

# Spring 2026 Jr IO Scholars Workshop

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## **Abstract**

After Bretton Woods, the U.S. financial dominance has shown a complex evolution rooted in structural power and process power, and is undergoing a brand-new digital-fintech-driven evolution. The paper innovatively integrates reduced-form regressions and Bayesian structural vector autoregressions to identify potential transformative digital asset forces that could affect the international monetary order and U.S. financial dominance. The empirical results indicate that U.S.-dollar-backed Bitcoin is promisingly possible to exert a significant positive effect on the dollar index DXY in the near future, as most Markov Chain Monte Carlo draws of the 95% credible interval of the impulse response are positive. It further accredits the main long-term driving factor on Bitcoin to stablecoin supply at the 95% credible level and then jointly reveals the logic that the self-reinforcement cycle from dollar to stablecoin to Bitcoin and finally back to dollar is playing a role in bolstering the global dominance of the dollar in the international monetary order.