

## **CURRENT SCHOLARSHIP**

# **The Class Politics of the Dollar System**

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The global dollar system has few national winners. The typical frame for understanding the US dollar is that of “exorbitant privilege.” But the role of the dollar in structuring the international financial system and defining the relationship between a hegemonic US and the rest of the world is ambiguous—as is the question of who exactly benefits from the current arrangement. Dollar primacy feeds a growing American trade deficit that shifts the country’s economy toward the accumulation of rents rather than the growth of productivity. This has contributed to a falling labor and capital share of income, and to the ballooning cost of services such as education, medical care, and rental housing. With sicknesses like these, can we say for certain that the reserve currency confers substantial benefits to the country that provides liquidity and benchmark assets denominated in that currency?

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