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DOLLAR'S DOMINION: A MATTER OF TRUST

The US dollar has historically held the position of the world's primary reserve currency, a status shaped by a confluence of historical events, economic dynamics, and geopolitical factors. This paper investigates the multifaceted causes and determining factors that have contributed to the USD's enduring dominance, including the evolution of the US debt-to-GDP ratio, the implications of fiscal and monetary policy, and the viability of US borrowing practices. The analysis discusses factors that contribute to sustained demand for the dollar. Notably, the research underscores the paradox of the USD's strength during periods of economic uncertainty, where it remains a preferred safe haven despite domestic challenges. However, the USD's supremacy is increasingly challenged by sharply rising national debt levels, raising concerns about fiscal consistency and borrowing costs. The paper examines the implications of these trends, including the potential for reduced demand for U.S. treasuries and the associated risks to debt sustainability. Ultimately, this paper introduces the USD Reserve Status Index as a quantitative method of the factors influencing the USD's role as a global reserve currency, offering insights into the challenges and opportunities that lie ahead.

Keywords: US Dollar; Reserve Currency; GDP; Debt; Deficit; Monetary policy; Inflation.

Introduction. The US dollar (USD) has long been recognized as the world's primary reserve currency, a status that has profound implications for global trade, finance, and economic stability. This dominance is not merely a reflection of the size of the US economy, which constitutes approximately a quarter of global GDP; rather, it is the result of a complex interplay of historical events, economic policies, and geopolitical dynamics that have evolved over the past century. The establishment of the Bretton Woods system in 1944 marked a pivotal moment in this trajectory, as it anchored the USD to gold and set the stage for its widespread adoption as the preferred currency for international transactions and reserves. The subsequent abandonment of the gold

standard in the early 1970s played out to solidify the dollar's position, allowing the United States to exert significant influence over the global monetary system. The established trust and stability of the US economy, large US reserves in global central banks, US military power, the petrodollar system of the 1970s, and the network effect all contributed to the already established role of the USD.

Historically, the USD's supremacy has been underpinned by the size and strength of the US economy, which has consistently demonstrated exceptionalism in terms of growth, innovation, and stability. As the largest economy in the world, the United States has maintained a robust public capital market that is more than twice the size of those in the European Union or China, thereby enhancing the liquidity and attractiveness of the dollar as a reserve currency. Furthermore, the dollar's role as a safe haven during times of economic uncertainty has reinforced its status, with investors often flocking to the USD in times of crisis, a phenomenon described as the «cleanest shirt in the laundry» effect.

The USD's role as a reserve currency provides significant advantages to the United States, including lower borrowing costs and the ability to run persistent trade deficits without immediate repercussions. Recent data and studies reveal that the US dollar is used in approximately 88% of global transactions.

However, this preeminence is increasingly being challenged by various economic dynamics and geopolitical shifts, raising questions about the sustainability of the dollar's status in the future.

Despite its historical dominance, the USD faces significant challenges in the contemporary global landscape. The rapid increase in the US debt-to-GDP ratio raises concerns about fiscal sustainability and the long-term viability of the dollar as a reserve currency. Prolonged periods of low-interest rates have led to increased borrowing, while rising rates could result in higher debt servicing costs, potentially triggering a reassessment of the dollar's status among global investors.

Additionally, the emergence of alternative currencies, particularly euro and yuan, has sparked discussions about the potential for a multipolar currency system that could diminish the USD's dominance. The dynamics of global finance are further complicated by geopolitical tensions, inflationary pressures, and the rise of digital currencies, which collectively pose risks to the dollar's status as the world's primary reserve currency.

This paper aims to provide a comprehensive analysis of the historical context that established the USD as the dominant reserve currency, the current state of affairs influencing its role, and the potential future scenarios that could reshape the international monetary system. By examining both the factors that support the dollar's continued supremacy and the challenges it faces, this study seeks to contribute to the ongoing discourse surrounding the future of the USD in an increasingly complex and interconnected global economy.

In doing so, the paper will explore the implications of US fiscal policies, the dynamics of central bank reserves, and the evolving landscape of international finance, ultimately providing insights into the sustainability of the USD's position as the world's leading reserve currency. As the global economy continues to navigate unprecedented challenges, understanding the factors that influence the USD's status will be crucial for policymakers, investors, and scholars alike.

Literature review. The literature surrounding the US dollar's status as the world's primary reserve currency is extensive and resourceful, encompassing historical, economic, and geopolitical dimensions. This review synthesizes key findings from various studies to provide a comprehensive understanding of the factors that have historically contributed to the dollar's dominance, as well as the contemporary challenges it faces.

The establishment of the US dollar as the world's primary reserve currency can be traced back to the Bretton Woods Conference in 1944, where the dollar was pegged to gold, and other currencies were pegged to the dollar. This system not only facilitated international trade but also solidified the USD's role as the backbone of the global financial system. Scholars such as Eichengreen have argued that the Bretton Woods system created a framework that allowed the US to exert significant influence over international monetary policy, thereby reinforcing the dollar's status [13; 14]. The subsequent abandonment of the gold standard in the early 1970s marked a transition to a fiat currency system, yet the dollar maintained its dominance due to the size and stability of the US economy [9]. The U.S. economy's size and relative stability fostered trust in the dollar, making it the preferred medium for international transactions. The dollar's pricing of key commodities, such as oil, further entrenched its position in global markets [20].

Economic Dynamics Supporting the USD

Several economic factors contribute to the USD's continued dominance as a reserve currency. The sheer size of the US economy, which represents approximately a quarter of the world's GDP, provides a robust foundation for the dollar's status [6]. The depth and liquidity of US financial markets are unmatched, with public capital markets that are more than twice the size of those in the European Union or China [4]. This liquidity is crucial for central banks and investors, as it allows for the efficient buying and selling of assets denominated in USD, further entrenching the dollar's position in global finance.

Moreover, the dollar's role as a safe haven during periods of economic uncertainty has been well documented. Investors often flock to the USD during crises, viewing it as the "cleanest shirt in the laundry" [18]. This phenomenon has been observed during various financial crises, including the 2008 financial meltdown, the COVID-19 pandemic, Russia's unprovoked war against Ukraine, where the dollar appreciated significantly despite domestic economic challenges [18; 28]. US short-term government debt is often regarded as the best example of a global safe-haven asset, attracting foreign investors during risk shocks [25]. The perception of the USD as a stable and reliable currency continues to bolster its demand among global investors and central banks.

Despite its historical strengths, the USD faces significant challenges that could undermine its status as the world's primary reserve currency. The rapid increase in the US debt-to-GDP ratio, which has surged from approximately 56% in 2000 to around 123% in 2023, raises concerns about fiscal sustainability [12; 21]. This escalating debt burden could lead to higher borrowing costs and diminished investor confidence, potentially prompting central banks to diversify their reserves away from the dollar [21].

Additionally, the emergence of alternative currencies, particularly the euro [8; 16] and the yuan [1], poses a challenge to the dollar's supremacy. Scholars have noted that as China's economy continues to grow, the yuan is being increasingly used in international trade and finance, leading to discussions about a potential multipolar currency system [17]. Globalization complicates monetary policy, as the emergence of global digital payment systems and shifts in currency preferences can influence domestic interest rates and financial stability [24]. The recent trend of some countries conducting trade in currencies other than the dollar, such as the euro or yuan, further illustrates this shift.

Furthermore, the long-term implications of US monetary policy, particularly the Federal Reserve's approach to interest rates and its balance sheet, could impact the dollar's status.

Studies have shown that higher rates could result in higher debt servicing costs, potentially triggering a reassessment of the dollar's status among global investors [3]. Prolonged low rates can inflate asset prices rather than stimulate investment and economic growth, creating bubbles that may eventually burst and leading to economic instability [27].

Trust and credibility are pivotal in determining the attractiveness of any currency as a reserve asset. The USD's status has historically been underpinned by the confidence that global investors place in the US government's ability to manage its fiscal and monetary policies effectively. US tends to experience less severe business cycles, indicating that trust enhances fiscal stability and investor confidence [11]. However, recent political polarization and fiscal irresponsibility, characterized by persistent budget deficits and contentious debt ceiling negotiations, have raised questions about the long-term stability of the dollar [19]. The rise of anti-globalist sentiments has shifted the U.S. government's stance on international economic cooperation, potentially weakening support for the dollar [2]. The erosion of trust in US governance could have profound implications for the dollar's future as a reserve currency.

Theoretical framework. The theoretical framework for this study on the USD as the world reserve currency is grounded in several interconnected economic and political theories that elucidate the dynamics of currency dominance, the implications of fiscal policies, and the role of trust in monetary systems.

Currency Dominance Theory. At the core of the theoretical framework is the concept of currency dominance, which posits that a currency's status as a global reserve is determined by a combination of historical, economic, and geopolitical factors. Theories surrounding currency dominance often reference the historical context established by the Bretton Woods Agreement, which positioned the USD as the primary reserve currency following World War II [15]. This agreement facilitated the dollar's integration into global trade and finance, creating a self-reinforcing cycle where increased use of the dollar led to greater demand for it as a reserve currency.

The Triffin Dilemma further informs this framework by highlighting the inherent conflict faced by the United States as the issuer of the

world's primary reserve currency. According to this theory, the US must balance its domestic economic needs with the international demand for dollars. As the global economy grows, the need for USD increases, yet this can lead to unsustainable trade deficits and rising national debt, which may ultimately undermine confidence in the dollar [5]. This dilemma underscores the precarious nature of the USD's status and the potential consequences of fiscal mismanagement.

The concept of «exorbitant privilege» as articulated by economists such as Valéry Giscard d'Estaing is also integral to the theoretical framework. This notion refers to the unique advantages that the US enjoys due to the dollar's status as the world's reserve currency, including the ability to borrow at lower costs and run persistent trade deficits without immediate repercussions [10]. This privilege allows the US to finance its deficits through the issuance of debt, creating a reliance on the dollar that is difficult for other currencies to replicate.

The framework also incorporates the theory of economic exceptionalism, which posits that the unique characteristics of the US economy - such as its size, innovation, and resilience - contribute to the dollar's status as the primary reserve currency. The depth and liquidity of US financial markets provide a level of security and stability unmatched by other currencies, making the dollar the preferred choice for central banks and investors [7]. This exceptionalism is further reinforced during times of economic uncertainty, when the USD serves as a safe haven for investors seeking stability [23].

The sustainability of the US debt-to-GDP ratio is a critical component of this framework. Theories of fiscal sustainability suggest that a country can maintain high levels of debt as long as its economic growth outpaces the growth of its debt. However, as the US debt continues to rise, concerns about fiscal sustainability and the potential for inflationary pressures emerge. The relationship between interest rates, inflation, and the cost of servicing debt is crucial in determining the long-term viability of the USD as a reserve currency [3].

Geopolitical factors are increasingly shaping the landscape of currency dominance. The rise of alternative currencies, such as euro and yuan, poses challenges to the USD's supremacy. Theories of currency competition suggest that as countries seek to reduce their reliance on the dollar, they may explore alternative arrangements, such as bilateral trade agreements and the use of local currencies in international transactions [1; 8; 16]. Additionally, the concept of de-dollarization has

gained traction, particularly among countries seeking to mitigate the impact of US sanctions and economic policies [22].

Methodology. This study employs a mixed-methods approach to analyze the factors influencing the USD status as the world's primary reserve currency, as well as the emerging threats to its dominance. The mixed-methods design integrates both quantitative and qualitative research methodologies, allowing for a comprehensive exploration of the complex dynamics surrounding the USD. This section outlines the research design, data collection methods, data analysis techniques, and the rationale for the chosen methodologies.

1. Research Design. The research design is structured around a sequential explanatory strategy, where quantitative data is collected and analyzed first, followed by qualitative data to provide deeper insights into the findings. This approach enables the triangulation of data, thereby enhancing the validity and reliability of the results.

The study aims to address the following research questions:

- What are the historical and current economic factors that contribute to the USD's status as the world's reserve currency?
- How do geopolitical dynamics and emerging financial technologies pose threats to the USD's dominance?
- What is the position of the USD in the future global economy?

2. Data Collection Methods

2.1. Quantitative Data Collection

Quantitative data will be gathered from various reputable financial databases and economic reports. Key indicators to be analyzed include:

- US Debt-to-GDP Ratio: Historical data on the US debt-to-GDP ratio will be sourced from the Federal Reserve Economic Data (FRED) database to assess trends over the past half-century.

- Interest Rates and Inflation: Data on the Federal funds rate and inflation rates will be collected from the Bureau of Labor Statistics (BLS) and the Federal Reserve to analyze the impact of monetary policy on the USD's value.

- Global Transactions and Reserve Holdings: The International Monetary Fund (IMF) will provide data on the composition of global reserves, including the share of USD reserves over time.

- Bond Yields and Prices: Data on US Treasury bond yields and prices will be sourced from Bloomberg and other financial market databases to evaluate their role as safe assets.

Statistical analyses, including USD Reserve Status Index compilation, regression analysis and correlation coefficients will be employed to identify relationships between the USD's status and the selected economic indicators.

2.2. Qualitative Data Collection

Qualitative data will be collected through the analysis of a range of financial literature: government reports, central bank publications, and think-tank papers – to identify prevailing themes and opinions regarding the USD's current position and future prospects.

3. Data Analysis Techniques

3.1. Quantitative Data Analysis

The USD Reserve Status Index is a composite measure designed to quantify the strength of the US dollar as a global reserve currency.

The index is built on historical data of 12 core economic indicators for the period from 2022 to 2023. 12 variables are:

- U.S. debt-to-GDP ratio (percentage)
- USD share of global foreign exchange reserves (percentage)
- Federal Reserve total assets (millions USD)
- 10-year U.S. Treasury bond yield (percentage)
- U.S. budget deficit as a percentage of GDP
- U.S. Consumer Price Index (percentage change)
- Federal Funds Rate (percentage)
- U.S. Dollar Index (DXY)
- U.S. share of global GDP (percentage)
- Total U.S. debt (millions USD)
- Foreign holdings of U.S. debt (billions USD)
- Velocity of USD circulation

Statistical methods:

- data preprocessing (missing value treatment, standardization)
- index construction (weighted composite index, volatility calculation, confidence intervals)
- time-series properties (autocorrelation considerations, stationarity impact)
- model robustness checks (correlation analysis, multicollinearity testing, sensitivity testing, historical backtesting)

Descriptive statistics will be used to summarize the data, while inferential statistics will help identify significant trends and relationships. Regression analysis will be employed to assess the impact

of the debt-to-GDP ratio, interest rates, and inflation on the value of the USD and its status as a reserve currency.

3.2. Qualitative Data Analysis

Qualitative data from the financial literature will be analyzed using thematic analysis, a method that involves identifying and analyzing patterns or themes within the data. The process will include:

- Familiarization: Reading and re-reading releases to gain a comprehensive understanding of the content.

- Grouping: Generating initial groups from the data that capture key ideas and concepts related to the research questions.

- Theme Development: Organizing groups into broader themes that reflect authors' perceptions and insights regarding the USD's status and challenges.

- Reviewing Themes: Refining and reviewing themes to ensure they accurately represent the data and address the research questions.

4. Rationale for Mixed-Methods Approach. The mixed-methods approach is particularly suitable for this study as it allows for a more nuanced understanding of the complex factors influencing the USD's status. By combining quantitative data, which provides objective measures of economic indicators, with qualitative insights from authors and experts, the research can capture both the statistical relationships and the contextual factors that shape perceptions of the USD.

Results. This section presents the findings of the study on the USD status as the world's primary reserve currency, focusing on the quantitative analysis of economic indicators and the qualitative insights gathered from a finance literature review. The results are organized into two main subsections: quantitative findings derived from statistical analyses and qualitative findings from thematic analysis of expert interviews.

1. Quantitative Findings

1.1. The USD Reserve Status Index shows the diminishing role of the USD in several key dimensions:

A. Primary Decline Indicators:

- USD Reserve Share: Declined from 66.50% (2002) to 58.42% (2023)

- US Share of Global GDP: Decreased from 31.30% (2002) to 25.95% (2023)

- Debt Burden:

- Debt/GDP rose from 55.70% (2002) to 120.83% (2024)

- Total debt increased from \$6T to \$34.6T
- B. Secondary Pressure Points:
 - Fed Assets: Dramatic increase from \$732B (2002) to \$7.7T (2023)
 - USD Velocity: Dropped from 9.05 (2002) to 1.60 (2024)
 - Foreign Holdings: While increasing in absolute terms, growing more slowly than total debt
 - Budget Deficits: Becoming structurally larger (-1.44% in 2002 to -6.12% in 2023)

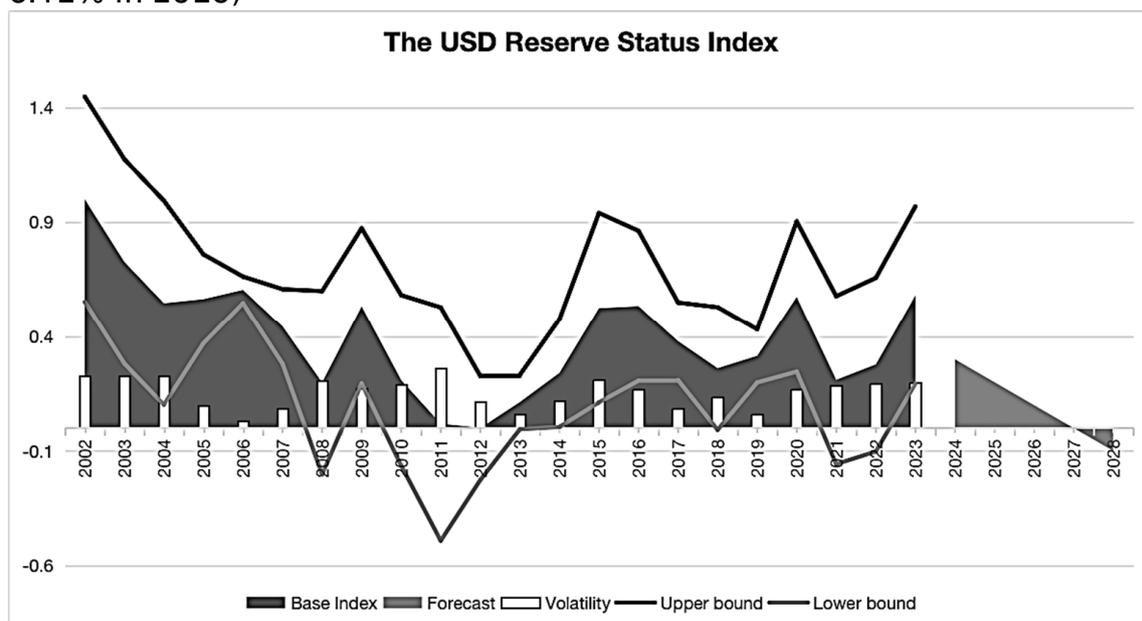


Fig. 1. The USD Reserve Status Index

1.2. US Debt-to-GDP Ratio Trends. The analysis of the US debt-to-GDP ratio over the past 40 years reveals a significant upward trend. Data from the Federal Reserve Economic Data (FRED) indicates that the debt-to-GDP ratio has increased from 31% in 1980 to over 124% in 2021. This trend is illustrated in Figure 2, which shows the annual debt-to-GDP ratio alongside key economic events, such as the 2008 financial crisis, the COVID-19 pandemic, and the subsequent inflation shock of 2022. The increase in debt levels significantly positively correlates ($r = 0.93$, $p < 0.01$) with periods of economic stimulus and quantitative easing (QE) implemented by the Federal Reserve, particularly during times of economic downturn.

1.3. Interest Rates and Inflation. The analysis of interest rates data from the Federal Reserve and inflation rates data from the Bureau of Labor Statistics (BLS) indicates a complex relationship between these variables and the USD's value. Figure 3 illustrates the Federal funds rate

from 1980 to 2023, highlighting periods of low-interest rates, particularly following the 2008 financial crisis and during the COVID-19 pandemic. The average Federal funds rate during these periods was approximately 0.25%, contributing to increased borrowing and rising debt levels.

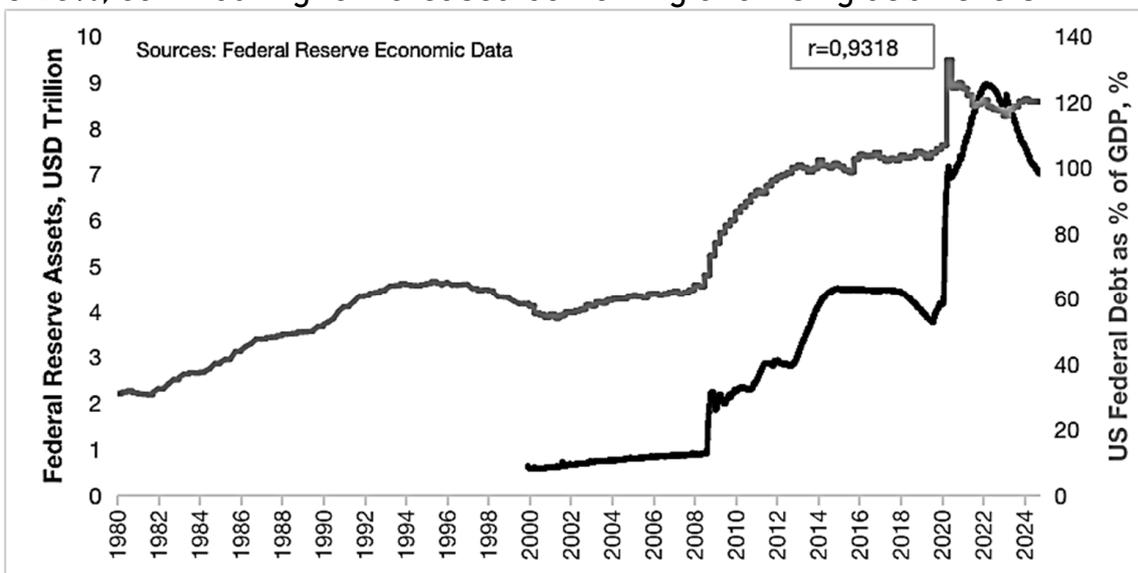


Fig. 2. Federal Reserve Assets

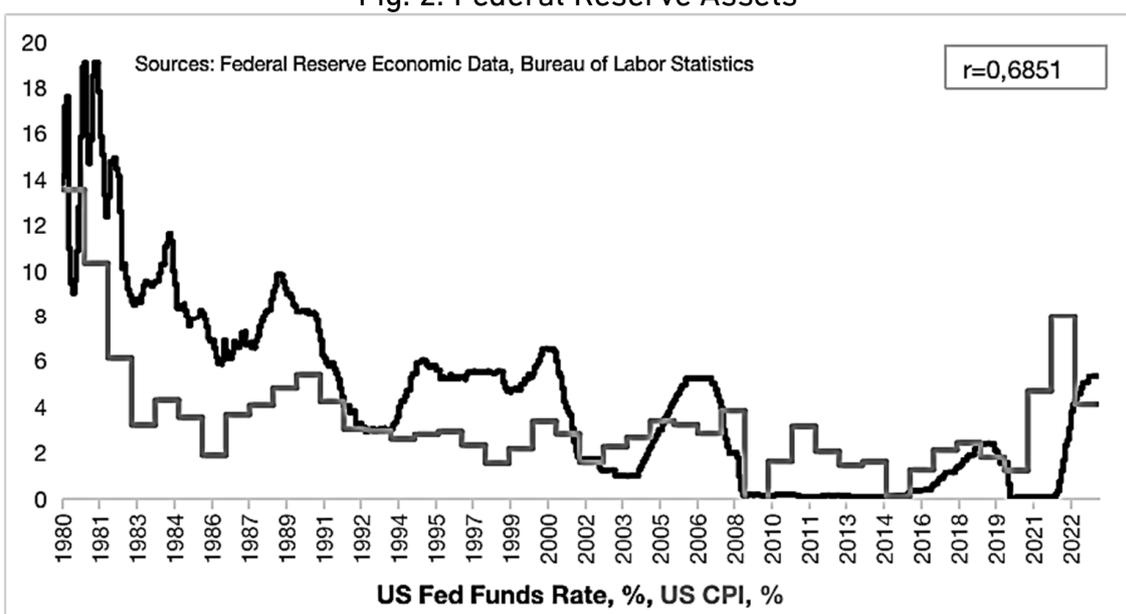


Fig. 3. US Fed Funds Rate

Inflation rates, as measured by the Consumer Price Index (CPI), have also shown significant fluctuations. Notably, inflation surged to 7.9% in 2022, the highest level since the early 1980s, prompting concerns about the purchasing power of the USD. The correlation analysis reveals a positive relationship ($r = 0.68$, $p < 0.01$) between rising inflation rates

and federal funds rates, indicating that inflationary pressures may undermine the dollar's status as a reserve currency.

1.4. Global Reserve Holdings. Data from the IMF indicate that the USD continues to dominate global reserves, accounting for approximately 60% of total foreign exchange reserves as of 2023. However, its share in global reserve holdings has been steadily declining over the past two decades (Fig. 4). While the euro's share has increased slightly to c.20%, the renminbi remains a minor player, accounting for only about 2.5% of global reserves.



Fig. 4. USD Share of Global Reserve Holdings

1.5. Bond Yields and Budget Deficit. The US government bonds remain a benchmark for pricing other major risk assets globally. Data from Bloomberg indicates that the yield on 10-year Treasury bonds is currently at levels not seen since the 2000s, influenced by changes in monetary policy and inflation expectations. US Treasury bonds also serve as the primary means to finance the federal budget deficit, which is currently at a half-century high. Figure 4 shows US budget deficit dynamics and 10-year Treasury yields, illustrating how a trend of rising yields could dampen demand and lessen the choices of budget deficit finance tools. Rising bond yields and declining bond prices pose risks to top financial institutions holding significant amounts of US government debt.

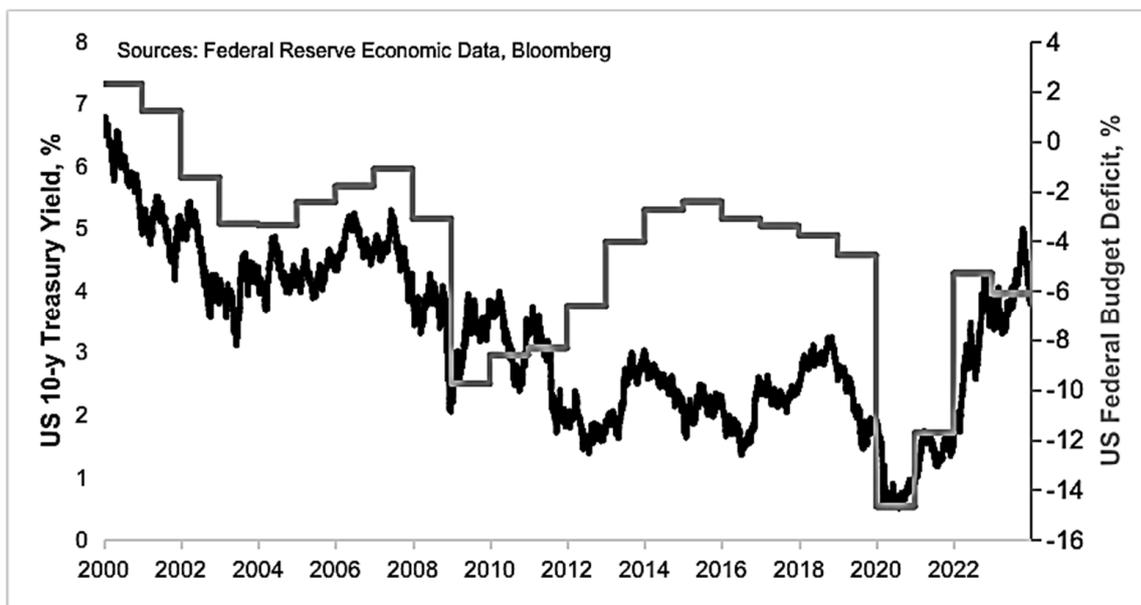


Fig. 5. US 10-year Treasury Yield

2. Qualitative Findings. Review of dedicated financial literature provided valuable qualitative insights into the factors influencing the USD's status. Thematic analysis of literature revealed several key themes:

2.1. Trust and Confidence. Authors and experts emphasized that the USD's status as a reserve currency is largely driven by global trust and confidence in the US economy. One expert noted, "Despite the rising debt levels, the USD enjoys the TINA effect (there is no alternative). Investors still view it as a safe haven during times of uncertainty".

2.2. Geopolitical Tensions. Many reports and reviews highlighted the impact of geopolitical tensions on the USD's dominance. As the BRICS bloc, specifically countries like China, Russia, and Brazil, seek to reduce their reliance on the dollar, we may see a gradual shift towards alternative currencies, especially if tensions continue to escalate.

2.3. Inflation and Economic Policy. Participants expressed concerns about rising inflation and its potential impact on the USD's purchasing power. One economist noted, «If inflation continues to rise, we could see a significant erosion of the dollar's value, which could challenge its status as the world's reserve currency».

2.4. Emerging Financial Technologies. The rise of cryptocurrencies was a recurring topic in the review. Experts expressed mixed opinions, with some viewing cryptocurrencies as potential competitors to the USD that offer stable and predictable math emission algorithms, while others

cautioned about their volatility and lack of backing by any assets. One expert remarked, «While cryptocurrencies are gaining traction, they currently lack the stability and trust that the USD offers».

2.5. Future Prospects. Economists and experts were divided on the future of the USD. While some expressed confidence in the dollar's resilience, others warned of potential challenges from economic shifts and the pathway to a multi-currency reserve system. One author concluded, «The USD has weathered many storms, but the landscape is changing. We need to be vigilant about the emerging threats».

3. Summary of Findings. The results of this study indicate that while the USD continues to hold a dominant position as the world's primary reserve currency, its role is diminishing and several factors pose significant challenges to its status. The United States urgently needs to control its budget deficits and restore the debt-to-GDP ratio to historically moderate levels to alleviate any mounting pressure on the US dollar. If not addressed, the USD's enviable standing could come under threat.

Discussion and conclusions. Findings illuminate the intricate dynamics surrounding the US dollar's status as the world's primary reserve currency, particularly in light of historical and contemporary fiscal policies. A key observation is the stark contrast between the fiscal discipline exhibited by political leaders in the United States from the 1950s to the 1980s and the current trend of escalating debt levels. After World War II, the US successfully reduced its debt-to-GDP ratio from a staggering 119% to approximately 31% by the early 1980s. This remarkable achievement was largely attributed to a combination of robust economic growth, prudent fiscal policies, and a commitment to maintaining investor confidence in US financial markets.

In contrast, contemporary political leaders appear to prioritize short-term electoral gains through populist narratives, often opting for lower taxes and increased spending without adequately addressing the implications of rising deficits. The current political climate, characterized by populism, has led to a disregard for fiscal prudence. Both major political parties in the US have engaged in practices that contribute to growing debt levels: Republicans advocate for tax cuts, while Democrats push for higher spending on social programs. This bipartisan approach reflects a broader sentiment that deficits do not matter, largely due to the USD's status as the world's reserve currency and the prevailing belief that there is no viable alternative. The notion of «exorbitant privilege» suggests that the US can finance its deficits with relative ease, as the

dollar is in high demand globally. However, this privilege may foster complacency among policymakers, leading to unsustainable fiscal practices that could ultimately jeopardize the dollar's status.

Interestingly, the period of inflation shock that emerged in 2022, as a result of accommodative monetary policy in response to COVID-19 and global supply shocks, saw the USD strengthen against a basket of the top 6 currencies, despite US inflation rates being higher than those in the respective nations. This phenomenon exemplifies the «there-is-no-alternative» effect, where investors flock to the USD as a safe haven during times of uncertainty, even when domestic economic conditions appear unfavorable.

The paradox of the dollar's strength amidst rising inflation underscores the complexities of global finance and the psychological factors that influence investor behavior. As De Gaulle's finance minister famously noted, the US benefits from a unique position where it can issue debt without immediate repercussions, effectively creating money that is unilaterally globally accepted to cover deficits it creates.

However, the study also highlights critical vulnerabilities that could threaten the USD's dominance. A lack of trust and investor confidence, driven by unsustainable government spending and rising debt levels, poses significant risks to the dollar's status. As geopolitical tensions escalate and trust in the US government's ability to manage its fiscal responsibilities is questioned, the demand for US assets may decline.

The debates in Congress regarding the debt ceiling further exacerbate these concerns, as the potential for an actual default looms large. Such developments could lead to a severe loss of confidence in the dollar, prompting investors to seek alternatives and undermining the currency's status as the world's primary reserve currency. To mitigate these risks, policymakers must urgently rein in budget deficits and restore the debt-to-GDP ratio to historically moderate levels. This would not only help stabilize the USD but also reinforce investor confidence in the US government's fiscal management.

Benjamin Franklin once said: «It takes many good deeds to build a good reputation, and only one bad one to lose it». These words serve as a powerful reminder of the fragility of trust and reputation, which are critical elements in the world of finance and economics. The findings of this study suggest that a return to fiscal discipline, coupled with a commitment to sustainable economic growth, is essential for preserving the dollar's status in an increasingly competitive global financial

landscape. In conclusion, while the US dollar currently enjoys a dominant position as the world's reserve currency, the interplay of historical fiscal discipline, contemporary populism, and emerging economic challenges presents a complex landscape for the dollar's future.

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ДОМІНУВАННЯ ДОЛЛАРА: ПИТАННЯ ДОВІРИ

У статті досліджуються історичні, економічні та геополітичні чинники, що забезпечили домінування долара США як провідної світової резервної валюти, та аналізуються сучасні виклики, які можуть поставити під сумнів його майбутній статус. У роботі розглянуто еволюцію боргового навантаження США, зокрема зростання співвідношення державного боргу до ВВП та наслідки тривалих періодів м'якої монетарної політики. Показано, що попри зростання інфляції, високі бюджетні дефіцити та політичну поляризацію, долар зберігає ключову роль у світовій фінансовій системі завдяки масштабності та ліквідності американських фінансових ринків, ефекту мережі використання, а також стійкій довірі інвесторів у кризові періоди.

Особливу увагу приділено парадоксу зміцнення долара США у періоди глобальної турбулентності, що відображає «ефект відсутності альтернатив» та сприйняття американських казначейських зобов'язань як безпечного активу. Водночас у статті окреслено ризики для довгострокової стабільності долара: рекордні боргові показники, підвищення вартості запозичень, зниження довіри до фіскальної дисципліни США, а також зростання ролі альтернативних валют – євро, юаня та цифрових фінансових інструментів. Представлений авторський Індекс резервного статусу долара дозволяє кількісно оцінити динаміку ключових макроекономічних показників, що визначають глобальний попит на долар США.

Отримані результати свідчать, що хоча долар і надалі залишається фундаментом міжнародної валютної системи, його становище поступово слабшає. Збереження його домінуючого статусу у майбутньому

залежатиме від здатності США відновити фіскальну стійкість та зміцнити довіру інвесторів.

Ключові слова: долар США; резервна валюта; ВВП; борг; дефіцит; монетарна політика; інфляція.

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