PROBUS Club of Central Edmonton
Newsletter

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Mar 19 Rolf Mirus

Rolf Mirus spoke to us about International Finance. Let me start by thanking Rolf for stepping in after the planned presenter was unable to make it.
Rolf explained how he become interested in macroeconomics. This started when he moved from East Germany to West Germany and had to exchange one type of Mark for another.
We started by looking at major organizations that work at the macroeconomic world. One was the "Paris Club" this organization gets involved when counties are in a debt crisis, it is at their table that decisions are made on repayment of international debts. He told us about "Transparency International" it is an organization that exposes corruption that occurs.
International finance started with import/export financing; these transactions required letters of credit from banks. Starting in 1944, international cooperation became the theme. Also, we have countries protecting their interests and currency through regulation. He pointed out that restrictions lead to work rounds. In response offshore bond markets evolved. Interest rates varied by country in repose to the risk premium. The risks are based on a country's economics, the view of its ability to repay its debts. In these post war times, drawing from experience the international financial architecture of today was established.
In 1945, with the Marshal plan the US dollar became common base currency, this started to change in 2013 with the China's belt and Road initiative. As things changed, international cooperation declined affecting causing a reduction in GDP.
A part of international finance is debt owed by a country. County's experience crisis due to lack of competitiveness, bad harvest, flawed gov't policies and other negative events. Countries in financial crisis need to borrow money. The only source of fund for a country is other countries. These funds can be channelled through organizations such as Internation Monitory fund (IMF). These always come with conditions; however, these conditions are not necessarily enforced.
Three organizations that fill an important multilateral role are:

- International Monitory Fund (IMF) – vote share was established in the 1950's
- IBRD (World Bank)
- World Trade Organization (WTO)

The above organizations are part of the architecture started after WWII. Both Europe and America wanting leading parts managing these bodies. Now with the China rising in the world economy, things are getting difficult. Number of features in these organization are bases share of world GDP as it stood in the 1950's. Another issue is the chronic failure of IMF to enforce conditions attached to loans. In addition, the World Bank takes 2 years to approve a loan, this is to long. Some major counties are unhappy with the time to process an appeal at the WTO, no new appeal judges have been approved, because Americans block them.
In addition to the main 3 organizations set out above, there are:

- Bank of international Settlements (BIS)
- Society for Worldwide International Financial Transfers (SWIFT)
- PARIS CLUB
- Transparency International

Other points of interest include:

- 200 billion $ of Russian money is held and steps are being taken to channel it to the Ukraine
- Paris club renegotiate a counties official debt
- Transparency International (TI) tracks corruption in counties they publish a Corruption Perception Indicator (CPI). This based on gathered information from major corporation who operate internationally.

Every 3 years a survey is taken of which currencies are used by countries for trade. The latest is 2022, some results are:

- US$ 88%
- Euro 31%
- Yen 17%
- Pound 13%
- China 7%

He noted that the UK is the largest centre for foreign exchange, due to its location. Addition information shared included:

- Size of foreign exchange market- 7.5 trillion daily (2022)
- IMF has 190 members and WTO have 104 voting members
- Least corrupt countries are Denmark and Finland (1 and 2) the most is Somalia
- Canada is corruption rank is 14 in 180 countries (lower number is good)
- Anther measure is bribes need to be paid to access public services

We then moved on the look at GDP per person and other numbers of similar nature, see chart


Relevant facts: Canada in a global perspective

Country	GDP/person in $	GDP/person @ PPP	GDP/pp@PPP/hr w	In $/pp@PPP/hr
Norway	2	2	1	150
USA	4	4	8	90
Germany	15	11	9	87
France	18	15	12	84
Great Britain	17	16	14	73
Canada	10	14	17	68
Japan	20	25	29	52

of all the countries Canada is ranked at 10 for GDP per person. When you look at other number, we do not fair so well. This illustrates that we have productivity problem. What was interesting when you adjust for hours worked, we dropped quite far. Our average wage is $68 per hours as can be seen this is not good compared to most of the other countries in the chart. European take lots of time off, thus lower hour worked.

The issues facing us include:

- Deglobalization is occurring this will cause many economies to drop in there GHP, this is because they will not necessarily buy the lowest price product, just the local one.
- China economy is wobbling, recently found that one of their large real estate company had overvalues assets by 70 billion.
- Energy transition and rise of AI creating uncertainty
- Russia's $200 billion frozen in Euroclear awaiting legal solution.

One side comment was that as a country Canada is shooting itself in the foot with internal trade barrier.

The presentation was followed by many questions, all of which he handles well. All in all, it was a remarkable presentation and we all appreciated him sharing his knowledge.

Mar 28 Yesterday's Auto Gallery

We toured Yesterday's Auto Gallery on the 28th. Ted Dakin (he runs the gallery) started with a presentation from about the Gallery. Opened Officially in 2021 but had to close shortly thereafter due to Covid shut down. It is one of largest collection of vintage cars available for public viewing in Canada. Many of their cars are bought as is, they are only equipped for minor maintenance. They own 80% of the cars on display. They collect only North American cars. The other cars are beings stored for individuals who pay for storage. They have 120 cars on display of which 25 are storage cars. They own 25 cars that are not on display. These cars will be replacing the storage cars in the future. They have a further dozen cars getting ready for display.

He pointed out that they have a dinner (50's style) open for business. It is remarkably busy on Saturdays.
The following was copied from the Gallery's website (yesterdaysautogallery.com):

At Yesterday's Auto Gallery, we are dedicated to preserving the timeless and classic beauty of vintage vehicles for present and future generations to enjoy. As a not-for-profit organization, it is our goal to make these magnificent automobiles accessible to everyone and to celebrate their artistry by showcasing them. With each visit, you will contribute to our efforts to preserve the history of these incredible vehicles. So come along on this historical journey with us and discover the magic of classic automobiles today.

Upon entry you are presented with a collection of motorcycles pictured, see above.

I have a few pictures of the Gallery and the collection. Unfortunately, I got caught up with view and only took a few. The fist is what is presented to you after passing through the entrance area, it is 1.5 million dollars worth of cars. The yellow car was driven by Richard Petty picture in NASCAR.

The next 2 photos show a potion of collections:

Here are a few more cars that caught my eye:

Finaly, we have a view of the dinner. We stopped for lunch and enjoyed the food and particularly the classic style milkshake. Remember to get a spoon.

It was a great tour. I recommend taking the time to enjoy it for the first time if you missed or again if attended.

Stay health and get your garden read for planting