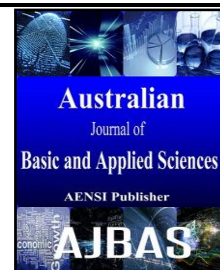
Australian Journal of Basic and Applied Sciences, 9(28) Special 2015, Pages: 203-208

ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

Journal home page: www.ajbasweb.com



Are Countries Moving Away from the USD?

Andrew House, Balasundram Maniam, Hadley Leavell

Sam Houston State University, Department of Finance,Sam Houston, USA

ARTICLE INFO

Article history:
Received 23 June 2015
Accepted 25 July 2015
Available online 30 August 2015

Keywords:
U.S. Dollar, USD, Reserve Currency, Euro, Yen, Yuan Monetary Policies

ABSTRACT

The US dollar has long been the reserve currency of choice for the global economy. In recent years, some economists have predicted the decline of the dollar as a reserve currency in favor of other currencies like the euro and renminbi (Chinese Yuan). The heart of many of these arguments is that United States monetary policies and deficit spending are unsustainable and will eventually result in the collapse of the currency.This study examines first whether the dollar is actually falling from favor. It then considers what impact a transition away from the dollar to other currencies would have both domestically and globally. Finally it examines the possible causes of such a transition and recommends methods for avoiding it.

© 2015 AENSI Publisher All rights reserved.

To Cite This Article: Andrew House, Balasundram Maniam, Hadley Leavell, Are Countries Moving Away from the USD?. ***Aust. J. Basic & Appl. Sci.,*** *9(28): 203-208, 2015*

INTRODUCTION

Even prior to the 1944 Bretton Woods Conference, the dollar had overtaken the British pound (sterling) to become the world's leading reserve currency. The 1944 conference helped to solidify this position. When thisgold-backed system fell apart in 1971, the dollar deepened its position. The privilegeof being the top reserve currency allows the United States to have marginally less expensive exchange transactions and the capability to distribute debt at much lower interest rates (Zoffer, 2012). In deficit spending to get out of most economic recessions, the United States has damaged its ability to export manufactured goods.As a result,the US has moved away from industrial capitalism and become more reliant on financial capitalism (Ussher, 2009). In spite of this reliance, the dollar'ssupremacy has persisted.

The dollar accounts for approximately 60% of all foreign reserves (International Monetary Fund [IMF],2014). This proportionis down slightly from ten to fifteen years ago and some contend that this change represents the start of a fundamental shift away from the dollar as a reserve currency. They believe the recent financial crisis is hastening this shift (Eichengreen, 2011a) as are ongoing quantitative easing policies of the Federal Reserve (Boesler, 2013), (Matthews and Driver, 2013). Others counter that the dollar'srecent drop in reserve proportion is also the result of the crisis, but that the other countries needed to cash in their reserves (Bedell 2011). Still others maintain that the dollar is artificially attractive due to a lack of a viable alternative (Galati and Wooldridge, 2009), (Kenen, 2011), (Crittenden, 2011). This is likely the most reasonable argument.

If the dollar is declining from its status, it is important to understand the implications of such a change. There are some currencies to consider as viable replacement alternatives. The most often discussed seems to be the euro; however, recent euro-zone economic issues have made that less popular. Others look to the renminbi or some other theoretical international currency. In addition to understanding which currency will provide the alternative to the dollar, it is important to explore how quickly such a transition would occur and how the transition speed would affect the US. Lastly, if such a transition is going to happen and its impact will be negative to the United States, it will be helpful to understand how to lengthen the transition time or even reverse this course all together. This assumes that such a reversal is possible at this point.

Literature review:

Eichengreen (2011a) looks at the history of the dollar's position as a global reserve, the near-term future position of the dollar, why this position may be changing, and what the impact will be to the United States. Crittenden (2011) provides a counter perspective that the global reserve landscape is not

Corresponding Author: Balasundram Maniam, Sam Houston State University, Department of General Business and Finance, P. O. Box 2056, Huntsville, TX 77341, USA.
Tel: 1-936-294-1290. E-mail: maniam@shsu.edu

changing significantly. Boesler (2013) confirms the dollar dominance, considers the threats to the dollar's current position, and the likelihood of those threats.Catte, Cova, Pagano, and Visco (2011) look back at the policies that likely led to the recent economic crisis. Bedell (2011) seeks to understand how the same economic crisis and subsequent Federal Reserve policies may have impacted the future role of the dollar as a reserve currency.

Zoffer (2012) examines the future of the dollar and Euro relationship with respect to the recent financial crisis in the Euro zone. Komijani and Tavakolian (2011) apply mathematical modeling to determine if the recent shift from the dollar to the euro is significant. Yueh (2010) studies some of the causes of the global imbalances that have enabled the United States to keep its status as the primary global reserve currency. Truman (2010) defends the dollar and asserts that the U.S. monetary policy was not the cause of the great recession. Connolly and Hartwell (2014) study the future of the euro and how it could further enhance its position. Canzoneri, Cumby, Diba, and López-Salido (2013) model both the risk and advantage of being the key currency in a two-currency system.

Ussher (2009) provides an updated examination of Kaldor's theoretical international commodity reserve currency designedto help reduce global trade imbalances and force fiscal responsibility in global economies. Similarly, Kenen (2011) explores the possibility of a transition to International Monetary Fund (IMF)-issued Special Drawing Rights (SDRs) as the main reserve asset instead of the dollar.Flatt (2011a) suggests the renminbi as an alternative to the dollar.Decovny (2012) provides further support for China's strong future.Galati and Woolridge (2009) consider how the rise of the euro has impacted the dollar thus far and what the future implications are.

Aizenman and Marion (2011) argue against an intentional inflation of the dollar. Chinn and Frankel (2007) identify a handful of key benefits for a leading reserve currency and Ivanova (2010) provides some clarity around one of these key benefits. Goldberg (2011) explores the impact of a possible decline in the dominant position of the dollar.Bruess, Roeger, and Veld (2009) applied mathematical modeling to more quantitatively understand the impacts of a shift from the current dollar-to-euro ratio to a 1:1 dollar-to-euro ratio. Faruqee, Scott, and Tamirisa (2009) seek to find lessons in the recent crisis in order to better ensure future macrofinancial stability. Flatt (2011b) compares the dollar's current position with the sterling 100 years prior and makes recommendations for transitioning away from the dollar as a reserve currency.Ferderer (2003) seeks to understand how the early twentieth century helped to elevate the dollar to its current status. Chiţu, Eichengreen, and Mehl (2014) further clarify the timing of the dollar's overtaking the pound to inform how a present day transition could happen. In order to reverse the trend of the declining dollar, Matthews and Driver (2013) make recommendations to change US fiscal policy. Eichengreen (2011b) indicates that the impact of the decline of the dollar from its current position would not be necessarily disastrous. He also makes key suggestions for ensuring ongoing stability that are worth pursuing.

The past, present, and future of the dollar as a global reserve currency:

A brief sampling reveals that many economists are lending their voices to thedebate on the future of the dollar as a reserve currency. Still is important to evaluate independent data. Constructed with data from the IMF, Figure 1 shows the reserve currency of choice for allocated reserves across the world for the past twenty years. For the time period prior to the creation of the euro, the component currencies of Europe are summed.

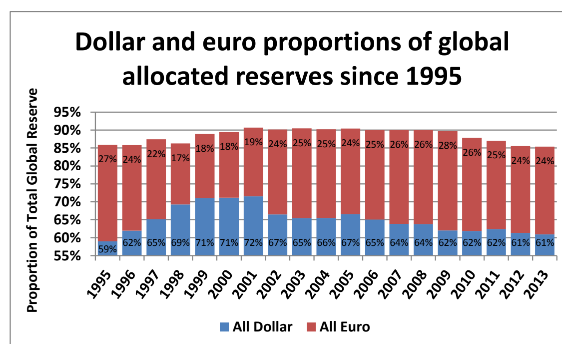


Fig. 1: Dollar and euro proportions of global allocated reserves (IMF 2014).

The data from the IMF reveal that the dollar's overall position as a reserve is not significantly different from the mid 1990's. The recent trend is just a rebalancing as reserves moved away from the euro based on uncertainty in the new currency. Once the currency was established, reserves balanced back to where they were prior to the euro's creation. The in-depth analysis performed by Komijani and Tavakolian (2011) supports this theory. They conclude that the move from dollars toward euros is

not necessarily due to any inherent strength of the euro. Moreover, they suggest that the dollar is still the preferred currency in times of crisis (Komijani and Tavakolian, 2011). Bedell (2011) supports this crisis theory by noting that one of the objectives of a reserve is to ensure that valuable capital exists in a time of crisis. While some would view the drop in US dollar holdings as a negative, he contends that because this drop coincided with a global economic crisis, the drop is really related to the holding countries using their reserves "on a rainy day" (Bedell, 2011). Based on the IMF data, it seems that there is no significance in recent broad trends in the dollar's proportion of the global reserve landscape. While the causes behind this stability are myriad, the current stability itself is apparent.

Now that the status of the dollar in the reserve landscape is clarified, examination of its future should begin.Eichengreen (2011a) contends that within ten years, there will be a major change in the reserve landscape where the dollar will only be one of many currencies competing, yet he does acknowledge that there is no realistic competitor at present. Interestingly Truman (2010) suggests that not only is the euro a competitor, but that it is actually enjoying the same "exorbitant privilege" that the dollar does of being a major reserve currency. Major reserve currencies exercise this advantage by attracting low-yielding investment in their own currency (e.g. dollar or euro) and then reinvesting the resulting funds in higher-yielding non-euro holdings. His observations imply that the shift to another currency is actually ongoing (Truman, 2010). Crittenden (2011) argues that there is a lack of alternative to the dollar and that this lack of a viable alternative is a much longer-term issue. He suggests that the dollar will remain the dominant currency for much longer than ten years (Crittenden, 2011). Boseler (2013) makes a similar argument that even though the Federal Reserve's quantitative easing should make the dollar less popular, the lack of alternatives has prevented this decline.

Flatt (2011b) observes that British pound was in a similar position atop the global reserve landscape at the start of the 20th century. Their economy became similarly indebted and consequently faltered relative to inflation during World War II. Flatt suggests that this is indicative of the future course of the dollar. The US position as a reserve currency is even more dominant than the sterling was at that time, but US debt as a percentage of GDP has been at or above 100% since mid-2012 (Federal Reserve Economic Data [FRED], 2014). Even with this current situation, the reason that a shift will be gradual is that the reach of the dollar in the global economy is so wide. Any transition away from the dollarby holding countries would need to be practically executed; slowing the speed of dollar acquisition would cause significant losses in capital and exchange rate (Flatt, 2011b) and potentially a global economic crash (Ussher 2009).

Although the euro and the renminbi may not currently be viable alternatives to the dollar, changes could lead to their feasibility. The euro financial markets fail to have the full features of the dollar markets in several key aspects: size, liquidity, and quality. In order to increase its market share, the euro would need to attract European Union (EU) members who do not currently participate in the European Monetary Union (EMU) – e.g. the United Kingdom and Switzerland (Galati and Wooldridge, 2009). These members and their associated economies would help lend more size and liquidity to the euro financial market, which in turn would make the euro more attractive to investors. The counter to this is that the EMU and EU will need to be careful to avoid too quickly accepting the membership of countries that will not provide value to the financial markets.

Multiple smaller non-euro economies have recovered more quickly than the euro economies. Bulgaria, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, and Swedenall grew at a higher percentage than the Eurozone in 2013 (Connolly and Hartwell, 2014). In addition to member countries centralizingreserves, Europe would also need to centralize oversight and banking regulation away from individual countries toward the EU. The current attempt to have integrated banking without integrated regulation is not effective (Eichengreen, 2011b). This centralized regulation would help improve stability and liquidity in the EMU. Unfortunately for the euro, the complexity of centralizing over two dozen independent regulators may be politically impossible (Bloomberg Businessweek, 2012).

The renminbi has more challenges at present than the euro; however, government officials have set a goal of 2020 to have Shanghai become China's financial capital (Decovny, 2012). History would suggest it foolish to underestimate China. Indeed the United States may provide an example. Ferderer (2003) describes the rapid rise of the dollar as a reserve currency from the 1913 Federal Reserve Act. Chiţu *et al*. (2014) contend that the dollar passed the pound only sixteen years later. Looking ahead to China's challenges, it will need to create a diverse and liquid financial exchange and make these markets available to international investment.China will also need to relax or eliminate many of its tight constraints on financial markets. Perhaps most fundamentally it will need to let the foreign exchange rate for the renminbi float freely to help restrain the volatility created by its new financial market (Eichengreen, 2011b). This transformation is underway. In Hong Kong's Special Administrative Region, US dollar deposits had accounted for approximately half of all reserves; however, that level has dropped to about 40% due to the increase in renminbi deposits (Flatt, 2011a).

Even though the EMU is more mature than the Chinese financial market, it seems more likely that China will achieve its goal. China is a single country with strong central governance, while Europe is still a multitude of unique countries with a weak central government. The threat to the future of the dollar's dominance is more likely to be the renminbi in the long term.

The impact of a transition away from the dollar:

The literature is conflicted over the impact of a transition away from the dollar. Two primary viewpoints emerge from the literature. One predicts impending disaster for the United States or even the global economy in the event of a decline in the dollar's share of the reserve currency. The other indicates that a decline in reserve status on its own may not be troubling, but that the US should focus on improving its fiscal policies instead.Goldberg (2011) sums up the latter viewpoint with her commentary that the context of a change in the dollar's role as an international currency is itself important. If the US keeps its robust economic structure and maintains formal vigor in driving the dollar's global role, a diminished dollar should not be concerning (Golberg, 2011). If the dollar's decline as a reserve currency is due primarily to the increase in strength of other economies, then the US economy can still be strong. Such a decline may actually help to make the US more disciplined. Eichengreen (2011b) also counters the "disaster" position by indicating that such concern is unwarranted given who influencescentral bank reserves: central bank reserve managers. They tend to take a long-term view and are in a position to provide stability by using their funds to purchase undervalued currencies rather than pushing these currencies further down (Eichengreen, 2011b).Even Truman (2010), who contends that the shift to the Euro is already happening does not believe that shift on its own is going to cause the US any harm.

Goldberg (2011)summarized the "disaster" viewpoint by clarifying that if the decline of the dollar as a reserve currency is the result of bad US strategies that undermine established structure and strength, there is likely a much larger deterioration at play.This reflects the larger view that the decline of the dollar from its current status alone is not the primary concern.

Chinn and Frankel (2007) identify four areas where being a primary global reserve currency provides an advantage. Here these are combined intoseignorage, political influence, funding costs, and dollar value. Seignorage returns are the profits made up by the difference between the costs and the value of currency (Ivanova, 2010). Funding costs refer to the cost on US government borrowing. Dollar value is increased due to the demand for the dollar as the primary global reserve currency. Global influence is refers in this case to the autonomy that the US has due to its influence over the IMF and World Bank. Goldberg's (2011)in-depth analysis of each of these is summarized in Table 1 below.

Table 1: Summary of decline from US dollar as reserve currency (Goldberg, 2011)

Summary of Decline from USD as Reserve Currency		
Seignorage	Low Impact	Little Advantage
Political Influence	Moderate Impact	National interests more at risk; Defense spending decreased
Funding Costs	Low Impact	Drive up interest rates
Dollar Value	Low Impact	Could hurt consumers

In support of Goldberg's funding cost conclusions, Breuss *et al*. (2009) model the impact of a downward shift in the dollar's proportion of the global reserve from 65% to 45% over a ten-year period. Their data strongly supported a jump in US interest rates, which would make it much more costly to finance US debt. Of these four areas, the one that is least explored in financial analysis is the current political influence the US enjoys.

One feature of this advantage is the US's current motivation to intercede diplomatically or militarily in any dispute that could harm the US economy. Zoffer (2012)asserts that a move away from the dollar and the associated decrease in demand would restrict the government from spending on national defense. The US foreign policy is reliant on a far-reaching military. If the dollar were no longer the top reserve currency, the resulting decline would force a somewhat rapid and very public decrease in defense spending. This would make the United States more exposed to global threats, with China specifically noted. Zoffer classified this outcome as a worst-case scenario, but stressed that it needs to be considered.

Canzoneri *et al*. (2013) also support Golberg's conclusions regarding the impact on currency value. Their modeling and research indicate that without policy changes a drop in dollar holdings would cause significant loss of wealth in the home country (Canzoneri *et al*., 2013).In Ussher's (2009) examination of alternate currencies, she describes the situation if the United States is no longer able to sustain its position atop the reserve currencies of the world. Without an alternative currency, the global market would not have the single greatest resource for reserve currency. Because of this shortage, global economic expansion could halt and spiral downward. This impact goes far beyond just harming the US. The implications could be much larger, as no modern economy is sufficiently isolated to avoid impacting others. The US economy is so massive that any change in it tends to have serious consequences for the global economy.

How to avoid a transition away from the dollar:

In order to avoid the fall of the dollar, it is first important to determine what could be causing this falland whether that cause is within the control of the United States. The primary areas of concern are the trade deficit and the national debt. With federal debt close to 100% of US GDP and deficits in the trillionsfor the nearfuture, some question whether the US plans to devalue this debt through inflation (Aizenman and Marion, 2011).Non-US investors should accordingly be hesitant to invest solely in the dollar. They would logically want to diversify their holdings. The result would be that the dollar would lose its leadership position and have to share status with other global currencies (Eichengreen, 2011a). In order to help avoid such fears, the US will need to reduce its deficits. One way to close the trade deficit is to allow the dollar to fall to 80% of its present value. This decline would allow for US goods to become more globally competitive. The downside of such a move would be the impact to US consumers that makes imports more expensive and could cost consumers approximately $225 billion (Eichengreen, 2011a).

Another way to improve the dollar's status is by employing a more sound monetary policy. In an examination of the causes of the recent financial crisis, Yueh (2010) writes that following the 2001 dot.com bubble and recession, the US employed careless regulatory policies, which drove a subsequent subprime mortgage bubble. The second bubble cascaded into the 2008 global recession. Although it is normal to lower interest rates to avoid a recession, in this case they were kept low for an unusually long time (Yueh, 2010). Thesekinds of policy choices allowed for high risk investments to grow beyond a reasonable level (Catte *et al*., 2011). Prevention of such collapses and, by association, increased stability in the dollar's reserve position will require the US Federal Reserve policy to be more responsive to extended international "imbalances" (Yueh, 2010). Faruqee *et al.* (2009) also provide support to establishing macroeconomic policies that pursue stability and dampen rapid price fluctuations rather than simply focusing on inflation.

Perhaps the most controversial and by association most difficult change will be for the US to not only balance its budgets, but to proactively decrease national debt. This debate has raged with little to no resolution in Congress for the past decade. Boesler (2013) suggests that the most likely reason for the downfall of the US dollar would be domestic politics that intentionally create a US default.At this point continuing to do nothing to solve this problem may yield equivalent results to intentionally defaulting. Matthews and Driver (2013)suggestthe already high and increasing national debt will negatively impact both individuals and the country as a whole. The increasing debt will inflate interest rates. These higher rates would incentivize individuals to move from investing in the US to investing outside the US. The decreased investment would then result in slower economic expansion and lower employment and productivity. Lower employment would create fewer jobs overall but would more heavily impact lower skill jobs. If the US is to be successful in reforms, they should look to previously successful approaches after financial crises. Based on analyses by Matthews and Driver (2013) the most successful reforms followed an 85/15 spending cut/tax increase model. If the United States follows this model, entitlement reform must be addressed. There has been little action on this. In addition to entitlement reform, the US must focus less on defense spending. If the US spends less on defense and seeks to maintain its influence, it will have to embrace a fundamental foreign policy change. The United States will have to embrace diplomacy rather than a show of force in order to assert influence in the world.

Summary and conclusion:

Based on current indications, the dollar's current position as a reserve currency is secure for the near term. Unfortunately this is not necessarily a logical conclusion for the long term. Without policy changes the dollar should not remain atop the reserve landscape.A lack of viable alternatives has prevented a shift up to this point. Due to the US'srecent fiscal policies, a decline is much more likely than it was ten years ago. The rise of a viable alternative like the renminbi could somewhat rapidly result in the decline of the dollar.

A decline in the status of the dollar as the reserve currency of choice could make it very difficult for the United States to continue forward with its current global influence. By losing this position, the US would be forced to be less unilateral and more fiscally responsible. A decline could also jeopardize the US defense position and by relation, the defense position of US allies who rely on its military influence. It may not be hyperbole to agree with many who worry the entire financial security of the world would be put at risk by the fall of the dollar.

Given these rather stark consequences and the current void in competing currencies, the United States can take advantage and improve monetary policies now to avoid a potentially disastrous change in the future. The best way to stabilize the dollar is by adopting a tighter monetary policy. The Federal Reserve cannot afford to keep interest rates so low for so long. The Federal government must pursue sound budgetary policies based on a balance of spending cuts and tax increases. The American people must also be willing to endure the costs of balancing the trade deficit. Without making some of these changes, the US dollar as a reserve currency will lose its favorable position and the people of the

United States and world at large will experience a considerable negative impact.

REFERENCES

Aizenman, J. and N. Marion, 2011. Using inflation to erode the US public debt. Journal of Macroeconomics, 33(4): 524-541.

Bedell, D., 2011. US Dollar remains reserve currency of choice. Global Finance, 25(2): 51-52.

Boesler, M., 2013, Nov. 11. There are only two real threats to the US dollar's status as the international reserve currency. Business Insider. Retrieved from http://www.businessinsider.com/dollar-as-international-reserve-currency-2013-11.

Breuss, F., W. Roeger and J. Veld, 2009. Global impact of a shift in foreign reserves to euros. Empirica, 36(1): 101-122. doi:10.1007/s10663-008-9094-z

Canzoneri, M., R. Cumby, B. Diba and D. López-Salido, 2013. Key currency status: An exorbitant privilege and an extraordinary risk. Journal of International Money & Finance, 37: 371-393.

Catte, P., P. Cova, P. Pagano and I. Visco, 2011. The role of macroeconomic policies in the global crisis. Journal of Policy Modeling, 33(6): 787-803.

Chinn, M. and J. Frankel, 2007. Will the euro eventually surpass the dollar as leading international reserve currency? G7 Current Account Imbalances. Sustainability and Adjustment, 8: 238-322.

Chiţu, L., B. Eichengreen and A. Mehl, 2014. When did the dollar overtake sterling as the leading international currency? Evidence from the bond markets. Journal of Development Economics, 111: 225-245.

Connolly, R. and C.A. Hartwell, 2014. Developments in the economies of member states outside the Eurozone. Journal of Common Market Studies, 52: 202-218.

Crittenden, M., 2011, March 2. The case for the dollar's continued dominance. Wall Street Journal – Eastern Edition,pp: C12.

Currency composition of official foreign exchange reserves (COFER), 2014, September 30. Retrieved November 8, 2014, from http://www.imf.org/external/np/sta/cofer/eng/.

Decovny, S., 2012. The future of China's exchanges. CFA Magazine, 23(4): 32-33.

Eichengreen, B., 2011a. Why the dollar's reign is near an end. Wall Street Journal - Eastern Edition, p. C9.

Eichengreen, B., 2011b. Itmay be our currency, but it's your problem. Australian Economic History Review, 51(3): 245-253.

Faruqee, H., A. Scott and N. Tamirisa, 2009. In search of a smoking gun: macroeconomic policies and the crisis. Oxford Review of Economic Policy, 25(4): 553-580.

Federal Debt: Total Public Debt as a Percent of Gross Domestic Product. 2014, November 26. Retrieved December 8, 2014, from FRED http://research.stlouisfed.org/fred2/series/GFDEGDQ188S.

Ferderer, J., 2003. Institutional innovation and the creation of liquid financial markets: The case of bankers' acceptances, 1914-1934. Journal of Economic History, 63(3): 666-694.

Flatt, D., 2011a. Renminbi deposits erode HK's US dollar reserves. Asiamoney, 22(3): 38.

Flatt, D., 2011b. US dollar may not be reserve currency forever: RBS. Asiamoney, 22(7): 76.

Galati, G. and P. Wooldridge, 2009. The euro as a reserve currency: A challenge to the pre-eminence of the US dollar?. International Journal of Finance & Economics, 14(1): 1-23.

Goldberg, L., 2011. The international role of the dollar: Does it matter if this changes? Federal Reserve Bank of New York Staff Reports. 2011, (522).

Ivanova, M., 2010. Hegemony and seigniorage: The planned spontaneity of the U.S. current account deficit. International Journal of Political Economy, 39(1): 93-130.

Kenen, P.B., 2011. Beyond the dollar. Journal of Policy Modeling, 33(5): 750-758.

Komijani, A. and H. Tavakolian, 2011. The composition of foreign reserves of the central banks of selected countries: Will the euro replace the dollar?. Eurasian Economic Review, 1(2): 143-156.

Matthews, W. and R. Driver, 2013. Managing federal debt: A two phased approach. Journal of Management Policy & Practice, 14(1): 105-111.

The European Union must commit to centralized banking regulation, 2012. Bloomberg Businessweek, (4309): 6.

Triffin, R., 1961. Gold and the dollar crisis; the future of convertibility. New Haven, Yale University Press, 1961.

Truman, E.M., 2010. The international monetary system and global imbalances. Economics, Management & Financial Markets, 5(4): 93-105.

Ussher, L.J., 2009. Global imbalances and the key currency regime: The case for a commodity reserve currency. Review of Political Economy, 21(3): 403-421.

Yueh, L., 2010. The US, China, and global imbalances. China Economic Journal, 3(1): 33-48. doi:10.1080/17538963.2010.487350

Zoffer, J., 2012. Future of dollar hegemony. Harvard International Review, 34(1): 26-29.