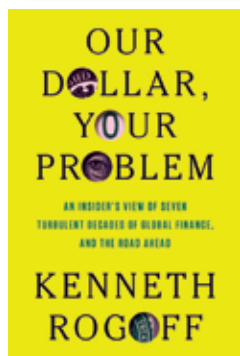
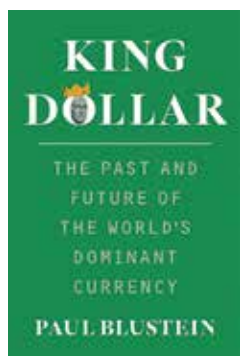




Blustein Responds



TO THE EDITOR:

I have long admired Harvard's Kenneth Rogoff, ever since he was chief economist at the International Monetary Fund and I was covering him as a newspaper reporter. It was a tad discomfiting, therefore, to see in his *TIE* interview in the Summer 2025 issue how divergent our views are on a subject that we've both written books about recently—the global dominance of the U.S. dollar. Ken, the author of *Our Dollar, Your Problem* (2025), contends that the dollar's primacy is eroding and endangered; my book, *King Dollar* (2025), argues that it's all but impregnable.

Wise and insightful as Ken is on many issues, I believe he's wrong on this one, and his comments about my book in his interview were misconceived.

On this much, Ken and I agree: Pillars of the dollar's dominance have been battered by the Trump administration—the assaults on Fed independence and rule of law in particular. Governments around the world, resentful of Washington's dollar weaponization, are trying to de-dollarize. Irresponsible U.S. fiscal policy, combined with pressure on the Fed to monetize deficits, may well engender a financial crisis.

But that doesn't mean the dollar will lose its dominant role in international commerce and finance. In my own *TIE* interview (Winter 2025), I explained the drawbacks of rival currencies and also why dollar supremacy is so deeply entrenched as to make its reversal virtually inconceivable in the foreseeable future. I cited the foreign exchange swaps market, a little-known but gigantic market where major firms hedge themselves against currency fluctuations. Data compiled by the Bank for International Settlements shows that the dollar is involved in the vast bulk of

these swaps, far more than any other currency. This means that the biggest actors in the global financial system—banks, transnational firms, insurance companies, pension funds, and the like—use the dollar for a wide array of purposes including investing, lending, borrowing, exporting, and importing.

Asked about this, Ken dismissed it as “an old chestnut” that he dealt with early in his book. But it's clear he's referring to the foreign exchange spot market, in which one currency is converted into another. In his book, he notes that the dollar is involved in “a remarkable 90 percent” of these trades, because “the market for most currency trades is so thin that it's cheaper to use the dollar as a ‘vehicle currency’ for, say, converting Canadian dollars to Australian dollars than to swap the two directly.”

As impressive as the dollar's dominance in the spot market is, it should not be conflated with evidence from the swaps market, which tells a much more compelling story, showing that dollar dethronement would be extraordinarily costly and difficult.

The subject is ripe for more debate with the fresh round of doomsaying about the dollar sparked in early 2026 by Trump & Co.'s renewed threats against the Fed and confrontation with allies over Greenland. This spring, paperback editions of Ken's book and mine will be published (with new prefaces to update for events in 2025), as well as new books by University of California-Berkeley's Barry Eichengreen (who also takes a pessimistic view) and *Financial Times* contributing editor Brendan Greeley. Time will tell who's right. Meanwhile, I look forward to an enlightening discussion.

—PAUL BLUSTEIN

*Journalist and author of
King Dollar: The Past and Future of
the World's Dominant Currency
(Yale University Press, 2025)*