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Supranational World Currency: Monetary Integration, Global Liquidity, and the Reform of the International Monetary System

Name: Lie Chun Pong
Research Scholar

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Abstract

The organization of the international monetary system raises fundamental questions about exchange-rate stability, liquidity provision, and the distribution of monetary authority. This paper develops a conceptual framework for evaluating a gradual transition toward a supranational world currency. We examines the potential risk may arising when a individual nation currency also performs international reserve, financing, and settlement functions. Our analysis identifies the institutional conditions under which monetary concentration and global liquidity requirements. This research paper introduce, two transition pathways: the integration of national and regional currencies through a common universal accepted monetary framework, and the introduction of a supranational reserve and settlement currency that gradually expands its functions. This research paper argues that monetary integration could reduce currency-conversion costs, remove exchange-rate risk among participants, and diversify the institutional basis of international liquidity provision. However, these benefits must be assessed against the loss of national monetary autonomy, and the political challenges of establishing legitimate supranational institutions. So, a viable framework would require credible monetary governance, coordinated financial supervision, transparent collateral policies, fiscal safeguards, and balanced adjustment mechanisms for creditor and debtor economies. This paper argues that the establishment of a Supranational World Single Currency should be considered as a form of institutional reform. In combination with the proposed automatic trade collateral stabilizer, it would provide an automatic mechanism for enhancing international financial stability.

Keywords: international monetary system; supranational currency; monetary integration; reserve currencies; global liquidity; exchange-rate risk; monetary governance; international adjustment

1. Introduction

Money connects economic activity with international trade, investment, and financial exchange. Its efficacy depends not only on its acceptance in transactions but also on confidence in the institutions that issue, regulate, and support it. In an international economy composed of multiple national currencies, these institutional differences interact with exchange-rate movements, capital flows, and the demand for reserve assets.

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The international role of a national currency creates an important policy question: can a monetary authority primarily accountable to a domestic population consistently meet the liquidity and stability requirements of the wider world economy? Domestic monetary policy may be appropriate for the issuing country while generating financing pressures elsewhere. Conversely, efforts to support international financial stability may conflict with domestic economic priorities.

Above these tensions, it motivates us to consideration of a novel supranational monetary framework. Our research most advance reform would involve a common world currency issued by a collectively governed independent monetary authority. Monetary unification would redistribute policy authority, alter adjustment mechanisms, and create a new forms of institutional dependence.

This paper addresses three questions:

1. What institutional pathways might a supranational world single currency address?
2. Through which mechanisms could national monetary systems move toward greater integration?
3. What economic and governance conditions would be necessary for such integration to improve world welfare?

The central argument is that monetary integration should be assessed through the joint design of liquidity provision, macroeconomic adjustment, financial supervision, and political accountability. This paper contributes by our novel suggestion of the integrating institutional exploration of New-SDR's as a reserve-currency with valuation criteria and a structured association of reform alternatives, thereby clarifying the conditions under which a supranational currency could improve coordination and welfare.

2. Analytical Approach, Scope, and Evaluation Criteria

This paper adopts a qualitative, institutional approach. It develops a policy framework rather than estimating an econometric model or forecasting a particular financial crisis. The contribution lies in specifying the institutional conditions and evaluation criteria under which a supranational currency might be preferable to existing arrangements or to intermediate reforms.

The analysis distinguishes three levels of monetary integration:

- A common unit of account used to express and compare values.
- A supranational reserve and settlement asset used primarily by monetary authorities and approved financial institutions.
- A single world currency used broadly for domestic and international payments.

These arrangements should be treated as equivalent. The creation of a shared accounting unit with a new world bank does, by itself, provide emergency liquidity. Such institutions may improve coordination, standardize accounting, or facilitate cross-border payments, governance, and willingness to act quickly. Likewise, an international settlement asset such as New SDR's

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will in-turn and thereby become a reserved backup, which provide an credibility for our new world single currency used by households and firms. For an asset to function as money in everyday transactions, it must be widely accepted, easily divisible, stable in value, and supported by payment systems that allow individuals and businesses to make and receive payments. If, in the absence of these conditions, it may remain primarily an instrument for interbank settlement or official reserve management rather than a general-purpose currency.

This paper also classifies monetary reform from broader economic reform. A common currency could change how transactions are denominated and settled. So, my novel proposed framework is therefore potential. Which can demonstrate that immediate worldwide monetary unification is feasible.

To assess whether a supranational currency would improve welfare relative to alternatives, this paper applies the following estimate criteria:

1. Liquidity efficiency: Does the arrangement reduce conversion costs, settlement frictions, and exchange-rate risk among participants without creating new operational bottlenecks?
2. Adjustment capacity: Does the system provide credible mechanisms for responding to asymmetric shocks, including fiscal, labor-market, and transfer arrangements?
3. Governance legitimacy: Are decision-making rules, accountability procedures, and safeguards against disproportionate influence by large economies sufficiently transparent and balanced?
4. Financial stability: Does the framework integrate monetary operations with coordinated supervision, collateral standards, and crisis-management capacity?

These criteria structure the subsequent analysis and provide a basis for comparing a full supranational currency with intermediate alternatives.

3. Literature Review and Contribution to Existing Research

The modern debate on international monetary reform builds on several classic contributions. Triffin (1960) identified a structural tension in a gold-exchange standard centred on a national currency: the issuing country must supply growing international liquidity, however expanding that supply may eventually undermine confidence in convertibility. This “Triffin dilemma” remains a reference point for analyses of reserve-currency instability, even after the formal end of the Bretton Woods gold link.

Address the above problem, Lie Chun Pong’s hv published dozens of papers, focusing on the macro-economies, global world currency and international currency financial reform. Which develop a sustained argument that the existing international monetary system is structurally vulnerable because of excessive reliance on dominant nation reserve currencies. In *A Feasible Study on World Currency Integration (Convergent Theory)*, C.P Lie (2025), identifies the Triffin Dilemma as a central problem: the issuer of the principal reserve currency must provide global liquidity while also preserving domestic and external currency stability, creating persistent trade and balance-of-payments imbalances. He argues that these imbalances distort international capital flows, generate liquidity shortages, and increase the likelihood of sovereign-debt,

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banking, and broader financial crises. He further contends that persistent deficits will weakens the incentives for macroeconomic correction, thereby entrenching global financial instability. In his later work, C.P Lie (2026). *New Paradigm Shift in Global Monetary Systems: "World Currency,"* he extends this critique by arguing that the problem of nowadays arrangements contributes to distorted capital flows, trade asymmetries, and systemic risk. A recurring theme in C.P Lie's, research is that exchange-rate volatility and currency heterogeneity impose real economic costs. He proposes that a single supranational world currency could reduce transaction costs, lower exchange-rate uncertainty, streamline cross-border trade and investment, and support more efficient allocation of global resources. He also suggests that such an advance allocation system could improve trade balance and inflation stabilization, particularly for developing economies exposed to inflation, reserve shortages, and external financing pressures.

C.P Lie, (2025) proposed solution is to graduate worldwide monetary union. In the 2025 study, he outlines a gradual "convergent" process in which regional currency domain-zones are first established for efficient, collateralized exchange and settlement; their monetary policies and standards are then harmonized; and these regional systems are ultimately integrated into a global single currency framework. The proposed allocation mechanism is ratio-weight-based, with the global monetary base distributed according to countries' contributions to world GDP, under the oversight of a new world central bank. Additionally, according to the C.P lie, (2026) paper, he formalizes this integration model as the progressive combination of major monetary domains: the Americas currency domain, the Euro currency domain, and an Asian currency domain. He presents a world-currency basket in which the value of the new currency is determined by the weighted values of participating currency domains. This approach is intended to prevent any country from dominating the international monetary system while retaining a pathway for national central banks to operate within shared interest-rate and monetary standards. In Further speaking, C.P Lie's, work also introduces a distinctive institutional interpretation of money. He defines money not only as a medium of exchange, unit of account, and store of value, but also as a socially recognized contractual substitute for obligations and "time arrangement." This contractual view links macroeconomic monetary governance to microeconomic choices, incentives, labor exchange, and institutional behavior. Across these publications, C.P Lie's, vision is therefore twofold. First, he diagnoses the Triffin Dilemma as sources of global monetary instability. Second, he proposes a staged transition toward a supranational world single currency through regional integration, GDP-based monetary allocation, collective issuance, and a shared global settlement framework. His research positions a world single currency as a potential solution to the institutional remedy for exchange-rate volatility, trade imbalances, and recurrent financial crises, while emphasizing that implementation would require monetary-policy harmonization, financial regulation, and international coordination.

So, our present paper builds on solving the Triffin dilemma and advance the international economies in three ways. First, we integrate the Triffin-type concern about national provision of international liquidity with an explicit institutional design for a supranational issuer, including governance, collateral, and international trade adjustment rules. Second, our research

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distinguishes levels of integration and proposes two transition pathways that preserve reversibility and allow with possible intermediate reforms. Third, we specifies collative international adjustment trade criteria, liquidity efficiency, adjustment capacity, governance legitimacy, financial stability and with both a full world single currency complementary (Extended-New-SDR) that can be assessed. In this respect, this paper advances beyond general advocacy of reform by clarifying the institutional conditions under which a supranational world single currency could become possible.

4. Money, Value, and Exchange-Rate Determination

4.1 The institutional foundations of monetary value

For this research, money is understood through its roles as a medium of exchange, a unit of account, and a store of value. These functions depend on acceptance, confidence, and institutional support. It is useful to distinguish domestic purchasing power from external currency value. Domestic purchasing power concerns the goods and services that money can purchase within an economy. External value concerns the rate at which one currency exchanges for another. Although related, these measures need not move together over short periods. The value of a modern currency should not be treated as a direct measure of a country's natural resources, foreign-exchange reserves, or tangible assets. Such factors may influence confidence, but the relationship is mediated by economic institutions, policy credibility, production, and expectations.

Accordingly, our proposed world currency would require more than a portfolio of reserve assets. Its credibility would depend on world trade resolution, enforceable monetary rules, reliable trade settlement arrangements, and confidence in the authority responsible for its issuance.

4.2 Exchange rates and the limits of prediction

Exchange rates reflect interactions among expectations, relative returns, financing conditions, trade, and portfolio decisions. A useful conceptual distinction is between longer-term economic relationships and shorter-term market movements. As Meese and Rogoff (1983) demonstrated, structural models of exchange rates have limited success in out-of-sample forecasting. The difficulty of predicting exchange rates does not, by itself, establish that foreign-exchange markets are irrational or systematically manipulated. It instead highlights the need to distinguish between explaining economic mechanisms and forecasting precise market outcomes.

For the purposes of monetary reform, the relevant question is not whether a model can calculate a uniquely correct exchange rate at every moment. It is whether alternative institutional arrangements could reduce economically costly uncertainty without creating larger adjustment problems elsewhere. So, in the below, we develop a calculation method which can decide the **value of acceptancy of the monetary unification**.

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4.3 Monetary unification and price convergence

An advance currency domain would make prices easier to compare across participating economies. It would not, however, guarantee identical prices for identical goods, which this calculation method which can decide the **value of anchor (location) in acceptancy of the monetary unification**.

Let the price of a comparable product in location i be represented as:
$P_i = P^* + T$
Where, T represent overall transaction cost $= T_i + R_i + D_i + M_i$
P* is a advance benchmark price;
T_i represents transportation and logistical costs;
R_i represents taxes and regulatory charges;
D_i represents local distribution and retail costs;
M_i represents differences associated with market structure and markups.

The above expression is an illustrative decomposition rather than an estimated pricing equation. The purpose is to show and associate the price differences. So, that we can calculate and decide whether the location (i), suitable in the **value of acceptancy of the monetary unification**. The relevant objective of monetary integration is therefore lower monetary friction and greater price transparency, ultimately towards universal price unity.

5. Structural Tensions in the International Monetary System

5.1 National policy responsibilities and international monetary functions

Moreover, when different currencies perform international functions, a potential mismatch arises between the geographical reach of monetary decisions and the population to which policymakers are accountable. A tightening appropriate for domestic inflation control may raise financing costs in economies that borrow in the same currency. An easing may support domestic recovery while encouraging greater leverage elsewhere. When a national currency is widely used internationally, its issuing authority influences financing conditions beyond its jurisdiction. Nevertheless, the authority's formal mandate may remain predominantly in the super-nation.

Rey (2015) shows that the global financial cycle can transmit monetary and financial conditions from core currencies to the rest of the world, reducing the effective independence of peripheral monetary policies.

So, our novel design of a supranational world single currency designed is to balance trade and liquidity stabilization and seeking to address this mismatch by placing international liquidity provision under a broader governance framework.

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5.2 Reserve-currency provision and confidence

Altogether, our "Supranational World Single Currency" dual character of a national and international currency can be developed into a more precise row: the world economy requires accessible and trusted reserve assets, while confidence in those assets depends on the policies and trade collateral settlement balance sheets to supporting them. Triffin's (1960) analysis remains relevant insofar as the supply of internationally accepted liquidity may come under pressure when it is tied to the domestic objectives of the nation issuer.

The policy issue is whether the supply of internationally accepted liquidity can remain sufficiently stable, credible, and responsive to global needs. A supranational arrangement might broaden the institutional basis of that supply, but its success would depend on the balance sheet and governance.

5.3 Financial instability and monetary concentration

Financial crises frequently stem from systemic imbalances and vulnerabilities inherent. The core problem is not in the choice of selection. The core problem is structural, often called the Triffin dilemma. The reserve-issuing country must run persistent current-account deficits to supply the rest of the world with the liquidity it needs. Over time those deficits accumulate into large net foreign liabilities, eroding confidence in the reserve currency itself. The result is a recurring cycle: excess liquidity fuels asset bubbles and credit booms abroad; when confidence wavers or domestic policy tightens, capital flows reverse sharply, triggering crises in emerging markets and sometimes feeding back into the core.

Historical episodes illustrate the pattern. The collapse of the Bretton Woods system in 1971 was driven by the dollar's dual role as both national currency and global anchor. The Latin American debt crisis of the 1980s, the Asian financial crisis of 1997–98, and elements of the 2008 global financial crisis all featured heavy reliance on dollar funding and sudden stops in capital flows when dollar liquidity tightened. Even crises that appear purely domestic often have a reserve-currency dimension: foreign-currency denominated debt, mismatched balance sheets, and the inability of domestic central banks to act as unlimited lenders of last resort in the reserve currency amplify the shock.

Our research proposals is to offset the risk of the above, and mitigate these risks into a multipolar reserve system domain (greater roles for the continent, euro, India, renminbi, and others), expanded use of the IMF's Special Drawing Rights, to the form of world trade commodity rules-based settlement anchor.

A broader analytical framework must consider:

- Credit creation
- Currency match-ups
- Asset-price reversals
- Fiscal and political constraints

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- Crisis intervention

A broader analytical framework must consider several interconnected dimensions. Credit creation is central, as the expansion or contraction of credit shapes investment, consumption, and the build-up of financial vulnerabilities. Currency match-ups also matter because match-ups between borrowing and revenue currencies can create synergy effect which in turn can balance the sheet of risks, particularly for firms, banks, and sovereigns exposed to exchange-rate movements. Asset-price reversals warrant close attention, since it can erode collateral values, weaken balance sheets, and trigger wider financial distress. Fiscal and political constraints further determine how much room governments have to respond, as high debt levels, institutional divisions, or public resistance can limit stimulus and bailout capacity. Finally, crisis intervention, including liquidity support, guarantees, recapitalization, and monetary easing, shapes whether shocks remain contained or escalate into systemic crises. If these criteria can be settle, the "Supranational World Single Currency," can become possible which eventually can benefit the world.

Therefore, a "Supranational World Single Currency" could eliminate currency mismatches in cross-border balance sheets, reducing exchange-rate risk, hedging costs. However, it would not by itself address excessive leverage, and bankruptcy. Indeed, by encouraging deeper financial domain integration, a "Supranational World Single Currency" could solve these vulnerabilities accompanied by strong creditable prudential safeguards. So, monetary reform must therefore be integrated with financial regulation, transparency, resolution regimes, and supranational institutions.

6. Potential Economic Benefits of a Supranational Currency

6.1 Lower conversion and settlement costs

As, a shared currency "Supranational World Single Currency" could reduce the need to convert between participating currencies. Firms and households could also face lower costs associated with currency management, exchange-rate quotation, and some forms of hedging. Empirical evidence from existing monetary unions, such as the euro area, indicates that the elimination of internal exchange-rate transaction costs can support cross-border trade and financial integration, although the magnitude of gains depends on initial levels of integration and the quality of complementary institutions.

An illustrative framework for assessing the suitability of the **currency-switching mode** system is as follows:

Net Potential Gains = Switching Gains + Hedging Gains – (Transition & Setup Costs)

This expression does not provide an estimate of benefits; it does provide the potential whether it is suitable switching or not. It emphasizes that the transaction cost must be assessed against potentially substantial transition costs, including changes to contracts, payment infrastructure,

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settlement systems, and regulation. Under the liquidity-efficiency criterion, a "Supranational World Single Currency" is preferable only if the present value of net gains potential is positive and exceeds the gains from more limited in payment systems. That mean, if the net potential gains from currency integration are substantially greater than those available to each country acting independently, a joint declaration on the new currency system "Supranational World Single Currency" is more likely to produce a feasible outcome that benefits both the global economy and society. Which mean the greater the net potential gains is, the greater chance of the individual country **switching** to joint the "Supranational World Single Currency System."

Additionally, the relevant counterfactual should also extend beyond a choice between the existing system and a single world currency. Intermediate reforms, such as improved settlement infrastructure, broader reserve diversification, and stronger international liquidity cooperation, may deliver some benefits at lower institutional cost. Accordingly, monetary unification should proceed only where its expected gains exceed those available through less comprehensive alternatives.

6.2 Elimination of internal exchange-rate risk

A fully shared currency would remove nominal exchange-rate movements between participating authorities. By establishing a single unit of account and medium of exchange across the currency area, it would eliminate the exchange-rate risk previously borne by exporters, importers, investors, and borrowers engaged in cross-border transactions. Firms would no longer need to hedge future receipts or payments against currency fluctuations, while households and businesses would face lower conversion fees and fewer administrative burdens associated with managing multiple currencies, particularly when going travel. The benefits would likely be larger where trade, investment, and financial linkages among members are extensive. Lower exchange-rate uncertainty could encourage cross-border trade, foreign direct investment, and deeper financial-market integration by reducing the risk premium associated with intra-area transactions.

6.3 A broader basis for liquidity provision

A supranational monetary authority "Supranational New World Bank" could, in principle, provide settlement liquidity according to jointly agreed rules. This might reduce reliance on discretionary arrangements controlled by nation authorities. Such a system could improve predictability if eligibility, pricing, and access conditions were transparent. The proposed benefit therefore depends on operational resilience, credible governance, and reliable access during stress, conditions that must be evaluated under the financial-stability and governance-legitimacy criteria. In addition, a Greater neutrality in international settlement, where a common settlement instrument could reduce the extent to which international payments depend on the currency of one participating country. Nevertheless, formal supranational status would not automatically ensure neutrality. Voting rules, appointment procedures, asset eligibility, and enforcement powers would determine how influence was distributed. The issue is not simply who names the currency, but who controls the rules governing its use in independent agency such as the new world bank.

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7. Comparison of Alternatives to a Full Supranational Currency

7.1 Comprehensive practical mechanism and Alternatives

A comprehensive valuation estimation must compare with practical alternatives. A full world currency that may deliver partial benefits at lower institutional cost. Three intermediate options are particularly relevant.

Reserve diversification and multipolar reserve systems. Expanding the role of additional currencies and of the Extended function of the New-SDR, can reduce sustainability risk in an automatic trade and balance collateral system. Which this trade and balance automatic stabilizer will improves the supply of reserve assets in the "Supranational World Currency" and may limit the transmission of policy shocks from any one centre.
When the international payment and settlement systems improved, advances in cross-border payment infrastructure, interoperability of real-time gross settlement systems, and standardized messaging can lower transaction costs and reduce operational risk. These reforms address the liquidity-efficiency criterion, with less transaction cost, which make the global trade and travel more convenience. For example, expanded official liquidity cooperation. Standing swap lines, multilateral financing arrangements, and enhanced IMF facilities can improve crisis response and reduce the need for precautionary reserve accumulation. Such cooperation strengthens adjustment capacity and financial stability at the margin. Under the potential advantage criterion, a full "Supranational World Single Currency" is justified only when its expected net-potential, after calculating for transition costs, and governance risks, exceed those of these intermediate reforms.

In expected cases alternatives, sequential progress through domain channel of payment modernization, and liquidity cooperation integration, may be preferable at the beginning stage. Institutions could first advance the modernization of payment channels within key domains, establishing the necessary infrastructure, standards, and operational capabilities. Once these foundations are in place, efforts could progressively extend to the integration of liquidity cooperation mechanisms, enabling greater interoperability, efficiency, and resilience across the payment ecosystem.

Advance the integration of liquidity cooperation mechanisms, such as liquidity bridges, reciprocal collateral e-backing and credit card integration arrangements, shared liquidity pools, and coordinated intraday funding facilities to strengthen interoperability, efficiency, and resilience across domestic and cross-border payment ecosystems. By enabling participants to mobilize, pool, and redeploy liquidity across payment systems, towards currencies, and globality, these mechanisms can reduce pre-funding requirements, lower idle balances and funding costs, mitigate settlement gridlock, and extend effective settlement windows. Coupled with aligned operating harmonized data standards, open APIs, and interoperable system links, they can support more transparent, and more reliable payments and settlement method, while preserving

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robust risk-management, governance, and contingency arrangements. Which eventually support our "Supranational World Single Currency."

There are two pathways toward monetary integration, first, through the development of national and regional monetary arrangements; and second, through the creation of a supranational currency for reserve accumulation and cross-border trade settlement.

8. Two Pathways toward Monetary Integration

8.1 Pathway I: Integration through national and regional monetary arrangements

The first pathway would begin with cooperation among existing monetary systems. Participating economies could develop interoperable payment systems, coordinated supervisory standards, and regional settlement arrangements.
Over time, groups will adopt more closely managed exchange-rate relationships or join together with collective-joint-unified-currencies. These arrangements could subsequently be linked through a wider supranational framework.

The sequence would be:
1. Improve payment and settlement interoperability.
2. Strengthen financial and policy coordination.
3. Establish regional liquidity and crisis-management arrangements.
4. Introduce regional monetary integration where conditions permit.
5. Extend the feasibility of broader integration.

The main advantage is gradual institutional development. The principal limitation is that regional monetary integration may itself be difficult, and different regions may develop incompatible governance structures. A currency basket in one supranational single currency could resolve and assist during this process, C.P, Lie (2026).

8.2 Pathway II: Introduction of a supranational reserve and settlement currency

The second pathway would create an automatic trade-stabilization facility based on recognized official reserves, including an extended SDR instrument, and a collateralized cross-border settlement mechanism. The facility would support a "Supranational World Single Currency" by enabling trade obligations to be settled against eligible collateral held or pledged in advance. Access would initially be authorize to participating monetary authorities and approved institutions, with eligibility, collateral standards, and governance arrangements defined at launch. The facility's functions could subsequently be broadened as market demand and institutional capacity matured.

A possible sequence would involve:
1. Official reserve and settlement use.
2. Denomination of selected international contracts.

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3. Issuance of financial instruments in the supranational unit.
4. Wider institutional participation.
5. Consideration of broader monetary use.

An expanded new special drawing rights in the trade settlement mechanism, as an acceptable reserve-asset arrangement could strengthen this design, this reserve asset should be assumed to possess the full legal and operational characteristics backup under a new "Supranational Single World Currency." This pathway offers greater operability to our monetary union, the "Supranational Single World Currency." The adoption of a trade settlement instrument would lead to a more resilience and sustainability of our new Currency.

Ultimately, a stable coexistence supranational settlement asset could remain to the preferred, worldwide accepted and sustain outcome for international trade settlement as well as our new "Supranational Single World Currency" backup.

9. Institutional Architecture and Governance

9.1 A world monetary authority

A supranational issuing institution would require a clearly defined mandate. Potential responsibilities could include:

- Maintaining the stability of the monetary unit
- Operating a secure settlement system
- Providing eligible institutions with liquidity
- financial transparent
- Coordinating with financial supervisors

Its mandate should draw a clear institutional and operational boundary between monetary operations and fiscal transfers. The new world central bank should utilized its instruments to maintain price stability, support orderly financial markets, and provide temporary liquidity to solvent institutions against adequate collateral. It should not undertake permanent wealth transfers, selective subsidies, debt forgiveness, or direct allocations to households or firms except where expressly authorized by law and fully indemnified by the fiscal authority. Any facility with material distributive or credit-allocation effects should require explicit supranational world bank approval, with automatic settlement mechanism, transparent terms, and a defined fiscal backstop.

If the institution absorbed substantial losses or redistributed resources among countries, those actions would require supranational world bank authorization and a legitimate financing framework.

9.2 Governance, voting rights, and protection of smaller economies

Therefore, institutional independence would need to be balanced against public accountability. A workable governance structure could combine two principles of representation: membership-based representation and participation-weighted representation reflecting relative economic size

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or contribution to the system's resources. Safeguards would be necessary to prevent either a small number of large economies or a coalition of members from imposing disproportionate costs on others.

More specifically, decision-making could distinguish ordinary operational matters from fundamental constitutional changes. Ordinary monetary operations and liquidity decisions might be taken by a qualified majority that incorporates both membership and economic-weight components, while amendments to the mandate, capital structure, or withdrawal rules would require higher thresholds, including protection for smaller members through blocking minorities or concurrent majorities. Appointment of the executive board and the head of the authority should follow transparent, fixed-term procedures with staggered terms to limit capture by any coalition.

Essential provisions would include:

- Independent authorization of the appointment of new world central bank chairman
- External audits and public financial statements
- Legal dispute-resolution mechanisms
- Independent review body
- Transparent emergency powers

Without such safeguards, a world currency could be fragile, when the system is not transparency enough. The governance-legitimacy criterion requires that smaller economies have meaningful voice options remain credible.

9.3 Collateral valuation and emergency lending

A standardized collateral and risk-management framework is essential for secured liquidity facilities. For a secured facility, lending capacity against an asset can be expressed as:

$$L_j = V_j \times (1 - M_j)$$

where L_j is the credit extended against asset j, V_j is its assessed market or model value, and M_j is the applicable reflecting liquidity and menu cost. The framework would require rules covering valuation methodology, liquidity classification, concentration limits, legal enforceability across jurisdictions, and loss-allocation principles.

Collateral policy would also create a distributional problem. Countries with limited holdings of eligible assets might face restricted access precisely when financing pressures were greatest. A viable arrangement would therefore need to distinguish secured liquidity support from separately authorized development assistance or fiscal transfers, and to ensure that eligibility criteria do not systematically exclude members that meet prudential standards.

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10. International Adjustment and Fiscal Discipline

10.1 Avoiding one-sided adjustment

A settlement system that places all adjustment costs on deficit economies could become economically acceptable under a new SDR-based arrangement. An automatic stabilizer mechanism would help settle trade imbalances, while a collateral framework would allow participating countries to pledge financial bonds and other relevant real assets. This means deficit economies would face fewer political obstacles, because the collateral requirement would resemble the arrangements already used in today's international trade and financial systems. The proposed settlement system is intended to create incentives to address unsustainable borrowing and weak competitiveness. At the same time, persistent surplus economies can benefit from the excess rights of drawing. Surplus economics (SDR) options rights remain credible.

11. Principal Risks and Limitations

11.1 Asymmetric shocks

A single monetary policy may not suit economies experiencing different conditions. One country could face inflation while another faces recession. Without national exchange-rate adjustment, the burden would shift toward wages, prices, employment, migration, fiscal policy, or transfers. The political and social costs of these mechanisms must be included in any assessment of monetary integration. This is the core of the adjustment-capacity criterion and of Mundell's (1961) analysis of optimum currency areas.

11.2 Transition and redenomination risks

Introducing a common currency would require decisions about conversion rates and the treatment of existing obligations. Poorly designed arrangements could redistribute wealth between borrowers and lenders, weaken bank balance sheets, or create disputes over contract enforcement. A transition plan would therefore require extensive legal preparation and financial stress testing.

11.3 Concentration of institutional risk

A world currency might diversify dependence away from a national issuer while concentrating operational and policy risk in a supranational institution. Cybersecurity failures, flawed lending decisions, or political paralysis could have unusually broad consequences. Institutional redundancy and contingency planning would be essential.

11.4 Political feasibility

Monetary authority affects taxation, public borrowing, crisis management, and economic sovereignty. Governments may therefore resist integration even when some transaction-related benefits are evident. Political legitimacy is not a secondary consideration. It is a condition for the durability of the monetary arrangement itself.

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The relevant counterfactual should also extend beyond a choice between the existing system and a single world currency. Intermediate reforms, such as improved settlement infrastructure, broader reserve diversification, and stronger international liquidity cooperation, may deliver some benefits at lower institutional cost. Accordingly, monetary unification should proceed only where its expected potential exceed those available through less comprehensive alternatives.

12. Conclusion

This paper has developed a conceptual framework for assessing a supranational world currency. Its central concern is the potential mismatch between national monetary accountability and the international functions performed by widely used reserve currencies.

A “Supranational World Single Currency” arrangement could reduce currency-conversion costs, remove exchange-rate risk among participants, and broaden the institutional basis of international liquidity provision. These gains, however, would not automatically produce financial stability or balanced economic development. Credit risk, fiscal weakness, asset-price instability, and structural differences would remain.

Two transition pathways have been identified: gradual integration through national and regional monetary arrangements, and the introduction of a supranational reserve and settlement instrument. The latter provides a potentially more reversible starting point, while full monetary unification would require substantially deeper political and economic commitments.

The decisive issue is institutional design such as the new world bank. A credible system would need transparent monetary rules, legitimate governance with balanced voting and protection for smaller economies, coordinated supervision, effective crisis-management arrangements, and a balanced distribution of adjustment responsibilities. It would also need to distinguish liquidity support from fiscal redistribution and preserve sufficient flexibility to respond to diverse economic conditions. A world currency is best understood as a conditional institutional possibility whose desirability depends on whether it can improve coordination, accountability, and welfare more effectively than less comprehensive reforms. Hope my research paper can contribute to the world and the society.

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