

Research on the Impact of US Dollar Hegemony on the International Financial System Based on Big Data Analysis

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Abstract. With the globalization of the world economy, transnational activities in the financial field are also developing rapidly with a surging trend. Financial globalization has not only become the most critical link in the world economic development, but also the most sensitive link. This paper first analyzes the rise of the US dollar hegemony and the relationship between the global financial crisis and the US dollar hegemony, and believes that the US dollar hegemony not only led to the global economic imbalance, but also led to the global financial crisis that started in the United States in 2008. Then, it discusses the current US dollar hegemony and the improvement of the international status of RMB. Finally, it systematically explains China's financial strategy in the post crisis period, mainly including accelerating the internationalization of RMB; We will vigorously develop multi-level capital markets and gradually establish a modern financial system in which securities finance plays an important role.

Keywords: Big data; US Dollar hegemony; International finance.

1. Introduction

It is the core of monetary economy, and economy is the foundation of comprehensive national strength. In the era of globalization, the high interdependence of nation-states requires us to analyze and understand the international system scientifically [1]. Nowadays, every sovereign country generally issues its own currency, which is given the legal status of circulation and use in its own country by law, and performs the functions of circulation, value measurement and storage. This currency is the legal tender of the country. However, the function of a sovereign country's currency may be extended to foreign countries, which is the internationalization of currency. Knowing the currency of the dominant country can relatively accurately evaluate its economic strength and even its comprehensive national strength, and these are the keys to dominate the power distribution and the trade-off among big countries in the world, and to dominate the process of the world's economic and political development [2]. They are the coordinates for us to examine hegemonic countries and formulate corresponding strategies and policies. Since the war, the economic strength of the United States has gone through a development track from super-strong to supportive, and the status of the US dollar and the international monetary structure have also undergone profound changes [3]. The change of US dollar status is basically consistent with the general direction of the change of US economic strength. US dollar hegemony is the foundation of US hegemony, and the weakening of US dollar hegemony leads to the relative decline of US hegemony. Similarly, the relative decline or even collapse of US hegemony will surely reduce the US dollar to the common national currency of all economies in the world [4].

In this international financial crisis, financial experts from all over the world have basically reached a consensus: that is, the dollar standard monetary system with the US dollar as the world reserve currency has seriously threatened the development of the world economy and aggravated the imbalance of the world economy. The international monetary system based on the dollar is the main culprit for the current international economic imbalance. Through the global financial crisis, the hegemony of the US dollar has been shaken, and the pattern of the international monetary system will undergo profound changes [5]. As China's position in the global economy continues to rise and the pace of RMB internationalization accelerates, as a rapidly rising economic power, China should formulate a financial power strategy that matches the economic power [6]. Through a systematic and comprehensive study of the hegemony of the US dollar, this paper provides theoretical support for the sustainable and healthy development of China's economy. It has profound theoretical significance

and positive practical significance to reasonably explain the new phenomena arising from the rapid development of China's economy after the outbreak of the financial crisis and propose feasible countermeasures and suggestions.

2. The Influence of US Dollar Hegemony and Its Research Significance

2.1 Historical influence of US dollar hegemony

The struggle for the hegemony of the US dollar in international currency originated in the Second World War, when the US dollar and the British pound fought fiercely for the world reserve currency. After the Second World War, the British economy suffered heavy losses in the war and its strength was greatly weakened [7]. On the contrary, the economic strength of the United States has increased dramatically, and it has become the largest creditor country in the world. In 1944, under the leadership of the United States, the Bretton Woods system was established, and the dollar's status as the world currency was established. The hegemony of the dollar played a positive role. In the early 1950s, the developed countries entered a period of great economic development, which is commonly referred to as the period of rapid economic growth. During this period, the economy maintained rapid growth, which lasted for more than 20 years, until the end of the global oil crisis in 1973[8]. This more than 20 years, known as the "golden age", is the most important historical stage of developed countries after the war, and it is also the decisive stage for developed countries to achieve high economic modernization. In 1971, the United States abolished the gold standard system and liberalized the restrictions on the issuance of US dollars. The only pillar of the US dollar was national credit, and the negative effects of US dollar hegemony began to show gradually. Then, as shown in Table 1, various financial crises that broke out frequently in 1990s, the international community gradually realized that the current international monetary system centered on dollar hegemony had many drawbacks, and began to reform the international monetary system.

Table 1. Financial Crisis in 1990s

	Carbon emission demand
1990	Japan's economic foam burst
1990	The currency crisis in Europe
1994	Mexico's debt crisis broke out
1995	The exchange rate of the US dollar fell sharply continuously
1997	Southeast Asia financial crisis broke out in an all-round way
1998	Financial crisis in Russia

The US dollar hegemony is mainly reflected in the fact that the US government mainly considers its own advantages when formulating monetary policies, and its negative spillover effects are mainly borne by other countries. In particular, the continuous depreciation or sharp appreciation of the US dollar has a huge impact on the economies and financial markets of other countries in the world, but this time the US itself is also inevitably affected. Therefore, the United States should make greater efforts to promote the reform of the diversified international monetary system, take the initiative to reduce the adverse impact of the hegemony of the U.S. dollar on other countries, adopt a responsible monetary policy, and maintain the stability of the value of the U.S. dollar.

However, in the United States, where the financial market is the most developed, the financial institutions are the most powerful, and the financial policy is the most perfect, there has been a subprime crisis. The optimistic view is that this is the most serious global financial crisis since the Great Depression, the pessimistic view is that this is the first global financial crisis in a century, and the more pessimistic view is that this is the largest global financial crisis in human history. To sum up, the subprime crisis exposed the long-standing defects of the international monetary system with the US dollar as the core, and the spread and deepening of the crisis made it more specific and thorough. Because these problems stem to a large extent from the international monetary system with

the dollar as the core, the financial crisis will not only impact the international monetary system in the short term, but also shake the hegemony of the dollar in the medium and long term.

2.2 Research meaning

With the sustained and healthy development of China's economy and the deepening of reform and opening-up, China's total economic output has surpassed that of Japan, ranking second in the world, but the international status of RMB lags far behind that of China's economy. It is the general trend for RMB to internationalize and become the main international currency. When RMB goes global, it is bound to have an impact on the current international monetary system dominated by the US dollar. The current international monetary system will inevitably interfere and hinder the internationalization of RMB. Therefore, a comprehensive and systematic study of the hegemony of the US dollar is helpful to deeply understand and accurately grasp the internationalization of RMB and the international economic environment that China's economic development is facing.

This paper attempts to explore these issues from a new perspective by comprehensively and systematically studying the formation and operation mechanism, the benefits and costs, and the influence of the US dollar hegemony, and to provide theoretical support for China to implement a more proactive strategy of liberalization and firmly implement the internationalization strategy of RMB. It is of far-reaching theoretical significance to make a reasonable explanation of the new economic perplexity or new economic phenomenon that China is facing after the outbreak of the global financial crisis.

And comprehensively and systematically study the formation, development, future trend and influence of dollar hegemony. It is of positive practical significance for China to adjust the external economic imbalance in time, reduce the impact of international financial market turmoil, and accelerate the internationalization of RMB.

3. China's financial strategy in the post-crisis period

In the post-crisis period, the hegemonic position of the US dollar has been shaken, and its international status will gradually decline. While China's economic strength is constantly improving, so is the status of RMB [9]. In the post-crisis period, China should seize the opportunity provided by this financial crisis with the thinking of an emerging power, and accelerate the internationalization of RMB, the development of multi-level capital markets, the construction of Shanghai International Financial Center, and the gradual realization of the financial development mode of mixed operation, so as to promote the rapid development of China's financial industry and make it play a greater role in China's economic and social development and become a global financial power[10].

3.1 Accelerate the internationalization of RMB

The rise of China's economy has profoundly changed the global economic pattern. China has not only become the world's largest exporter of goods, but also the world's largest exporter of capital. Of course, China's capital exports US dollars, not RMB. As the country with the largest international monetary reserves, its currency has not been internationalized, which is also absent in the world monetary history. With the continuous growth of China's economy, China's influence on the world is still growing, and the international community is paying more and more attention to China. The global financial crisis has not only greatly strengthened the voice and requirements of RMB internationalization, but also provided a good opportunity to promote RMB internationalization. Under the current situation, China should actively participate in the construction of the new international economic and financial order, participate in international economic coordination, participate in the reform of the international monetary system, accelerate the internationalization of the RMB, and improve China's position and role in the international financial system. In order to save the global financial crisis, the Federal Reserve has spread the cost of the crisis around the world by issuing US dollars indiscriminately, which has aroused dissatisfaction from other countries. These

countries have asked for the reform of the international financial and monetary system. The US dollar has experienced an unprecedented crisis of trust, which can no longer be changed through the US dollar itself. In the medium and long term, the depreciation of the US dollar will be a normal situation. To prevent the spread of the dollar crisis, governments of all countries are actively seeking diversified reserve currencies, and the RMB is the key reserve tool to choose from. Whether from the perspective of national financial strategy, or from the perspective of China's economic and financial reality and development prospects, the internationalization of RMB has huge economic and national interests for China. In a word, China should take the internationalization of RMB as an important national strategy and make every effort to promote it in combination with China's trade and investment financial activities, as well as China's advantageous products and services.

3.2 Develop multi-level capital market

The development of socialist market economy with Chinese characteristics is based on the establishment of modern enterprise system; The foundation of establishing modern enterprise system lies in expanding capital formation ability and improving capital yield. Developing multi-level capital markets, expanding direct financing and improving the ability of social capital formation are not only expanding the sources of enterprise funds, but also the material basis for developing socialism with Chinese characteristics. They are the basic conditions for China's financial rise and an important financial strategy of our country. To expand the ability of social capital formation is to open up investment sources, cultivate and strengthen asset management institutions, and vigorously develop the capital market. The basic strategy is shown in Figure 1.

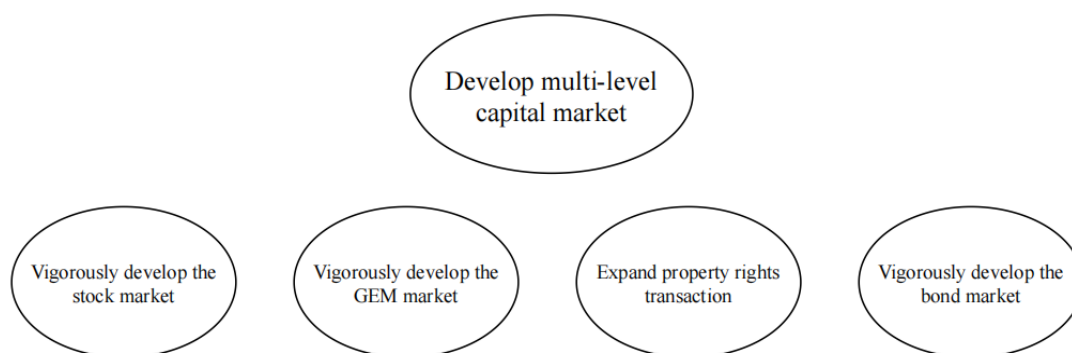


Figure 1. Development of multi-level capital market strategy

4. Conclusions

The inherent contradictions that the US dollar hegemony cannot overcome and the economic crisis caused by its special position have made the world soberly realize its shortcomings and the necessity of breaking through the system to seek a new world economic pattern. With the advent of the current major economic crisis sweeping the world, more and more people with insight realize that the hegemony of the US dollar must be changed, otherwise the world economy will still be turbulent in the short-term foam prosperity, long-term stagnation and even recession. History chose the US dollar as the world's only legal reserve currency, and history will once again choose the US dollar to be reduced to a pole in the world's multi-currency pattern, and act together with other currencies in the world economy. As a responsible big country gradually mastering the right to speak in the world, China has realized in the adjustment of the global monetary system that the reform of the world monetary system benefits not only the domestic but also the world. It is the strategic key to the peaceful rise and the foundation for the realization of the concept of a harmonious world, but it should not be rushed. The historical choice should be combined with the promotion within the framework of legal mechanisms.

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