

Macro Roundup Article

Headline: [The Dollar's Demise May Come Gradually, But Not Suddenly](#)

Article Link: <https://www.bloomberg.com/opinion/articles/2023-04-23/dollar-may-fall-to-yuan-crypto-but-not-soon-niall-ferguson?sref=U3dOGIDF>

Author(s)	Niall Ferguson
Publication	Bloomberg
Publication Date	April 24, 2023

Tweet: .@nfergus argues that the dollar will not be replaced as the global reserve currency anytime soon, citing @Brad_Setser data that shows the dollar share of international reserves is higher today than in 1995.

Summary: It's true that, conventionally measured, the dollar now accounts for a smaller share of international reserves than it did in 1999 — down from just above 70% then to 59%. However, as Brad Setser of the Council on Foreign Relations has pointed out, if you take the X-axis back to 1995, you can see that the dollar share of international reserves is higher today than it was back then. The fact that the euro area countries joined the US in imposing financial sanctions on Russia greatly weakens the argument that it is American overuse of sanctions that is undermining dollar dominance. It is not hard to explain why the Chinese renminbi remains such a small share of international reserves: "capital controls" are the only two words you need to say to end the discussion. Former Treasury Secretary Larry Summers had a good line about all this back in 2019. "You cannot replace something with nothing," he said. What other currency is preferable to the dollar as a reserve and trade currency "when Europe's a museum, Japan's a nursing home, China's a jail, and Bitcoin's an experiment?"

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Primary Topic: Savings Glut/Trade Deficit

Topics: GDP, Graph, Quote, Savings Glut/Trade Deficit

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