



Haym Salomon @SalomonCrypto

Aug 20 · 15 tweets · [SalomonCrypto/status/1560846346998779904](#)

(1/14) Global Finance Fundamentals: Reserve Currencies

What makes a currency a reserve currency? Why are they so important to global trade and finance? What are the implications of control of a reserve currency?

Read on to learn about the lifeblood of global finance.

(2/14) A reserve currency is one that:

- Has the depth and liquidity to allow for reliable and efficient international transactions
- Can be freely and easily exchanged for other currencies
- Is held by many monetary authorities and institutions, in significant amounts

(3/14) Central banks and major financial institutions regularly do 8+ figure transactions across international borders. Reserve currencies are held in huge sums used to settle these transactions

Reserve currencies help facilitate global trade and provide a stable store of value



(4/14) A store of value is an asset that can be saved, retrieved, and exchanged in the future without deteriorating in value.

Argentina, Turkey and many other countries regularly face annual inflation above 50%. Citizens will often save by holding reserve currency notes (USD).

(5/14) Holding a reserve currency minimizes exchange rate risk, as the purchasing nation/institution will not have to exchange its currency for the current reserve currency to make the purchase.

A large percentage of commodities are priced in the reserve currency.

(6/14) (This is incredibly western focused... sorry, that's all I really know)

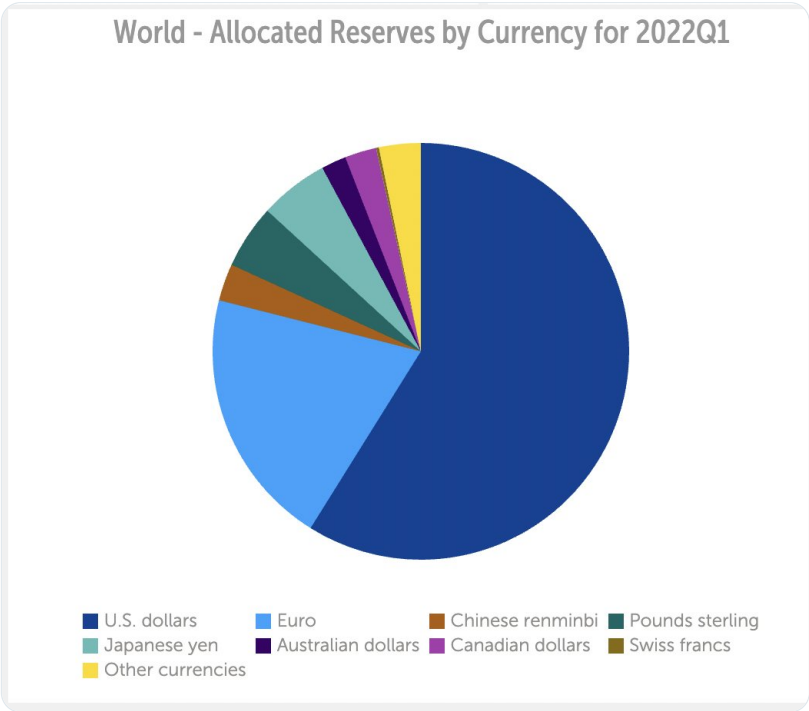
The world's reserve currencies: Venetian ducat/Forentine florin, Spanish silver dollar, Dutch guild, British pound sterling, American dollar

(7/14) Over the proceeding century, the British had remade their empire to be focus around central banking and the pound's reserve status.

After World War II, a broken British empire surrendered the financial network to the US; included was global reserve currency primacy.

(8/14) Today, ~60% of the world's reserves are held in US dollars. The Euro is second at 20%. Then Yen (5%) and RMB (5%)

The world's need for dollars has allowed the US government to borrow at lower costs, giving the United States an advantage in excess of \$100B per year



(9/14) The top reserve currency is generally selected by the banking community for the strength and stability of the economy in which it is used. As a currency becomes less stable, or its economy becomes less dominant, over time banks may abandon it for another currency.

(10/14) And, self-fulfillingly, having control over a reserve currency is what allows capitalists to create dominant and stable economies

For example, the US would not be able to save itself from the Global Financial Crisis in 2008 without control of the world's reserve currency



(11/14) Control over the world's reserve currency was required to save the world from the Global Financial Crisis...

...and yet, the question must be asked: was the Global Financial Crisis even possible without control and exploitation of that system by American capitalists?

(12/14) And there's one more power control over the world's reserve currency gives you, especially if you team up with #2.

You can wield it as a weapon.



A screenshot of a tweet from Haym Salomon (@SalomonCrypto) dated August 19, 2022. The tweet title is "(1/23) Economic Sanctions: A 'More Civilized' Solution". The text of the tweet asks for a survey of sanctions imposed by the USA, UN, and the Global West, and questions why they were imposed, what was achieved, and who paid the price. It encourages the reader to learn about the horror behind such a seemingly gentle alternative. The tweet has 12 likes and one reply. Below the tweet is a button to "Read 1 reply".

Haym Salomon
@SalomonCrypto · Follow

(1/23) Economic Sanctions: A "More Civilized" Solution

A survey of the sanctions imposed by the USA, UN and the Global West: Why did they do it? Did they get what they wanted? Who paid the price?

Read on to learn about the horror behind such a seemingly gentle alternative.

7:31 PM · Aug 19, 2022

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(13/14) In 2010, the UN called for abandoning the U.S. dollar as the world's reserve currency. The report states that a new system should not be based on national currencies but foster international liquidity to create a more stable financial system.



A snippet from a Reuters article. It features the Reuters logo, which consists of a circular pattern of dots above the word "REUTERS". Below the logo is the article title "Scrap dollar as sole reserve currency: U.N. report" and a short summary: "A new United Nations report released on Tuesday calls for abandoning the U.S. dollar as the main global reserve currency, saying it has been unable to safeguard value." At the bottom is the URL: "https://www.reuters.com/article/us-dollar-reserves-un-idUSTRE65S40620100629".

REUTERS

Scrap dollar as sole reserve currency: U.N. report

A new United Nations report released on Tuesday calls for abandoning the U.S. dollar as the main global reserve currency, saying it has been unable to safeguard value.

<https://www.reuters.com/article/us-dollar-reserves-un-idUSTRE65S40620100629>

(14/14) The UN has its suggestions, I have my ideas.

Regardless, we both agree that we need to build a system with credible neutrality; a system that treats all participants equally, that does not discriminate or reward.

Haym Salomon
@SalomonCrypto · [Follow](#)

(1/15) Credible Neutrality: the Wellspring of Legitimacy

To build a system people actually use, you must build a system people actually believe in.

You must build a system that has legitimacy.

3:10 PM · Aug 17, 2022

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4:29 AM · Aug 20, 2022

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