



# SERGEY STORCHAK

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**John LIPSKY**

Sergey.

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Thank you John. With your permission, before I make some comments, I would like to ask the audience one question. Does everyone agree that the national currency, which is being used and circulated within the national border, is a public good? I think everyone agrees with this.

Therefore, if it is a positive answer, on the basis of what the previous speaker said, can we think instead that the US Dollar is a global public good? Unfortunately, for many people, the answer, under recent conditions, under recent circumstances, the figures shown on the screen, the answer can be only positive. Yes, we can like it dislike it, but the US Dollar is a global public good.

Therefore, shall we blame the Dollar itself for different kinds of policy actions and legalization of the currency by different people, by different authorities? I do not think that we should blame the Dollar itself. It is an axe which can be used either for constructing houses or taking lives. The same is true of the Dollar.

Based on this observation, I can see that the biggest issue for a multi-polar world, for multilateral relationships is the responsibility of those who issue the reserve currencies. Now, it is not only one single currency but in principle, the responsibility of authorities of reserve currency economy, or reserve currency nation.

Therefore, we can speak about substitution, the Dollar for RMB, the Dollar for Euro, the Dollar for everything, but responsibility will rest with the authority. Therefore, my judgment at this point is that what we really need is to start working on the rules, principles, high-lever principles, guidelines, we can give it different names, on the behavior of the reserve currency nation.

Therefore, the movement towards that direction will save us quite a lot of energy at least, because when we substitute, we will have the same story, whether on which way the national currency as a reserve currency is being used by national authorities.

Therefore, we are living in a world, and the title of our panel, when the monetary system, or I could better say infrastructure, financial infrastructure of one particular country is being used as a political weapon. It is a really bad story. However, it is happening, and somehow we need to accommodate it, and we are accommodating. For example, there are decisions to develop a special payment system within the European Union in order to make settlements with trade, when we are trading with Iran. The decision was taken by the Central Bank of Russia to decrease the portion of US Treasury in our international reserves.

Therefore, it can be done in different ways, but what is really interesting about US Dollars, you cannot escape the fact that the biggest invoicing is taking place in US Dollars. It is easy to talk about international trade in general, but what is much more important is invoicing. You can make settlements in many different countries, as happened in my case. For example, we allow, our debtors for example when we grant state credits to foreigners, pay what way they want, Roubles, Euros, Dollars, whatever, but invoicing still in Dollars.

Even when we talk with new financial institutions as new development banks set up by BRIC nations, Asia infrastructure and investment banks set up by China and others, what has happened? At the end, the authorized capital, paid in capital, all emanate in Dollars.



Therefore, that is why we are living with this framework. A couple of examples for how the guidelines or principles of responsible behavior of reserve currency nations can look. Just one first principle is keep your own house in order, by which I mean economic and financial house in order. The second principle, do not harm the interests of economic agents. The biggest harm comes from the so-called secondary nations. When you see economic agents are suffering, in the cases where they have nothing to do with foreign policy, with the aims and wishes of the nation who is under the sanctions. There are a number of other things that can be put as principles for responsible behavior.

Do we have examples that we can incorporate at a multilateral level in the direction I just described? Yes, we have very good ones. The best one is the international cooperation on taxation. Just recent results, a very politically-touchy issue. I mean taxation, the way it is being paid, but we agree, we agree within the OECD, within G20, and the agreement, multilateral agreement is being implemented by all without any pressure, every nation takes their responsibility by themselves. Therefore, I will finish this with the hope that my position has been well understood, thank you.

**John LIPSKY**

Thank you. Well, we have an interesting set of different views. Every speaker has emphasized a different aspect.