production. On the other hand, a single currency in Europe gave rise to various abilities of member states to cope with economic changes (Šoltés 2003).

In 2014, Paluku Kazimoto discovered significant inferences in the study of the role of single currency for the country's economic development: A case study of the East African Community. The author researched through a descriptive analysis which the data obtained from expert arguments and ideas. The final result showed that adopting a single currency will enhance the economic development of East African Community through enhancing currency stability, reduction of financial risks, transaction costs, exchange rates, improving price transparency, and drop of inflation (KAZIMOTO 2014).

Research Gap:

Throughout this very limited literature review, the researcher discovered a few and unique remarkable gaps in the study of One and Only Currency Could Save the World Economy. First, one single currency is not proposed by any previous researchers in the history of economic theories that is a distinctive and supportive gap in this study. Second, many previous researchers introduced global currencies only for specified regions or continents which had good feasible predictions such as Europe Union and United States and Canada but again not proposed for the whole world. Third, the result of this study is completely different form other relevant "not the same" studies. For example, the authors only pointed the issue of inflation and price stability but this study contains more than those. Fourth, the researchers who completed research regarding global currency are not in full favor of one currency application but this papers highlighted significant inferences that request its application not today but maybe in the near future. Fifth, this is a completely different theory of the author and that is why it is different in many aspects compared to other researchers.

2. Findings

Hosting a single currency means stable exchange rates and no conversion costs because there will be only one currency circulating in the world economy. It is estimated that the annual conversion cost of currencies is four hundreds billion dollars (Bonpasse 2006). This amount of money is charged unequally because weak currency countries are charged more comparing to strong currency countries. Thus, by bringing this change, several economic factors will face an increase such as international trade, investment, shifting new technology, removing currency crises, and low inflation.

2.1 One Global Currency Enhances International Trade:

The flow of global currency will increase the cross border trade among countries which is a good step for the world economic growth. This is argued that international trade is increased when a single currency substitutes several national currencies because it eliminates the exchange charge that take place during transactions. Assessments shows that countries with same note conduct trade three times more than those with different currencies (Rose 2000). To illustrate, the introduction of Euro greatly increased the regional trade. The existed exporters increased their production because of no exchange costs and the domestic firms also started to export because of the less cost opportunity (Volker Nitsch 2008). The increase of international trade will let each country to access goods and services without much cost and limitations.

The statistical evidence indicates that there is a durable connection between global trade and economic development. It is argued that trade and economic growth are depended on each other. If the trade grows, the economy grows and if the economy grows, the trade grows (Sharma 2013). Trade is assumed to assist the proficient distribution of resources, develop technology, increase competition in both markets and improve productivity. The concept of economy identified trade as an important channel that affects the growth of economy (Matthias Busse 2012). Berg and Krueger argued in their research survey that openness of international trade has strong relation with the growth of economy (Ramstetter 2006). Thus, the increase of international trade motivates the economic growth through two factors. First, it increases the productivity of a country and second it allows countries to allocate their resources efficiently (Daumal 2011).

On the other hand, new firms will not cope with in increased competition in both domestic and international markets though they are not concerned of exchange rate risks that affect the price of goods and services. There will be very small chance for new firms to compete with firms that existed for long time in the markets because of less proficiency in production and knowledge about the market, lack of technology and lack of labor experience (Suranovic 2002). Goods and services provided by old firms have lower prices comparing to new industry. The small business administration announced that fifty percent of small business are failed in the first year and ninety percent fail in five years (P. Schaefer 2018). It is read from these arguments that increase in international trade harms the domestic industries which affect the domestic economy. So in one hand, one global currency increases international trade which is a factor of economic development but on the other hand, the global currency creates too much competition in both domestic and international market which is a barrier for new firms to compete and survive.

The same time, it is reasoned that increased production and international trade always do not contribute to economic growth especially for underdeveloped countries because international trade will exist twofold economies which developed countries will offset the production, exports and even domestic production which is not gainful for poor countries (Suman 2019). The reason behind this is that poor countries are less able to compete with developed countries in terms up production because of skilled labor and technology deficiency. Increasing production and international trade by global currency will remain the economies of underdeveloped countries the same which are also part of the world economy. One can argue that global currency can stop currency crises which increase production and international trade but they will affect the economies of countries both positively and negatively.

2.2 One Global Currency Increases both Domestic and Foreign Direct Investment

The use of global currency increases the amount of both domestic and foreign investments which is another leading factor of world economic growth. The global currency influences the foreign investment in three ways. The inexistence of exchange rates, the elimination of transaction cost that occur during converting one currency to another currency and clear prices which the prices of goods and service are based on the quality not based on the country currency power (Marián Dinga 2011).

The increase of investment due to global currency existence fosters the economic growth by increasing employment in the countries. The Investment as an economic growth factor tends to increase employment by establishing small businesses in countries when they find opportunities. It is also argued that when a company opens a branch of existed business in a foreign country, it creates new jobs. The United States is a good example because 5.3 million Americans work in foreign invested businesses (Thomas 2013). The employment increases the income of people as people incline to save some amount which is an increase in private saving of the country. Having said that foreign investments increase employment in host countries but it is still argued that foreign investments does not increase net addition in employment. The employment due to foreign investments is just substitution of employees. For instance, Japanese auto companies invested in the United State substituted the employees from US Auto companies. There is no increase in employment by these foreign direct investments. Thus, those US Auto factories lost their market toward Japanese companies (Kurtishi Kastrati 2013). If the foreign investment does not increase employment then employment does not affect the growth of host country economy which is pushed by one global currency.

Foreign investment transfers modern technology from one country to another that influences economic growth. Foreign firms that invest in other countries are great and better in technology compared to domestic firms such that improve the productivity of domestic firms (Carol Newman 2013). European and Japanese companies started to produce speed trains in China by mid 2000s such that the local firms gained the technology brought by these foreign investing companies and now competing with the same companies (Hill 2012). The standard neoclassical growth model undertakes that low-cost technology is transmitted by locating common production functions through countries. The model assumes that improvements in technology results in economic growth (Carol Newman 2013). Thus increasing investment increases technology which results in economic. It is also possible that foreign investments will transfer poor technology which will decrease the interest of domestic firms in production and also it will also lead unskilled labor force comparing to the appropriate technology (Tran 2015). If shifted technology raises unemployment, then it negatively affects the host country economy because it will increase poverty and lower national income. Also, if poor technology is transferred, the labors remain unskilled and quality of production decreases. Thus, it is argued that the transfer of technology does not contribute to the economic growth of host country. So global currency helps to growth the world economy by increasing foreign direct investments through the increase of employment and new technology but still, there are disagreements regarding poor technology shifts and unemployment substitutions.

2.3 One Global Currency Eliminates Currency Crisis:

Not only those, global currency will abolish currency crises that weaken the economies of developing countries. The answer for the question of how a currency crisis takes place would be that a currency crisis occurs when a typical currency faces decrease in value that affects the economy of that country negatively through uncertainty of exchange rates (Kose 2013). There will not be national currencies in the circulation anymore and the exchange rates are not existed thus, crises will not take place. One of the ways how global currency eliminates the currency crisis is that it removes the variability in exchanges because only one currency is flown in the world economy (Biznisa 2013). Since there will not be currencies conversions which mean no devaluations and valuations because only a single note is used, thus, there will not be currency crises. So global currency will eliminate the currency crisis. The removal of currency crises is a long term economic supporter for the world economy.

The world economy has faced several currency crises which the two notable crises are 1998 Russian Crises and 1997 Asian Crises (Ray 2015). During the Asian crisis, many countries' economies were affected such as Philippines, Hong Kong, Malaysia, and Singapore (Woo 2000). Russia, a notable case of the Asian crisis which is affected badly because it lost fifty percent of its industrial production and the economic situation changed to poorer (Gromyko 1998). Countries who are depended on international trade are affected by currency crises because they are interdependent in economic resources. So finally, one currency could remove currency crises through fixed exchange rates.

2.4 One Global Currency Abolishes Inflation

More to the point, global currency will decrease the level of inflation around the countries which will help the world economy to grow. Inflation is the lost value of money which affects the prices of goods and service to rise above average (ReserveBank 2004). Printing more money also increases the level of inflation in a country and countries who print more money have higher inflation (Ragan 1999). In the existence of a single currency, money will not lose its value because there is only one note which has its own value in every country. Prices will not change due currency conversion because there is no exchange of currencies that affect the price of goods and products. Printing more money will not be in the control of each country because only the organization International Monetary Fund will provide printed money (Michael D. Bordo 1999). The sources that cause inflation will be eliminated by using a single currency in all countries.

Now the real question is that how the removal of inflation by global currency will contribute to the growth of world economy. Inflation decreases investments because investors will not have returns on their investments due to the additional rise in purchasing power of consumers (Allians 2010). Also, inflation misleads the future profit of investment which allocates higher prices of goods and service used in investing projects that lessen the amount investment and economic growth (Gokal 2004). Since inflation is removed by global currency which means that in nonexistence of inflation, investment and profits will increase. Many models resulted that inflation has negative effects on saving because, in high level of inflation, there will not be enough income to save that upset the increase of investment (Vaibhav Chaturvedi 2008). Instability of upcoming prices will decline the amount of investment which will decrease capital in the economy. Investors will tend to invest in short term investments rather than long term investment that will shrink the growth of economy

(Munyeka 2014). Thus, it is only the global currency that eliminates the inflation and leads the world economy to growth by saving and investment.

Nevertheless, that global currency removes inflation but it will be only one type of inflation. There are still other rationales of creating inflation in countries which would spread to all countries. When the demand exceeds the supply of goods and services or when there is limited supply for goods and services, in such cases the prices increase of the same goods and service which create inflation (Amadeo 2019). Inflation is not removed because of currencies effects on goods and services price, it is simply by the excessive demand. There will be still negative effects on investment and saving which again will prohibit the world economy to grow. So global currency will not remove inflation completely but it will remove only currencies' inflation which is not enough to the growth of world economy.

Discussion

This study was carried out to test the negative impacts of flowing national currencies on the growth of world economy. It was intended to determine how a common currency contributes to the world economic growth. It was projected to uncover the various aspects of using global currency in all countries for the purpose of economic growth of each country which will grant growth to the global economy. The research study found different views that a common currency will empower the world economy through removing exchange risks, increase of international trade, increase of both domestic and foreign investments, transfer new technology, increase of employment, remove inflation and remove currencies crisis. However, there are still different beliefs that oppose the arguments that a common currency will not fully contribute to the growth of world economy.

Based on the research, the study showed that using global currency grows the world economy by removing the exchange risks that were involved in national currencies. Hence there are not numerous currencies that is why the cost of conversion is removed. Removing conversion cost motivates several economic activities for the betterment of world economy such as the increase of international trade, investment, and production. Together, these economic activities contribute to the economic growth of the world economy as they were found through this research study. In a previous research regarding common currency, it is argued that a single currency removes both direct and indirect costs of exchanging currencies (Economics 2019).

This research found that global currency will boost the level of international trade because traders do not face exchange risks and conversion costs. The export will increase which will inflow cash to the country of origin. International trade increases employment abroad which will increase labor income and remove poverty. Earlier researches showed that a shared currency increases trade with a very high level and provides more gains for customers in the union (Rose 1999). Thus, the global currency empowers the world economy by increasing international trade because trade is the basic factor of economic growth. On the other hand, the study also showed that if there is much international trade across countries then there will be more than enough goods and services which discourage the domestic firms of countries to produce. One reason is that domestic firms do not have efficient technology and labor skills to produce the quality products. Second reason is that there will be so much competition between foreign and domestic firms which new firms will not be able to compete with foreign firms (Suranovic 2002). International trade creates imbalances in producing goods and service between developed and developing countries. As result, new and domestic firms will be stopped and foreign firms will control the market. Thus global currency will not contribute to the growth of world economy by increasing international trade, instead, it will fail to grow the world economy well enough.

The study revealed that the existence of global currency enhances both domestic and foreign investment which are the basic dimensions of both domestic and global economic growths. Since the world did not experience a common currency that is why Euro as common currency for European Union is a proper example. The flow of Euro increased the internal investment because of better price stability, sound free finances, small interest rates, investment and employment, and securing full benefits of the EU's inner market, better price transparency, improved competition and great and runny financial marketplaces inside the Union (Currency 2017). The investments create more jobs both in the country of origin and abroad which increase the labor income. Studies conducted for the same purpose showed the similar interpretation. To illustrate, in 2013, foreign investment hired six point one million people in the United States (J. R. Schaefer 2016). This supports that investment increases employment either domestically or abroad. This study showed that increase of labor income rises the amount saving which rotates the cycle of investing as this is another factor of growing the economy. The practice of global currency boosts investments which increase employment and labor income as they are the core supporters of world economy. The research revealed a different view that the increase of investment does not increase jobs because it just substitutes labors from one firm to another firm (Kurtishi Kastrati 2013). It is revealed that a country who opens a firm in another country hires only skilled labors and does not hire unskilled labors. Skilled labors are those who are hired somewhere else in firms. The foreign firms invite those skilled labor from other firms and hire them in their own firms which is just a substitution. If the firms just switch the labor, this means that there is no increase in employment and it will remain the same. According to the study, investment does not increase employment and thus, investment is not a factor of growing economic growth.

The study found that new technology is shifted through trade and investing channels which improve productivity. Developed countries move technology to developing countries which provides the opportunities to produce more and increase exports (Carol Newman 2013). Similarly, another study showed the same result but with different interpretation which claims that the considerable rise in living standards is due to recent innovations through submission of new technologies since the industrial revolution which also helped the growth of economies (OECD 2007). New technology improves productivity and increase labor skills which are good pointers of economic development. There is a positive relation among technology, production, employment, and investment. If technology increase production, both investment and employment increase which supports the economic growth of world economy. Although, global currency shifts new technology to developing countries which increases productivity and labor skill. The study showed that one negative effect of moving new technology will increase unemployment because the new technology will replace labors. Previous study also outlined the same meaning which says that new technology decreases employments of unskilled labor in some industries because the application of new technology requires training and skills (OECD 2000). One skilled labor will work instead of two labors or some technological machineries will work instead of human. Thus, technology shifts will affect the world economic growth negatively through the increase of unemployment and poverty however it improves productivity and labor skill.

Not only had those, the study revealed that crises which come from currencies will be eliminated by the use of global currency. The world economy faced several financial crises due to the use of national currencies that reversed the world economy several times (Jahnson 1973). Hence, each country will have only one currency that is why there will be no devaluation and valuation which will prohibit the currency crises. The study showed that currency crises harms the production, investment and increase poverty by high level of unemployment. Thus, removing currency crises will remain the world economy as balanced.

Further, the study exposed that global currency removes inflation as it is a negative factor for economic growth. Hence the economy has only one currency which eliminates the exchange risk, that is why there will be no effects on the prices of goods and service and thus inflation is removed. Study found that high inflation leads economy to decline because the high priced products will not be sold both in domestic and foreign markets (Gokal 2004). Thus, it results in reduction of investment, employment and also reduction in saving because labor income just meet their living needs of employees. Removing inflation was found the reason for world economic growth. On the other hand, the study showed that only one type of inflation is removed by the global currency which occurs in depreciation and devaluation of national currencies. Conversely, there are other types of inflation that cannot be removed by global currency such as the excessive demand and limited supply inflation (Amadeo 2019). When country has more demand than supply of goods and services, than the prices of the same goods and services rise as inflation takes place. So the study addressed that global currency does not eliminate the inflation completely, it eliminates only one type of currency. Thus, eliminating currency inflation is not enough for the growth of economy.

The study revealed more than it was expected at the very beginning. The research study was supposed to find solution that global currency will contribute to the growth of world economy by removing exchange risks, increasing international trade, investment and removing currency crises but shifting new technology and removing inflation were unexpectedly found through this research. Also opposing views were not expected at the beginning but through this study, there are views that reject the mention results of global currency such as decreasing innovations, increasing unemployment as well as poverty and inflation will not be removed completely.

After all, comparing both sides of the study, the problem is yet not solved because the two sides of the arguments balances each other at some points. Through this research study, the problem of growing the world economy by replacing national currencies to global currency is not enough however the world economy will face great changes in its economic development. Thus, this study needs more addition to uncover more unknown aspects of using global currency in the world.

1. CONCLUSION

This study investigated the importance of global currency for the growth of world economy based on the conceptual method. Scholar books, researched journals, academic research websites, and official reports were used to study the problem and solution. The study focused on the economic problem of national currencies which was found out that national currencies put barriers to the world economic growth. The challenges that the economy suffers are exchange risks, lack of international trade, investment, technology, inflation and currency crises. In order to find the solution to the problem, this research revealed that replacing all national notes by a single currency will provide opportunities to the world economic growth.

Throughout this research, it was studied that circulating global currency grows the world economy through several eliminations. First exchange risks are removed which motivates the trade and production in the countries. Second, investment increases which provides job opportunity around the world. Third, new technology will be shifted throughout the countries which let countries to improve productivity. Fourth, generally, currency crises will be removed which the world economy already suffered. Fifth, inflation becomes lower which avoid price discrimination and increase saving and investment. The research found out that global currency provides the mentioned opportunities and thus, the world economy will see a positive push toward the growth.

In spite of all those, the research also revealed that global currency will provide too much competitive market through increased international trade. New and old firms that lack skilled labor and technology will not cope with technologically efficient firms. Production and innovation will be stopped in developing countries and international trade will not increase equally. The study also revealed that unemployment will increase because new investment will just substitute the skilled labor in the countries. Global currency will remove only currency inflation but the other types of inflation will still exist such as the excessive demand inflation.

After all, the research conducted for the problem of global currency was not answered completely through these discoveries because global currency is a complex issue which needs more research to find a good solution. The issue has positive and negative sides which both are equally important to the growth of world economy. It is recommended that each side of the issue should be studied more to find the importance one over other. Thus, the results from this research does not recommend any decision for practicing the global currency for the world economy yet.

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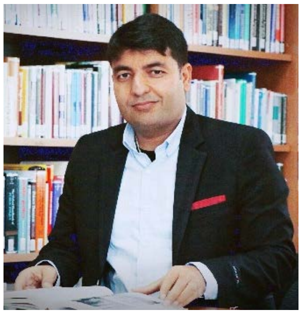
ABOUT AUTHOR



Fazal Ahmad Afzali received Bachelor in Finance from Afghan American University in 2010 and 2014 respectively and Master of Arts in Economic Governance and Development from OSCE Academy in Bishkek 2017 and 2018 in Kyrgyzstan. He remained as an Assistant Professor in Mirwais Neka Institute of Higher Education in Kandahar Afghanistan since 2014 to 2017. His preferred expertise is Macro and Micro economics and Fiscal Policies development.

Email ID: Afzali.fazil@gmail.com , f.afzali@osce-academy.net