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BOOK REVIEW

Our Dollar, Your Problem: An Insider's View of Seven Turbulent Decades of Global Finance, and the Road Ahead. Kenneth Rogoff, published by Yale University Press, New Haven and London, 2025, ISBN 978-030-02-7531-5 (Hardcover), xiii+345 pages.

Kenneth Rogoff's *Our Dollar, Your Problem* is a timely and intellectually ambitious portray of the rise, persistence and possible erosion of the central role of the United States Dollar (USD) in the global monetary system. The book has been published at a moment when dominance of Dollar is again being questioned. Geopolitical fragmentation, sanctions, the rise of China, experiments with central bank digital currencies, fiscal stress in the United States (US) and renewed concerns of inflation have triggered the debate over whether the post-1945 "Pax Dollar" can continue. The book is an account of how the Dollar defeated earlier challengers, such as the Soviet Ruble, the Japanese Yen and the Euro, while now facing pressure from crypto-assets, the Chinese Renminbi, higher real interest rates, political instability and the fracturing of the Dollar bloc. A former chief economist of International Monetary Fund (IMF) and one of the most influential international macroeconomists, Rogoff combines academic expertise with policy experience.[1]

The central thesis of the book is that Dollar supremacy was never automatic, is not permanent, and could be weakened more by America's own fiscal, institutional and political choices than by any single foreign rival. This claim is consistent with a large literature on international currencies, which focuses on network effects, liquidity, safe assets, credible institutions and geopolitical power as the foundations of monetary hierarchy.[2] The book's strength lies in bringing these strands together in a plain but profound narrative which is concurrently historical, analytical and policy-oriented.

Analysis of the Book

The book is organised into an introduction and six main parts, each addressing a dimension of Dollar dominance and its challengers. The introduction establishes the historical and economic foundations of the Dollar's international role. Rogoff begins with the geopolitical settlement after the Second World War, when the US emerged as the world's dominant economic power and used that position to shape the Bretton

[1] B. Emmott, "*Our Dollar, Your Problem* by Kenneth Rogoff — does the buck stop here?" *Financial Times*, April 24, 2025.
[2] Barry Eichengreen, *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* (Oxford: Oxford University Press, 2011); E. Helleiner, "Political determinants of international currencies: What future for the US dollar?" *Review of International Political Economy* 15, no. 3 (2008): 354–378; B.J. Cohen, *Currency Power: Understanding Monetary Rivalry* (Princeton: Princeton University Press, 2015); G. Gopinath, E. Boz, C. Casas, F.J. Díez, P.-O. Gourinchas, and M. Plagborg-Møller, "Dominant currency paradigm," *American Economic Review* 110, no. 3 (2020): 677–719.

Woods monetary order. Under Bretton Woods, the Dollar was fixed to gold, while other currencies were fixed to the Dollar. This arrangement gave the US exceptional monetary autonomy, because other countries had to defend their exchange-rate parities while the US issued the anchor currency.[3] It gives the US cheaper borrowing, global monetary reach and capacity to fight crisis, but it also stimulates overconfidence and exposes the world to US policy decisions. Rogoff's discussion resonates with "exorbitant privilege", especially Eichengreen's argument that reserve-currency status decreases US borrowing costs and strengthens US financial influence, but also hinges on credibility that can be lost.[4] It also recalls the Triffin dilemma: the issuer of the dominant reserve currency must supply safe assets and liquidity to the world, but excessive liabilities can eventually undermine confidence in that same currency.[5] Eichengreen argues that the Dollar's "exorbitant privilege" rests on market liquidity and institutional credibility[6], while Helleiner and Cohen emphasise that international currencies are political as well as economic institutions.[7] Rogoff claims that monetary dominance is neither purely a matter of Gross Domestic Product (GDP) nor a function of share of trade. Rather, it relies on trust, convertibility, open capital markets, safe assets, geopolitical reach and the willingness of others to hold the dominant country's liabilities.

Part I of the Book, titled, *"Past challengers to dollar dominance,"* assesses the Soviet Union, Japan and the Euro area. Even though Soviet Rouble could never have become a world currency, but many respected economists during the 1950s and 1960s believed the Soviet economy might catch up with, or even overtake, the US since the Soviet Union had military power, heavy industry, scientific capacity and impressive early economic growth. However, it had deficiency in the institutional architecture of a global currency characterised by convertibility, reliable markets, deep financial assets, consumer dynamism and trust in monetary governance. Thus, the main lesson is that geopolitical rivalry alone cannot create reserve-currency status; a currency must be usable, investable and credible beyond the borders of its issuing state.[8]

The chapters on Japan and the Yen are among the strongest parts of the book. Rogoff reconstructs the late twentieth-century fear that Japan would overtake the

[3] Kenneth Rogoff, *Our Dollar, Your Problem*; Michael J. Boskin, "Kenneth Rogoff's Our Dollar, Your Problem," *Public Sector Economics* 50, no. 1 (2026): 159–165.
[4] Barry Eichengreen, *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* (Oxford: Oxford University Press, 2011).
[5] R. Triffin, *Gold and the Dollar Crisis: The Future of Convertibility* (New Haven: Yale University Press, 1960); P. O. Gourinchas and H. Rey, "From world banker to world venture capitalist: US external adjustment and the exorbitant privilege," in *G7 Current Account Imbalances: Sustainability and Adjustment*, ed. R.H. Clarida (Chicago: University of Chicago Press, 2007), 11–66.
[6] Barry Eichengreen, *Exorbitant Privilege.*
[7] E. Helleiner, "Political determinants of international currencies: What future for the US dollar?" *Review of International Political Economy* 15, no. 3 (2008): 354–378; B.J. Cohen and T.M. Benney, "What does the international currency system really look like?" *Review of International Political Economy* 21, no. 5 (2014): 1017–1041.
[8] Rogoff, *Our Dollar, Your Problem*; E. Helleiner, "Political determinants of international currencies".

US through superior manufacturing, high savings, quality production and financial expansion. The Plaza Accord of 1985 became a crucial turning point, in which Japan appreciated the yen sharply under pressure from the US and other advanced economies, which caused Japan's subsequent stagnation. However, Rogoff argues that it helped trigger an asset-price boom that later collapsed into banking distress and decades of slow growth in Japan. Later on, the Yen never became a global monetary rival, yet Japan remained a formidable economic competitor. No country pegs its currency to the Yen, even though the Yen is regarded as safe.[9]

The book recognises the Euro as the most serious institutional challenger the Dollar has faced. It has a large economic base, a respected central bank and a significant role in reserves and trade invoicing. Yet the Euro remains primarily regional. Rogoff argues that the Euro's weakness lies in the incomplete architecture of the Euro area: fragmented sovereign-debt markets, incomplete banking union, no common deposit insurance, limited fiscal union and insufficient capital-market integration. The international monetary system is hierarchical rather than truly multipolar.[10] The Euro's international role depends on deeper capital markets and stronger institutional integration.[11] Thus, the Euro is a remarkable political achievement, not a full substitute for the Dollar yet.

Part II turns to China as the present-day challenger because of its extraordinary growth, manufacturing power, global trade role and strategic determination to reduce dependence on the Dollar. Yet Rogoff remains sceptical of rapid renminbi displacement of the Dollar based on five arguments: (i) China's growth model has slowed; (ii) infrastructure and property investment have produced overcapacity; (iii) capital controls remain significant; (iv)financial markets are not sufficiently open, deep or trusted; and (v) the Renminbi is still only a small part of global reserves. China's nominal per capita income remains far below that of the US, while China's exchange-rate system remains only partly flexible and still Dollar-centric. Rogoff argues that China may weaken the Dollar by pulling part of Asia away from the Dollar bloc but not by replacing it directly. Nevertheless, the Dollar's global footprint could shrink if China eventually allows the Renminbi to float more freely and if Asian supply-chain partners begin to manage their exchange rates more against the Renminbi than the Dollar. Brkić notes that China's more flexible exchange-rate regime could indirectly reduce the Dollar's role in Asia.[12] Rogoff frames China's de-dollarisation as a process of regional rebalancing, not as a sudden dethroning.

Part III, "Everyone else's problem: living with the Dollar," is relevant for developing and emerging economies. Rogoff analyses why countries peg to the Dollar, why fixed exchange rates can be attractive to governments with inflationary histories,

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[9]Boskin, "Kenneth Rogoff's Our Dollar, Your Problem".
[10]Cohen and Benney, "What does the international currency system really look like?"
[11] European Central Bank (ECB), *The International Role of the Euro* (Frankfurt am Main: ECB, 2025).
[12] Brkić, "Kenneth Rogoff's Our Dollar, Your Problem".

and why such regimes often become dangerous when fiscal policy, debt dynamics and external balances deteriorate. The book's discussion of Lebanon and Argentina explains that political commitment, debt, donor support and exchange-rate rigidity interacted in unstable ways where fixed exchange rates can survive longer than theory predicts. This part links directly to Obstfeld and Rogoff, which argues that fixed rates often appear stable until expectations shift.[13] Ilzetzki et al., showed that the Dollar remains the central anchor in many exchange-rate arrangements.[14] This part of the book also connects to Rey's "global financial cycle" argument: even countries with flexible exchange rates are affected by US monetary conditions because the Dollar dominates funding, trade invoicing and safe-asset markets.[15] Gopinath et al. further show that Dollar invoicing changes the way exchange rates transmit into trade prices and quantities.[16] This means Dollar dominance affects debt servicing, imports, reserves, capital flows and monetary autonomy for developing countries.

Part IV of the book considers alternative currencies. Rogoff first discusses global-currency proposals, including the Special Drawing Right (SDR) and synthetic reserve currency. He is sceptical that such proposals can overcome political and institutional constraints. A global money requires governance, enforcement and credible backing. The chapters on cryptocurrencies and central bank digital currencies are especially interesting. He argues that Bitcoin may have value, especially where it facilitates underground or sanctions-evading activity, but it is not a credible replacement for state money in the official economy. The chapter treats stablecoins more seriously than unbacked crypto because Dollar-linked stablecoins may become payment instruments subject to proper regulation.

Rogoff sees central bank digital currencies as more consequential. A digital renminbi or digital Euro might not replace the Dollar as a reserve asset, but digital payment infrastructure could reduce dependence on Dollar-centred correspondent banking. Eichengreen and Viswanath-Natraj demonstrate that stablecoins face adoption, regulatory and trust barriers; nevertheless, payment innovation could change cross-border settlement at the margin.[17] The book argues that a digital currency issued by a state with closed capital markets or weak legal protections will not automatically become a reserve currency.

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[13] Maurice Obstfeld and Kenneth Rogoff, "The mirage of fixed exchange rates," *Journal of Economic Perspectives* 9, no. 4 (1995): 73–96.

[14] E. Ilzetzki, C.M. Reinhart, and Kenneth Rogoff, "Exchange Arrangements Entering the Twenty-First Century: Which Anchor will Hold?" *Quarterly Journal of Economics* 134, no. 2 (2019): 599–646.

[15] H. Rey, "Dilemma not trilemma: The global financial cycle and monetary policy independence," *NBER Working Paper* No. 21162 (Cambridge, MA: National Bureau of Economic Research, 2015).

[16] G. Gopinath, E. Boz, C. Casas, F.J. Díez, P. O. Gourinchas, and M. Plagborg-Møller, "Dominant currency paradigm," *American Economic Review* 110, no. 3 (2020): 677–719.

[17] B. Eichengreen, and G. Viswanath-Natraj, "Stablecoins and Central Bank Digital Currencies: Policy and Regulatory Challenges" *Asian Economic Papers* 21, no. 1 (2022): 29–46.

Part V analyses the bonuses and burdens of issuing the dominant currency. Rogoff's discussion of "exorbitant privilege" is grounded in the demand for US Treasuries. The US can borrow on unusually favourable terms because Treasury securities are liquid, safe and widely used as collateral. This supports crisis response, lowers financing costs and gives the US geopolitical leverage. Gourinchas and Rey describe the US as a "world banker" that issues safe liabilities and holds riskier foreign assets.[18] Jiang et al. show how foreign demand for safe Dollar assets affects the Dollar exchange rate.[19] In this part of the book Rogoff argues that Dollar dominance is valuable, but it also creates temptations.

The US is expected to provide Dollar liquidity in crises, including through Federal Reserve swap lines. The book discusses swap lines as a small way the US helps countries cope with Dollar dominance, but such arrangements are selective and politically sensitive. The US also supplies a crisis hedge to global investors: the Dollar tends to appreciate in risk-off episodes, which strengthens its safe-asset role. Rogoff warns that this privilege can become a fiscal trap. If policymakers assume that global demand for Treasuries is unlimited, they may tolerate debt accumulation and use inflation as an implicit form of partial default. This argument corroborates the Triffin dilemma.[20]

Part VI, "Peak dollar dominance," brings the book's historical and analytical threads together. Rogoff argues that Dollar dominance may persist, but its peak may already have passed. Chinese efforts to loosen Dollar dependence, sanctions-induced search for alternative payment channels, crypto and Central Bank Digital Currency (CBDC) experimentation, and possible Euro-area strengthening if geopolitical shocks push Europe toward fiscal and defence integration are some external threats against Dollar dominance. However, central bank independence, fiscal discipline and credible inflation control are the domestic foundations of Dollar power. Rogoff warns that if these foundations erode, the Dollar's international role may decline gradually and then suddenly. The final chapter of the book argues that the greatest dangers to Dollar supremacy come from within, particularly debt, inflation complacency and political pressure on the Federal Reserve. Thus, Rogoff's book is a warning against complacency instead of prediction of collapse: the Dollar can remain first while becoming less dominant, less stable and more contested.

Contribution and Drawback

The book's first major contribution is synthesis. Rogoff draws on the history of Bretton Woods, the collapse of gold convertibility, Japan's asset bubble, the euro's institutional incompleteness, China's managed exchange rate, crypto-assets, CBDCs,

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[18] Gourinchas and Rey, "From world banker to world venture capitalist".
[19] Z. Jiang, A. Krishnamurthy, and H. Lustig, "Foreign Safe Asset Demand and the Dollar Exchange Rate," *Journal of Finance* 76, no. 3 (2021): 1049–1089.
[20] Triffin, *Gold and the Dollar Crisis*.

US fiscal politics and central bank independence. This breadth makes the book useful for readers who want to understand the Dollar as both an economic institution and a geopolitical instrument.

Second, the book's novelty lies in its comparative account of failed challengers. The Soviet Union lacked convertibility and market institutions. Japan had economic strength but never created a currency bloc. The Euro built a major regional currency but failed to develop a unified safe asset. China has scale and strategic ambition, but lacks open, trusted and liquid financial markets. This comparative framework makes the book analytically stronger than simple "Dollar decline" narratives.

Third, Rogoff's integration of personal experience is a distinctive feature. His career at the Federal Reserve, IMF, Harvard and international policy forums gives the book an insider's texture. The book blends personal narrative with advances in international macroeconomics.

Fourth, the book usefully reframes Dollar vulnerability. It argues that the Dollar's biggest threat is the erosion of the domestic institutions that sustain it: fiscal credibility, central bank independence, rule of law, open markets and geopolitical reliability instead of imminent threat from the Renminbi, Euro or Bitcoin to overthrow the Dollar soon. Its real attempt is to explain the relationship between domestic governance and international monetary power.

Finally, the book's discussion of digital money is novel because it resists both crypto-utopianism and technological dismissal. Rogoff recognises that new payment systems matter, but he insists that reserve-currency power still depends on credibility, convertibility, legal protections and safe assets.

Despite these major contributions, the book suffers from several drawbacks. Most important limitation is that its broad historical sweep sometimes leaves less room for detailed empirical treatment of recent reserve diversification. The USD's reserve share declined by more than ten percentage points over the preceding decade, while non-traditional currencies, such as the Canadian Dollar, Australian Dollar and Korean Won gained ground.[21]

Second, the relative underdevelopment of Global South agency in the book. Rogoff rightly explains how Dollar dominance constrains emerging economies through exchange-rate pressure, capital-flow volatility and Dollar funding shocks. Indeed, many emerging economies respond through reserve accumulation, macroprudential policy, capital-flow management, local-currency bond-market development, regional swap arrangements and trade settlement experiments. Thus, they are not merely passive victims.

[21] Boskin, "Kenneth Rogoff's Our Dollar, Your Problem"; ECB, *The International Role of the Euro*.

Third, Rogoff's scepticism about the Renminbi is persuasive, but it may understate the geopolitical route to partial currency internationalisation. The Renminbi does not need to match the Dollar's global role to weaken the Dollar in specific corridors. Sanctions, China-centred supply chains, bilateral settlement arrangements and alternative payment systems could increase the use of Renminbi even without full liberalisation of capital account.

Fourth, the treatment of digital currencies may need deeper institutional differentiation. Stablecoins, tokenised deposits, wholesale CBDCs and alternative settlement networks may affect Dollar power in different ways. They could reduce dependence on payment rails regulated by the US.

Who Benefits from the Book

The book will benefit students and researchers of international economics, international political economy, economic history and financial globalisation. It is also relevant for central bankers, finance-ministry officials, debt managers and reserve managers, especially in emerging economies that must live with dollar funding cycles. Diplomats and foreign-policy analysts will gain from its discussion of sanctions, geopolitical fragmentation and the monetary foundations of the US power.

Financial-sector professionals working in sovereign debt, currency markets, global macro strategy and payment systems will also find the book useful. More generally, it is suitable for informed readers who want to understand why the dollar affects inflation, trade, debt, crises and geopolitics. It is not a narrow academic monograph, but it is grounded in serious scholarship. It would benefit the readers who want a rigorous but accessible explanation of why Dollar dominance has endured, why it is contested and why its future depends as much on American governance as on foreign challengers.

For readers in emerging economies, the book is especially useful. It succeeds as both a history of the Dollar and a warning about the political economy of monetary privilege. It is also worth reading because Rogoff explains monetary power in plain language without abandoning analytical depth.

Reviewed by
Mahfuz Kabir
Research Director
Bangladesh Institute of International and Strategic Studies (BIISS)