

NINETY-THIRD INTERNATIONAL ATLANTIC ECONOMIC EUROPEAN CONFERENCE

US DOLLAR HEGEMON'S CENTURY WITHOUT A SOLID ANCHOR:
OPTIONS FOR RE-DESIGN

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6 US monetary anchor regimes 1919-2022

- 1919-33 US unilateral gold standard
- 1936-68/71 Truncated dollar-gold convertibility for foreigners
- 1972-9 embryonic money supply targets
- 1979-84 monetarist “experiment”
- 1985- 96 anchor-less; ornamental money supply targets
- 1997-present anchor-less under “2 per cent inflation standard”

Concept of Anchoring

- Definition of monetary anchor
- Glossary of other terms:

Monetary inflation

Goods inflation

Asset inflation

Solid anchor

Super-money

Failed anchor re-designs

- The monetarist experiment 1979-83
- (the gold reform which did not take place)
- Monetarism abandoned; new inflation 1986-90
 - Global asset inflation
 - High US goods inflation
- The inflation standard reform 1996-2003
- Failures of the inflation standard
 - The Great Asset inflation 1996-2007
 - The Great Financial Crisis 2008-12
 - The Great Economic Sclerosis 2013-20
 - The Great Pandemic Inflation 2020-22

Options for anchor design

- Design objectives:
 - Supple supply of money
 - Strong, stable demand for money
- Alternative anchoring devices
- Does crypto change the choice?