UDC 336.744:327.7=111 DOI: 10.5862/JE.216.1

V.V. Pshenichnikov

DISCUSSIONS ON THE NEED FOR A SINGLE WORLD CURRENCY IN TODAY'S GLOBALISED MULTIPOLAR WORLD

В.В. Пшеничников

ДИСКУССИИ О НЕОБХОДИМОСТИ ЕДИНОЙ МИРОВОЙ ВАЛЮТЫ В УСЛОВИЯХ ГЛОБАЛИЗАЦИИ И МНОГОПОЛЯРНОСТИ СОВРЕМЕННОГО МИРА

This paper discloses the manifestations of globalization in the overall monetary and financial sphere; the practice of using a national currency as an international currency in the second half of the 20th century; the conflicting economic interests of Euro-Area countries at the beginning of the 21st century; the concept of creating a global reserve currency and its criticism. An attempt was made to assess positive and negative consequences of using the US dollar as the world's reserve currency in the 20th century; to consider the main advantages and contradictions in the functioning of the Euro as a regional currency; to present various positions on the political benefits and economic contradictions with respect to using the global reserve currency; to justify the assumption that the system of multiple reserve currencies should be preserved and further developed. However, the author does not exclude the possible emergence of a global supranational currency, the functioning of which will not be subject to the political will or economic conditions of individual states or their groups. It is hypothesized that the single international currency of the future will be electronic. The singular and specific character of electronic money is exemplified by the experience of using the digital currency known as Bitcoin. Its introduction spurred the creation of a new way of money emission and turnover, and generated a number of controversial opinions on the perspectives of its application. Most significantly, Bitcoin differs from traditional types of electronic money and cashless payment instruments in the way that Bitcoin emitters assume no liability whatsoever. Bitcoin is a virtual currency, a number associated with a number of conditions. Only the person who meets access requirements can use the money. It is typical to use a Bitcoin address, but there are other options as well. Bitcoins can be used only within the Bitcoin payment system. The value of Bitcoin is not pegged to the value of any other currency or asset. Its exchange rate is determined only by supply and demand. The issues of how distant the above-described future is and whether the cyber currency will still be called Bitcoin remain pending. The answers will unfold along with further development of information technology and deepening globalisation of international economic relations. It is infinitely more difficult to foretell the name of this global electronic currency and its emitter, or, at least, the institution that would support and regulate the issue, turnover, and destruction of electronic payment instruments.

THE GLOBALIZATION; WORLD CURRENCY; REGIONAL CURRENCY; POLITICAL INDEPENDENCE; ECONOMIC SOVEREIGNTY; ELECTRONIC MONEY.

Раскрываются: проявления процессов глобализации в мировой валютно-финансовой сфере; практика применения национальных денежных единиц в качестве мировой валюты во второй половине XX в.; конфликт экономических интересов стран зоны евро в начале XXI в.; идеи создания глобальной резервной валюты и их критика. Предпринята попытка оценить позитивные и негативные последствия использования доллара США в качестве мировой резервной валюты в XX в. Дана оценка основным преимуществам и противоречиям функционирования региональной валюты евро. Сопоставлены мнения различных позиций о политических выгодах и экономических противоречиях при использовании глобальной резервной валюты. Обосновано предположение о необходимости сохранения и дальнейшего развития системы множественности резервных валют. При этом не исключается в будущем появление глобальной наднациональной валюты, функционирование которой не будет подчинено политической воле отдельного государства или группы стран и соответственно не будет зависеть от экономического состояния последних. Высказывается гипотеза о том, что единой мировой валютой будущего станут электронные деньги. Уникальность и специфику электронных денег наглядно иллюстрирует опыт функционирования цифровой валюты — биткоин, породившей абсолютно новый механизм эмиссии и оборота денег и сформировавшей множество самых противоречивых мнений о возможности и перспективах ее применения. Одно из главных отличий биткоинов от традиционных электронных денег и безналичных платежных средств заключается в том, что биткоины не являются долговыми обязательствами эмитента. Биткоины нематериальны и являются всего лишь числом, связанным с набором условий. Воспользоваться данной суммой может только тот, кто выполнит все необходимые условия допуска. Стандартным условием является использование bitcoin-адреса, но условия могут быть и другими. Биткоины могут быть использованы только для передачи внутри этой платежной системы. Их стоимость не привязана к какой-либо валюте или другому активу. Курс обмена на разные валюты сейчас определяется исключительно балансом спроса и предложения на эту валюту. Открытыми пока остаются вопросы, насколько отдалено от нас такое будущее и будут ли иметь сетевые деньги название биткоин. Ответы на эти вопросы будут раскрываться по мере дальнейшего развития информационных технологий в связке с дальнейшим процессом глобализации мирохозяйственных связей. Гораздо сложнее предсказать название глобальной сетевой валюты и ее эмитента или, по крайней мере, организации, которая будет обеспечивать и регулировать выпуск, хождение и уничтожение сетевых средств платежа.

ГЛОБАЛИЗАЦИЯ; МИРОВАЯ ВАЛЮТА; РЕГИОНАЛЬНАЯ ВАЛЮТА; ПОЛИТИЧЕСКАЯ НЕЗАВИСИМОСТЬ; ЭКОНОМИЧЕСКИЙ СУВЕРЕНИТЕТ; ЭЛЕКТРОННЫЕ ДЕНЬГИ.

Introduction. The enhancement and deepening of such processes as international division of labour, specialisation and cooperation in the production of goods and services, the growth of transnational corporations and regional economic associations require adequate transformations in building currency relations between countries. The efforts to use freely convertible currencies (US dollars, British pounds, Japanese yens, etc.), an International Monetary Unit (IMU), a Common European Currency (the Euro) as a universal money represent the attempts to design a single global currency. The experience of applying various currency derivatives as a universal money throughout almost the whole 20th century makes us face such issues as: who will be the issuer of this universal money and lay down the rules governing its turnover, what amount of such money are to be issued, who will be able to use it, and on which conditions it can be used.

In search for the possible answers to the above stated questions we will briefly look at the history of the international monetary system in the 20th century so as to summarise the experiences and the ideas of those who stood at its origins and those who now offer different options concerning the creation of a global reserve currency.

In relation to the latter, we would like to focus on some points of view and certain statements made by such experts as J.M. Keynes, who proposed the idea of an international reserve currency to be issued by a supranational bank over 70 years ago; R. Mundell, the 1999 Nobel Prize Laureate in Economics, who developed the theory of optimum currency areas, which played a significant part in establishing the Economic and Monetary Union of European countries; Joseph Stiglitz, a Nobel Prize Laureate in Economics, who supervised the work of a UN Commission of Financial Experts on the report «On Reforms of the International Monetary and Financial System: Lessons from the Crisis» in 2010; I.G. Pashkovskaya, who studied the fundamental legal principles of European economic and monetary integration.

1. Manifestations of globalization in the world monetary and financial sphere. The early 21st century is marked by the global economic crisis, local military conflicts and revolutions that led to a political regime change in more than one country. We consider these processes to be closely interconnected and caused by at least two oppositely directed processes — the globalisation of the world economy on the one hand, and multipolarity in the political interests of independent states and state groups on the other hand.

By globalisation we mean the process by which national borders cease to be significant, countries lose their economic independence, and cultural differences brought about by differences in social patterns become a critical business concern [4]. Due to these complex and dynamic factors, the world is turning into one great market-place.

Financial globalisation manifests itself in the following processes:

1. The consolidation of bank, insurance and loan capitals, which manifests itself in massive mergers and acquisitions of banking, insurance and reinsurance societies in international financial markets and leads to the development of transnational financial groups.

2. The formation of clusters among consumers of financial services, which manifests itself in the growing capitalisation of transnational financial groups and changes their demand for traditional banking services.

3. The change in demand for «mass» banking services, including stepped up participation of banks in mortgage credit lending amid the increased paying capacity of the population in developed countries and decreased social support from the state.

4. The change of the market environment in the age of computer-wise consumers of banking services and the Internet being used to sell banking services, to introduce the uniform management system for banking organisations, to organise the domestic market, and to create promotional networks.

5. Changes in international economic activities brought about by a number of factors. Among them there are the establishment of a single market (for instance, EU), an increase in foreign investment spending in emerging industrial economies, new scopes for investment found in post-socialist states as well as the further development of science and technology, global economic liberalization and growing competition.

6. Changes in the impact of time and distance. It is well known that doing business across borders implies covering long distances. Achievements in the communications area, such as satellite communications, do not only accelerate cooperation, but also allow for real-time control over international transactions.

7. Changes in global competition. Due to rising competition, banking organisations are progressively affected by international markets. On the contemporary stage in the development of the world economy, a business does not have to expand overseas to face international competition.

8. Technological developments in the area of telecommunications exercise significant influence over the global financial market, on the one hand, providing consumers all over the world with direct access, and on the other hand, creating demand for the new banking services able to offer protection from illegal access to electronic information [11.].

2. Precedents in using a national currency as the world currency in the second half of the 20th century. If we referred back to the creation and development of the global currency system, we would discover that world wars and economic crises consistently induced world society to transit from one common currency to another.

In point of fact, the global currency crisis caused by World War II and the preceding events compelled Anglo-American experts to develop a project for a new international monetary system. Its basic principals were stated at the UN Monetary and Financial Conference held from 1 to 22 July 1944 at Bretton-Woods, USA.

The original gold exchange standard to be introduced was based on two currencies – the US dollar and the British pound. Eventually, though, the pound depreciated while the dollar strengthened, so the standard evolved into a gold-dollar exchange one. To grant the dollar the status of the world's main reserve currency, the US Treasury continued to allow foreign central banks to exchange dollars at the 1934 rate of $35 per troy ounce of gold.

The exchange rates could deviate from the established parity but fluctuate only within narrow limits (± 1 %). Moreover, central banks were required to maintain these margins with currency interventions; a more than 10% devaluation of the currencies could occur only with the permission of the International Monetary Fund, which meant introducing a currency corridor for the currencies of the countries that joined the Bretton-Woods Agreement. The central banks of these countries were to accumulate reserves in US dollars in order to conduct necessary currency interventions. In case the exchange rate of a national currency went down, the central banks unloaded their dollar reserves. But if otherwise, they had to acquire US dollars. Thus, currency interventions were seen as a self-adaptation mechanism that helped the international monetary system to adjust to the changing outer conditions, not much unlike transferring gold reserves to regulate the balance of payments under the gold standard. In practice, this meant that state banks of other countries had to bear expenses of supporting the US dollar, which was one of the signs of US hegemony in global currency relations. On top of that, the duty to accumulate dollar reserves contributed to the strengthening of the US dollar.

The US dollar-based monetary system could only be stable if the USA stayed in the driver's seat of the world economy, and until their gold reserves could provide for the conversion of the overseas dollars into gold. To this purpose, in the late 1940s the USA accounted for about 75 % of the world's gold reserves, over 50% of the world's industrial production, and 30 % of the capitalist economies' export. However, by the 1970s the world's gold reserves had been redistributed in favour of Europe, where they amounted to 47 billion dollars against 11.1 billion dollars in the USA. That was also when the problem of international liquidity arose: from 1948 to 1969 gold production increased by 50% and the world export grew two and a half times, which resulted in there being not enough gold to maintain the gold parity rate of the US dollar. The second factor contributing to the crisis in the international monetary system was the enormous balance-of-payments deficit incurred by the US. It was caused by the outflow of dollars from the country, which led to the development of the Euro-dollar market and declining trust in the dollar as a reserve currency. Finally, the rise of new financial centers in Western Europe and Japan deprived the USA of their dominant position in world finance [11].

Currency crises occurred at different times. They varied in scope and left no country unaffected. The USA were persistently reluctant to admit the failure of the Bretton-Woods system, all the while trying to shift the financial burden of keeping it on track onto other countries by resorting to:

a) the revaluation of certain currencies (for instance, both the Swiss franc and the Austrian schilling were revalued in May 1971), which practically equalled the indirect devaluation of the dollar, but did far less damage to the image of the country;

b) an increase in import duties;

c) the cancellation of the convertibility of US dollars to gold.

The understanding eventually came with the abovementioned developments that the basics of the then existing monetary system were due to be revised. On 16 March 1973, during the International conference in Paris, it was decided that currencies would no longer be pegged and that exchange rates were to be regulated by supply and demand forces, notwithstanding what was expressed in the IMF Charter. In such a manner, the Bretton-Woods system ceased to exist.

The first attempts to put together a bailout plan that would help to overcome the currency crisis were made in the academic community and later resumed within the establishment and in numerous committees. A number of monetary reform projects were proposed, varying from the creation of a collective reserve unit, a single global currency backed by gold and commodities, to the return to the gold standard. In 1972–1974 the IMF Committee of 20 prepared a project aimed to reform the international monetary system. After all, agreement was reached on the introduction of the current international monetary system at the IMF conference in Kingston, Jamaica, in January 1976. Amendments to the IMF Charter became effective in April 1978 with the consent of the majority of the IMF member countries. Under the arrangement, the newly established system gave member countries a free choice of an exchange rate regime (mostly, free float, hard peg or their combination) and a multicurrency standard, in other words, an opportunity to choose a type of international liquidity. This meant that the new monetary system was designed to be symmetrical.

The transition to flexible exchange rates involved reaching three main goals:

1) equalising inflation rates in different countries;

2) balancing payments statements;

3) expanding opportunities for certain central banks to carry out an independent monetary policy.

The Jamaica agreements called for:

1) polycentrism, i. e. the new system was based on a number of key currencies: the US dollar, the British pound, the Japanese yen, the Deutsche Mark and the French franc;

2) formally abolishing the mint parity defined by the gold contents;

3) employing freely convertible currencies, the SDR, and reserve positions in the IMF as the main forms of international liquidity;

4) no fluctuation limits for exchange rates. Foreign exchange rates are determined by supply and demand for currencies;

5) national central banks were no longer required to maintain exchange rates of their national currencies linked at fixed parity. However, they have the right to to stabilise them through currency interventions;

6) the ban to express the chosen exchange rate regime in gold;

7) the IMF closely monitors developments in exchange rate policies; IMF members are not to manipulate their exchange rates to gain competitiveness.

By now, all developed countries have adopted floating exchange rates. The SDR plays a certain role in the world monetary system, having become a measure of the international value of a currency, an important reserve asset, and a popluar means of international payments. The SDR is an artificially created international reserve currency, meant to manage balances of payments, to replenish foreign currency reserves and to perform settlements with the IMF. The allocation of SDRs to IMF member countries does not require any foreign currency amounts to have been transferred to the Fund or any goods or services to have been sold. The SDR is not secured by collateral of any kind. Its use relies on the agreement between member states of the SDR system to accept this reserve means in return for convertible currencies.

The way the Jamaica monetary system operates is not without a certain level of controversy. Some of the original expectations about the introduction of floating exchange rates turned out to be unjustified. One of the reasons why it happened is there is a vast variety of actions available to member countries. In practice, it has been a while since exchange rate regimes were practiced in their pure form. For instance, the number of countries that pegged their currencies to the US dollar reduced from 38 to 20, to the SDR – from 11 to 5, and then to 4 in the period from 1982 to 2001. It is worth noting that, eight countries practiced independent floating regimes in 1982, but by 1994, their number increased to 52. The countries that announced their currencies as free floating maintained the exchange rates through interventions, so, in fact, those were not free but managed floating regimes [8].

Another reason is that the US dollar still dominates the Jamaica monetary system. This fact can be explained by the following:

a) individuals and governments all over the world have been in possession of significant dollar reserves since the Bretton-Woods epoch;

b) there will be a deficit of universally accepted alternative reserve and transaction currencies as long as the balance of payment in those countries whose currencies can claim the US dollar status (Switzerland, Japan) continues to feature a surplus;

c) the Euro-dollar market creates dollars regardless of the condition of the US balance of payments, providing the global monetary system with a means of transactions.

The Jamaica monetary system is characterized by volatile fluctuations in the exchange rate of the US dollar resulting from the controversial economic policy of the USA shaped by their expansionary fiscal and restrictive monetary policies. Fluctuations in the dollar have caused a number of currency crises. The developments listed above show that, firstly, under the Jamaica monetary system, there appeared a group of dollar-oriented countries (forming, in fact, a new dollar zone), and, secondly, this monetary system, contrary to what it was thought to be, turned out to be asymmetric. Furthermore, the goals the system was initially meant to achieve should have been laid down in its basis, i. e. it was advisable to wait until all member countries came to the more or less stable equilibrium of inflation and balance of payments which could have provided a stable groundwork for the system. As for the third goal – the independent domestic monetary policy, – its implementation does not contribute to the development of the system quality.

The SDR concept did not go far in terms of practical application; its share in total foreign currency reserves (excluding gold) reduced from 5.5% in late 1975 to 1.2% in late 2000. Regarding the market price of gold, the SDR share in the total volume of international liquidity reserves amounts to a miserable 1.1% [8.].

As the result, demands for a, more balanced international monetary system are being made.

For instance, in October 2000 over 30 members of the Italian Senate came forward with the initiative to reintroduce a new version of the Bretton-Woods Agreement.

R. Mundell, the 1999Nobel Prize Laureate in Economics, suggested establishing a new fixed exchange rate area which would use a platform made up of the dollar, euro, and yen. His theory of optimum currency areas provided important insights into the creation of European Economic and Monetary Union.

3. Conflicting economic interests of Euro-Area countries in the early 21st century. It is debatable whether the problems of the existing monetary system can be solved by introducing a supranational international reserve currency. Indeed, the concept of an international reserve currency issued by a supranational bank dates back to 1930, when it was put forward by J. M. Keynes in his work «A Treatise on Money». Keynes further developed his ideas and eventually made a proposal for an International Clearing Union at the Bretton-Woods conference.

The experience of European Economic and Monetary Union (EMU) reveals a number of disproportions at the institutional development level of its components. The Maastricht Treaty does not contain statues on the institualisation of the Economic Union in the EMU framework. Some of its complexity is attributable to the fact that the establishment of a central economic body of the European Community involves signing a new association agreement, as the Community law refers to the international law procedure of establishing a new institution or body within the Community.

The Community has no body to design and carry out a uniform economic policy that all member states of the EU would be subject to. This can produce an overall negative impact on the EMU, since it can function properly only when all its member states coordinate their monetary, economic and financial policies. Experts are of the same opinion. They believe that «the introduction of a single currency inevitably leads to the creation of a European economic government» as there is a need for «a closer coordination in tax policies» [6].

The natural need for a single economic body within the EMU system which would define and carry out economic polices, uniform for all member states of the EU and aimed at inducing their economic prosperity, is indicative of a centripetal tendency in the economic union. However, there is another reason why the creation of such a body would be most welcome. The fact of the matter is that ECB and the ESCB are the institutions whose independence protects them not only from the political influence of other institutions and bodies of the Community, but also from the influence of EU member states. Still, this independency factor has a negative aspect as the institutional structure of the Community lacks an economic body which could counterbalance the ECB.

There is another factor that adds to the complexity of the problem connected with the institualisation of the Union's single economic body. Basically, European economic and monetary integration comprises two non-equal components: economic and monetary – which are interdependent, but function differently. The monetary policy is used as carrot and stick incentives to influence an economy in a desired way. It is commonly known that monetary policy is the most effective tool that national governments can use to improve the economic situation inside the country. Nowadays, there is an underlying paradox within the Community: on the one hand, the ECB defines and implements the unified monetary policy of the Community, while on the other hand EU member states have varying domestic economic conditions. This implies that different member states should be able to conduct different economic and monetary policies.

According to the earlier view, the introduction of a uniform currency should have induced Germany and France, who account for over half of the Community's GDP, to develop at an equal pace and drive economic growth throughout the whole of Europe. However, experts point at the opposite tendencies in the development of European economies. In 2002 inflation in the Eurozone exceeded the acceptable level for those EU member states that participate in the EMU. It is inappropriate to apply a uniform currency and economic policy to EU member states when their economies experience difficulties. It can be compared to a situation when a doctor prescribes the same scheme of treatment to patients suffering from different diseases, or when an examiner gives one and the same grade to a group of students instead of assessing each student's answer individually.

Another observation that argues against institualising the economic union entails that the creation of a central economic body within the Community would mean that the budget and taxation policies of its member states would become subject to it. This, in its turn, would authorise this body to manage the state incomes, assignations for support and development of all the areas of member states' activities, including the most important ones, such as national defense, energetics and infrastructures. For member states, this would equal surrendering certain elements of their state sovereignty to the Community.

The creation of a central economic body in the Community is impossible without touching upon the basic features of member states' constitutions. This can be explained by the following: to create such an economic body, EU member states would have to pass on their sovereign right to control their national budgets, which lies within the competence of their national parliaments. The delegation of the right to control the budget to the Community would lead to the disruption of structural balance in the highest agencies of EU member states, as this would restrict the authority of their parliaments in comparison to other supreme bodies of state power, and besides, the parliaments would be deprived of an important tool of control over their national executive branch.

EU member states have different points of view on the issue of creating a single economic body, which can be explained by the differences in the levels of their economic development. As a result, EU member states have divided into two groups according to their economic interests: the developed industrial economies of the North and the less developed economies of the South of Europe. Wealthy EU member states oppose the idea of creating a central decision-making body, while poorer ones support this idea as they hope to redistribute a part of the Community budget and obtain some of the funds that come from their wealthier counterparts.

The development of the EMU is sustained by two tendencies. On the one hand, a growing economic interconnection of EU member states leads to the demand for a better coordination of their economic policies as well as association of their budget and tax efforts. This is reflected in the work by P. Manin «Les Communautes Europeennes. L'Union Europeenne. Droit Institutionnel», who, giving estimate to «communitarisation» of monetary policy and the absence of the same process in the economic sector, comes to the conclusion that «beyond doubt, this difference is pretty much artificial, and if monetary policy remained the same, as it was designed in the Agreement, the economic independence of EU member states would be substantively limited» [6].

On the other hand, industrially developed EU member states, who define the position of the European Convent, speak out against the institutionalisation of the EMU and for the reservation of their sovereign right to define and implement their own national economic, budget and tax policies. In the speech delivered in December 2002 by V. Giscard d'Éstaing, it was pointed out that «economic policies remain within the competence of EU member states. The Convent has reached no consensus over a better way to coordinate economic policies. No one can argue that the fiscal competences of EU member states as they were formulated in the Association Agreement», which stated the position of the European Convent towards the perspectives of the EMU development [6].

4. Creating a global reserve currency: pros and cons. At present, there are several alternative proposals for a new universal reserve currency, a system of possible currency changes, its emission and allocation, as well as the ways to secure the most effective transfer to a new currency. To solve all transfer-related problems, a serious discussion at the level of the world community is needed. However, the time to implement the idea has already come. The proposal is reasonable and conforms to the demand of the time.

The global reserve currency related to no country's external economic position could provide a more effective way to solve the problems of global liquidity and to maintain the global macroeconomic stability. It is also meant to reduce the risk of accumulating excess liquidity in the country of the reserve currency. The reformation of the world monetary system must also include innovations to improve risks sharing in an effort to reduce the need for reserve accumulation and, consequently, to reduce the required amounts of liquidity.

According to Joseph Stiglitz, a winner of the Nobel Prize in Economics, the system being formed should also possess tools to put countries under pressure in order or to force them to decrease their excess reserves and by that – their «contribution» to the insufficiency in total demand. This, in his opinion, would establish a better balance in international accounts [5]. However, we do not share this point of view since we doubt the practicability and lawfulness of interfering into foreign economic policies for the sake of resolving problems in international accounts. Furthermore, when it comes to putting pressure on independent states, there arises the question of who, for whose benefit, and how is going to use it.

J. Stiglitz emphasises that the system based on several competing reserve currencies would be unable to solve the problems of the current system, since the latter cannot solve the problems connected with national currencies used as reserve assets. This mostly refers to industrially developed countries [5].

At the same time, the main advantage of a plural reserve currency system is its diversified nature. This, however, may cause certain instability. If central banks and individual mediators in respond to the fluctuations of currency exchange rates change the assert composition, they will create a friendly environment for currency exchange rates instability. Under such circumstances, the introduction of a multicurrency reserve system may provoke a backlash and induce return to a fixed exchange rate. Yet, its reintroduction is a risk alert for the main currencies in the world of free capital movements; to complete this task, the coordination of actions and reneging on independent credit and monetary policies are required, which is considered impossible today.

Finally, turning national currencies into reserve ones is particularly exigeant for countries with limited scope for their monetary and budget policies.

All these contradictions came forth in the period before the current financial crisis and could contribute to its aggravation. The desire of countries to increase their holdings of domestic currency assets and international reserves in response to the atmosphere of uncertainty on world markets adds to the problem of aggregate demand which the world economy is now faced with.

An increasing national debt of the USA and balance of payments considerations in regard to the Federal Reserve System generate uncertainty about the stability of the dollar and thus have become major causes for concern among the countries with US dollar holdings. Besides, low (almost flat) profitability of their dollar reserves means there is no security for their currency risks. However, any attempt to reduce their dollar reserves will make them face the Triffin Dilemma, which states that such an action can lead to a fall in the value of their dollar assets, which is their greatest fear. These facts speak out in favour of the introduction of a universal reserve currency. Such a global reserve system would provide for global de-risking, since trust in its stability would not depend on any country's unpredictable economic processes or policies.

We are positive that sufficient latitude should be built into the system of a global reserve currency, especially when it comes to its emission and turnover as well as quotation and access provision. We find introducing and using electronic money like Bitcoin, whose emission and turnover are dependent from no organisation or country, a noteworthy experience [9].

According to J. Stiglitz, responsibility for managing the global reserve system could be given to the IMF, which currently issues the only global currency, Special Drawing Rights (SDRs), on which the system could be built. But it could also be given to a new institution, such as a «Global Reserve Bank». Return to present institutions would be possible after their reformation.

One of the possible approaches here is to have countries agree to exchange their national currencies for the new one, for example, International Currency Certificates (ICCs), which could be SDRs, – and, vice versa, in much the same way as IMF quotas are made up today (except that developing countries would make their quota contributions in their national currencies, not in SDRs or convertible currencies, as is the rule today). The functioning of this system would be similar to a system of worldwide «swaps» among central banks. Therefore, the global reserve currency would be fully backed by a basket of the currencies of all member states [5]. However, we believe that this approach restricts economic sovereignty of independent states.

The existing regional agreements could provide an alternative way for a gradual transfer to the global reserve system. Regional mechanisms have their own advantages. They can be based on agreements among central banks on swaps, or association of reserves in foreign currency pools. As governments are not apt to release control over their own reserves, swap agreements look more preferable.

Association reserves have other advantages, such as the possibility to allot credits from a common pool in difficult situations, and, as it was stated before, issue currency or reserve assets to be used at the regional and global levels. In the 1980s, for instance, the Latin American Reserve Fund was allowed to issue Andean pesos. This asset, which had never been utilised before, was meant for international trade and periodic settlement of obligations between central banks of member countries through clearing accounts. Another important example of regional cooperation is the Chiang Mai Initiative – a system launched in 2000 by ASEAN states, China, Japan and the Republic of Korea. If this Initiative was implemented by creation of a reserve fund, it could be a guarantee of asset emission, which could become attractive for central banks in other parts of the world as a part of their reserve assets. However, in order for the Chiang Mai Initiative to be more effective in its stabilising role, the issue with the IMF and the eligibility criteria it imposes to restrict access to its swap lines has to be resolved.

Regional mechanisms were subject to general criticism for their inability to diversify the means of resistance to system crises, as member countries of regional groups also appear to be susceptible to their adverse effects, if we take into account that the decisions made at the regional level are addition to, but not in lieu of decisions made at the global level. Although the capacity of regional mechanisms to resist negative external effects depends on the capacity of member states to neutralize them by combined efforts, these mechanisms can be effective if negative external factors affect them with different intensity or at different times. Such a state of things would allow a number of member states to allocate credits from their reserves to those member countries that suffer more serious negative effects. Furthermore, the right to resort to credit provision when there is a liquidity problem can limit the effects of a crisis to the country it broke out in, and thus protect other countries. By this, risks of contagion would be significantly reduced. Overall, the country will eventually benefit from joining regional agreements if variable constituent of a regional reserve pool is lower than it is in the reserves of the member countries, and if there is a potential access to the associated reserves restricts the possibility of harm to the other member countries. Such regional agreements serve as a tool of collective insurance, which is always more effective than self-insurance.

Conclusions. Therefore, we take the position that favours sustaining and further developing plural currency practices based on two-sided swap agreements between countries. However, we cannot exclude the possibility that a global supranational currency might appear in the future that would function with no regard to the political will of one state or a group of states, and, accordingly, would be independent from the economic situation in such a country or a group of countries. In all likelihood, electronic money will become a new global currency [12]. The singular and specific character of electronic money is exemplified by the digital currency known as Bitcoin. Its introduction spurred the creation of a new way of money emission and turnover, and generated a number of controversial opinions on the perspectives of its application. Most significantly, Bitcoin differs from traditional types of electronic money and cashless payment instruments in the way that Bitcoin emitters assume no liability whatsoever. Bitcoin is a virtual currency, a number associated with a number of conditions. Only the person who meets access requirements can use the money. It is typical to use a Bitcoin address, but there are other options as well. Bitcoins can be used only within the Bitcoin payment system. The value of Bitcoin is not pegged to the value of any other currency or asset. Its exchange rate is determined only by supply and demand.

The issues of how distant the above-described future is and whether the cyber currency will still be called Bitcoin remain pending. The answers will unfold along with further development of information technology and deepening globalisation of international economic relations. It is infinitely more difficult to foretell the name of this global electronic currency and its emitter, or, at least, the institution that would support and regulate the issue, turnover, and destruction of electronic payment instruments.

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PSHENICHNIKOV Vladislav V. – Voronezh State Agricultural University
394087. Mitchurina str. 1. Voronezh. Russia. E-mail: wladwp@yandex.ru

ПШЕНИЧНИКОВ Владислав Владимирович – доцент кафедры «Финансы и кредит» Воронежского государственного аграрного университета имени императора Петра I, кандидат экономических наук.
394087, ул. Мичурина, д. 1, г. Воронеж, Россия. E-mail: wladwp@yandex.ru