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Will the US Dollar's Reign End?



Central banks, dating centuries back and reinforced by the paradigms of the 20th century, are essential to the capitalist system.

But in the 21st century, they tended to lose their vitality, and many of their functions and responsibilities, including money creation, money growth mechanisms, along the interest multiplier, were assumed by other institutions such as regulatory authorities, private banks, and financial institutions.

Today, the ratio of printed money to bank money, is around 1 to 10 in some countries, 30 to 1, and 40 to 1 in others.

Again, there is a major gap between the amount of printed dollars and the total number of US-dollar transactions and payments, dollar-denominated, or dollar-indexed, deposits or loans in the world.

So, money actually grows in banks, and central banks are trying to intervene in the market using only interest instruments or the limited set of other instruments in their hands.

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All central banks in the world - except for the Fed because it stands as a serious global power - have strayed away from implementing a national or regional policy. Because they are not as powerful as they used to be.

So, one day, a few wise people wondered: "Since central banks are printing money, can we create a decent medium of exchange like a currency, instead of hoarding unlimited amounts of money?" Thus, Bitcoin was born in 2008.

This effort, which started with the aim of transforming the energy of computers and

people into a medium of exchange, actually serves as a tool for getting rich, but sadly, it can sometimes be used by fraudsters to scam unsuspecting people today.

The scale of these dishonest schemes has unfortunately grown, including incidents where scammers impersonate the owners of digital and tech companies, especially Elon Musk, who is admired by the Generation Z.

No one can deny that such interesting people are highly intelligent, but I have serious doubts whether that they have high morals.

Creating a new currency, like the dollar or euro, that would be valid in retail markets or in any transaction is a complicated and difficult process

What did such people do? They made a lot of money from cryptocurrencies by manipulating the markets.

They recovered their losses by making the honest taxpayers pay for failed rocket launches, their exploding and crashing rockets. Let's not forget that the rich always use the money of the poor to increase their own wealth.

Anyway, creating a new currency, like the dollar or euro, that would be valid in retail markets or in any transaction is, of course, a complicated and difficult process. So, I won't go into the details of its technique here in this article.

Eventually, people have accepted crypto assets as a reputable medium of exchange and started trading them. Cryptocurrency exchanges were established just to deal in crypto related activities.

Cryptocurrencies are divided into two categories: asset-backed cryptocurrencies and those that are not backed by any other asset.

There also cryptos called “stablecoin”, whose values are tied to a commodity, like real estate, or a real-world reserve asset such as a powerful currency, in addition to those that have a link to a tangible asset with economic value and are stored on a blockchain.

Transition from Cash to Digital Money

These are cutting-edge developments that herald the future of technology in human lives, and herald the future.

According to NASA, “Humans will be living and working on Mars in colonies entirely independent of Earth by the 2030s”.

In these colonies, no one will take dollars or paper money out of their pockets or talk about a national currency. Because national values will not be a major factor that will shape or drive the actions of humans living in space.

Perhaps the blockchain technology will be much more effective than a national currency in terms of determining the true value of labour.

My doctoral thesis, which I wrote in 1996, explored problems related to the inclusion of the agricultural sector in a monetary economy.

Later, I realised that cash money, the thing that central banks protect so heavily, the thing that governments dote upon, also creates informality.

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I must say that I do not exactly agree with arguments claiming that the anonymous nature of cryptocurrencies tends to encourage the informal economy. I think it's the opposite.

Whether the money is stored in a cold wallet or not, cryptocurrency trading can ensure that earnings and transactions are recorded, rather than creating informality.

There is a big difference between digital currency and cryptocurrency. Cryptocurrencies are created autonomously and anonymously, and are not regulated by a monetary authority; they are decentralised.

Digital currency, on the other hand, is actually an electronic form of money that does not have a physical and tangible form.

All the money in the world today is already digital because the banking system creates it in intangible form.

Suppose you deposit \$1000 into a savings account with a 5% interest. You would have \$1050 in the account at the end of one-year maturity, which means you do not even need to withdraw this money from the bank, since it would grow in digital form and digitally serve as a medium of exchange for you.

Similarly, the factor that determines the limit of your credit card is actually your financial reputation, rather than the amount of money in your bank account.

Your reputation is defined by what you do in your commercial or financial life, through which your credibility is assessed. And if you are trusted enough, your credibility turns into a medium of exchange.

This is how both cryptocurrency and digital currency basically work. But how do we invest in them?

Digital currencies will be around for a long time since they are based on a centralised system

It is quite likely that there will be no more paper money in the future. Digital currencies will be around for a long time since they are based on a centralised system.

Yet, slowly but surely, the world will move towards decentralised payment systems. As of today, there are thousands of cryptocurrencies in existence, and no one can exactly know which one of them will be more effective and more popular in the future.

Perhaps cryptocurrencies will emerge as elements that provide autonomy and equality by using the blockchain mechanism in order to ensure a fair distribution of income and a fair return for labour.

The autonomous and anonymous nature of cryptocurrencies is indisputably very important, but I can foresee that governments will not easily give up on the money printed by their own central banks.

However, the money printed creates a serious informality problem. The economic hardship of countries also causes an increase in illegal activities.

Hopefully, increases in bank money, the disappearance of paper money, and the complete integration of digital currencies and cryptocurrencies in our lives will help us make the world a fairer place.

So, the moment when the US Dollar is dethroned, all other national currencies should be prepared to pass into history. The death of cash will be the first sign of this.