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A Unified Global Digital Currency: A Mechanism to Limit Competitive Devaluation of Currencies

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Abstract: Our research paper aims to explore how the adoption of a unified global digital currency can help limit competitive currency devaluation (currency wars). We rely on the descriptive analytical approach.Our paper reached several conclusions, the most important of which are: A unified global digital currency emerges as an alternative to limit competitive currency devaluation (currency wars); however, it must function in a manner similar to gold. Additionally, its use leads to the loss of individual countries' monetary policy.

Keywords: Competitive devaluation; Currency Wars; Digital Currency; Global Unified Currency.

1. Introduction

Every action or decision taken has consequences that extend beyond our immediate environment and causes a chain of other events (Cambridge, nd), This includes the competitive devaluation of currency value, or what Brazilian Minister Guido Mantega called "currency wars" in 2010 (Wheatley & Garnham, 2010), This refers to a situation where countries engage in deliberate devaluation of their currencies to gain a competitive advantage in international trade. The motivations for entering this devaluation process may differ, but the common goal is to stimulate domestic economies and enhance global trade competitiveness (Pranjal , 2022). This phenomenon is not new; its roots go back to the 1930s during, the Great Depression and the post-financial crisis period of 1930. Countries engaged in competitive currency devaluations, which contributed to the contraction of global trade (Ljungberg, 2022), in this process, countries use various tools to manipulate their currencies, such as adjusting interest rates, implementing quantitative easing, and direct intervention in foreign exchange markets (Bekareva & al, 2016), Through these monetary policies aimed at manipulating exchange rates, the consequences of currency wars are far-reaching. On one hand, currency devaluation may boost and stimulate economic growth through increased exports and foreign investment. However, it can lead to trade tensions and imbalances globally, as well as promote economic recession. Exchange rate volatility poses challenges

for companies and investors, and the resulting inflation or deflation can have significant repercussions on national economies. It also provokes a race to the bottom as a retaliatory measure by other countries, where countries continually undermine each other's currencies, leading to disruption of global trade and currency stability. The term gained prominence during the global financial crisis of 2007-2008 and the subsequent economic recession. As economic conditions deteriorated, countries adopted protectionist policies (grey area measures) to revive their domestic economies and protect their economies. In the monetary aspect, competitive currency devaluation was used as a new protectionist approach to support their competitiveness in international markets. Through this measure central banks slipped into a global currency war as Mantega declared, there were mutual accusations between developed and emerging countries of manipulating their currency rates, disregarding international economic cooperation. As the practice of keeping currency exchange rates low expanded, developing countries were the biggest losers on one hand, while on the other hand, China was the main winner, with the United States as a consequential winner, and the rest of the world's economies as the main losers.

Amidst the global financial crisis of 2007-2008 and the intensification of the currency war between economic powers, the monetary measures adopted to solve the crisis at that time were fragile, as the economy required structural solutions and reforms encompassing all aspects of the global economy. With the inability to achieve this, discontent with the existing monetary system increased among individuals. There were increasing demands to find alternative monetary and financial solutions that offer more transparency and security. Among the individuals who were discontent with the existing financial system was "Satoshi Nakamoto," whose reaction to the system's failure was to invent Bitcoin: a peer-to-peer electronic monetary system on October 31, 2008, as an open-source program with a white paper explaining its operation (Hamiti & Bousbia Salah , 2022, p. 429). Initially, Bitcoin was rejected, but over time its value increased significantly. With its rise, it soon paved the way for the emergence of alternative cryptocurrencies such as Ethereum. As digital currencies gained momentum, transcending borders and barriers, the field of digital currency continued to evolve at a rapid pace. Innovations such as Non-Fungible Tokens (NFTs), Central Bank Digital Currencies (CBDCs), and Decentralized Autonomous Organizations (DAOs) emerged, reshaping the financial landscape (Kayode , 2024).

1.1. Research Problematic

Is there a possibility of creating a unified global digital currency that is non-political to limit the phenomenon of competitive currency devaluation?

To address the proposed problem, we conduct a test:

1.2. Hypothesis

With the increased use of digital currencies, a unified global digital currency can be issued to limit the policy of competitive currency devaluation in the global monetary system.

1.3. Research Aims

In this context, this research paper aims to analyze how adopting a non-political global digital currency as a standard medium of exchange might affect the incentives and capabilities for countries to engage in currency wars.

The original contribution of this research paper is to explore the possibility of creating a global standard for an algorithmically managed digital currency to limit the competitive devaluation of traditional currencies.

The rest of the paper after the introduction is organized as follows: 2- Literature Review 3- Overview of Digital Currencies 4- Issuing a Unified Global Digital Currency 5- Potential Effects of Adopting a Unified Global Digital Currency 6- Discussion of Results 7- Conclusion.

2. Literature Review

Our paper contributes to three literary threads. The first is the literature related to competitive currency devaluation. The first thread of literature discusses what the impact of competitive currency devaluation would be. Traditional theory argues that currency devaluation increases the price competitiveness of domestic goods, allowing for economic stimulation (Ribeiro & al, 2017). It reduces the relative prices of exports in international markets, theoretically improving the competitive position of these exports (Owen, 2001). However, it reduces the real income of consumers (Frieden & Stein, 2001), Currency devaluation also leads to a temporary effect on the real exchange rate (Khan & Lizondo, 1986). (Upadhyaya & Dhakal, 2010) found that currency devaluation, in general, does not improve the trade balance in the long run. In some cases, it had a harmful effect. However, (Musila & Newark, 2004) found through a simulation in Malawi's economy that currency devaluation helps improve export performance and limit import growth in the long run, leading to an improvement in the trade balance position. Nurkse and Kindleberger, as cited by (Eichengreen & Sachs, 1986) indicated that currency devaluation in the 1930s exacerbated the Great Depression crisis and transferred beggar-thy-neighbor effects abroad. In contrast (Ljungberg, 2020) found that currency depreciation was expansionary for countries that devalued and for the international economy as a whole, indicating that the effects of exchange rate adjustments on beggar-thy-neighbor were marginal at best. (Eichengreen & Sachs, 1986) analysis showed that currency devaluation under the gold standard need not be beggar-thy-neighbor; it also assumes that competitive currency devaluation like that which occurred in the 1930s could have accelerated recovery from the Great Depression. (Gardini & al, 2022) found that currency manipulation can easily ignite currency wars, meaning that competing central banks may retaliate by also making competitive interventions. We find that the central bank that intervenes more strongly during a currency war may succeed in devaluing its currency, however, exchange rate volatility may increase significantly. If both central banks act with equal strength, the currency war will only amplify exchange rate fluctuations.

The second thread is the literature related to digital currencies. There are more than 15,000 different types as of 2022, and the digital currency market is worth about $2 trillion, according to the Digital Currency Tracker issued by the Atlantic Council. Fourteen countries have started pilot programs, while 16 countries have created central bank digital currencies, and 41 countries are conducting research on this topic (Deep , 2022). Digital currencies appear to be seeking to become an internationally accepted means of payment, thus competing directly with national currencies for exchange and transaction purposes (Benigno & al, 2022), and (Xie, 2024) found that the adoption of digital currencies reduces the rate of monetary leakage by providing an alternative to traditional cash, thus expanding the money multiplier. Digital currencies also affect deposit reserve requirements, either reducing or increasing the need for reserves, depending on regulatory responses. Moreover, digital currencies affect the ratio of time deposits, as they reduce transaction costs and make long-term deposits more attractive, contributing to the expansion of the money multiplier. (Deep , 2022) pointed out that the benefits of digital currencies will be restricted if we continue to rely heavily on paper notes and lack legal support for electronic documents or electronic signatures.

Finally, we contribute to the literature on creating a unified global currency. The phenomenon of a unified global currency is not new; the Spanish dollar in the 17th and 18th centuries, gold during the gold standard period, the British pound before 1944, and the US dollar since then until today have served as an internationally accepted unit of account (Benigno & al, 2022), Both the Keynes and White plans are calls for issuing a global currency (Mundell R. , 2012). The idea of creating a global currency has remained an obsession, and this is due to the crises and instability that the international monetary system has known, as well as the failure of reforms and measures undertaken by international monetary arrangements. There have been repeated calls to return to the gold standard and

adopt it as a global currency after every financial crisis. However, "in 1969, at a meeting of the US Federal Reserve, Charles P. Kindleberger proposed the idea of a unified global currency (Zeng , 2024)." In the 1980s, (Cooper, 1984) also proposed creating a common currency for all industrial democracies with a common monetary policy and a joint issuing bank to determine those monetary policies, with freedom for each country to determine its fiscal policy. The start would be between the United States, Japan, and the European Union in establishing a unified currency system, then gradually implementing it for the rest of the world, resulting in a global unified currency system. While (Mundell R. , 1961) was one of the advocates for a unified currency, he initially promoted regional currencies. Then, (Mundell R. , 2012) proposed issuing a global currency unit consisting of the US dollar, the euro, and the Japanese yen, symbolized as DEY, under the management and supervision of the International Monetary Fund. DEY would be the platform on which a global currency called INTOR could be built. He then proposed a diversified global currency consisting of the three previous currencies and added the British pound and the Chinese yuan according to a specific weight ratio, and this was after the Great Recession crisis (Zeng , 2024). There is also an attempt by John Bumbas who proposed the G-3 plan, which refers to the Global Monetary Union (GMU) consisting of the Global Central Bank (GCB) and the Single Global Currency Association (SGCA). The Single Global Currency Association is planned to unify the international currency and establish a global central bank by 2024. Bumbas believes that before creating a unified international currency, it is necessary to establish a globally unified central bank and regulatory mechanism to strictly control inflation and make the Global Monetary Union discover its development trend and future. “With technological development leading to further integration in the global economy and the emergence of Bitcoin, after 10 years of Bitcoin entering the financial system, alternative currencies capable of global use have been on the rise, such as Diem, which is Facebook's currency. With 2 billion users, it emerged as a global currency. With other payment methods reaching global use before, one of the emerging digital currencies of central banks could become a global means of payments in retail markets. The ease of use and scope of digital currencies are about to create global currencies of a completely different quality (Benigno & al, 2022).

3. Overview of Digital Currencies

The origin of digital currencies dates back to Bitcoin, which was issued in 2008, but Bitcoin was just the beginning. Alternative cryptocurrencies, or altcoins, quickly emerged, each with its unique features and use cases. As of June 2021, there were more than 5,600 other cryptocurrencies, and this number has increased significantly over the past five years, with the number of cryptocurrencies increasing by more than 750%. Therefore, digital currencies and their underlying technologies are seen as "the next step in the evolution of money." Digital currencies operate on decentralized blockchain networks (Ohk & al, 2021) (Kayode , 2024). Blockchain is a distributed database that maintains a continuously growing list of data records confirmed by the nodes participating in it. Data is recorded in the public ledger, including information about every transaction ever completed. Information about each completed transaction in the blockchain is shared and available to all nodes. This feature makes the system more transparent than centralized transactions involving a third party. Additionally, the nodes in the blockchain are all anonymous, making it more secure for other nodes to confirm transactions (Yli-Huumo & al, 2016), There are many uses for blockchain ranging from cryptocurrencies and financial services to risk management, Internet of Things (IoT), and public and social services. Blockchain enjoys many benefits such as decentralization, anonymity, and (Zheng & al, 2018), it also protects transactions from tampering and fraud as each transaction is secured by encryption and recorded in a transparent and shared ledger, ensuring immutability and eliminating the possibility of fraud (Kayode , 2024). The adoption and popularity of digital currencies are increasing, which is pushing digital currencies from the margin of finance to the mainstream. "Estimates indicate that the value of the global cryptocurrency market size is $4.67 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 12.5% from 2023 to 2030 (GVR, 2021)”, The global market capitalization of cryptocurrencies was estimated at $1.09

trillion as of August 2023 (McGimpsey, 2024). According to Bain and Company estimates, rapidly emerging digital currencies have the potential to impact 5% to 10% - or more - of the global payments market by 2030 (Ganesh & al, 2022).

With the emergence of digital currencies as a disruptive force, governments have worked to adopt them, and central bank digital currency has emerged. Aware of the transformative potential of blockchain technology and the change it can bring to the financial landscape, if central bank digital currencies are thoughtfully designed, they could contribute to greater flexibility, higher security, wider availability, and lower costs compared to unsupported encrypted assets that are volatile in nature. Even stablecoins, which are better managed and regulated, may not live up to the level of a carefully designed digital currency by the central bank (Georgieva, 2022). Recently, the experience of wholesale central bank digital currencies has emerged in collaboration with central banks, which are cross-border projects such as Project Mariana led by the Bank for International Settlements (BIS) in collaboration with central banks from France, Singapore, and Switzerland (Chhangani, 2023) and Project Dunbar led by the Bank for International Settlements in partnership with the central banks of Australia, Malaysia, Singapore, and South Africa (Ganesh & al, 2022). Therefore, through such initiatives and with the continued maturity of digital currencies alike and increased collective adoption, they may emerge as alternatives that help overcome currency wars between countries. Their decentralized nature and independence from central bank monetary policies offer hope that digital currencies can bring more fairness, stability, and growth to global trade in the long term.

4. Issuing a Unified Global Digital Currency

Our paper examines how issuing a non-political global digital currency as a standard medium of exchange could affect the incentives and capabilities of countries to engage in currency wars. This currency would have supranational sovereignty, based on the proposal by Chu Xiaochuan, as cited by (Zeng , 2024), to issue a form of currency separate from each country's national sovereignty. This would ensure the stability of international reserve currencies and overcome the inherent disadvantages of sovereign currencies as international reserve currencies. We can apply this concept to our attempt to adopt a unified global digital currency, where countries and central banks agree to use a shared digital currency as an international medium of exchange and unit of account. This would lead to linking and officially internationalizing it, thus gaining the function of a measure of value. The unified global digital currency could operate similarly to the historical gold standard to avoid issues associated with international and national sovereign currencies. This leads us to consider, instead of issuing and developing a new digital currency, adopting the International Monetary Fund's Special Drawing Rights (SDR) as a global currency and applying encryption to it. The SDR functions as an international reserve asset, similar to gold and foreign currencies. It differs from other international reserve assets as it has a fixed value, low cost, high international visibility, and significant international recognition. However, it can be noted that the SDR is a dormant currency as it has not evolved to become a full currency. To eliminate this drawback and many of its inherent flaws, we must work on introducing financial technology specific to digital currencies and developing it based on blockchain technology. This way, no country will have unilateral control over the currency protocol, and it will be managed algorithmically, creating a new type of digital currency with supranational sovereignty by leveraging the supranational credit of the SDR after its liquidation.

(Zeng , 2024) noted that if the International Monetary Fund’s Special Drawing Rights (SDRs) were integrated with blockchain technology, this would give rise to crypto-SDRs—a form of sovereign digital currency with superior characteristics. Such a currency would combine the strengths of existing digital currencies while fundamentally addressing the inherent shortcomings of the international monetary system. He adds that when crypto-SDRs are used as a payment method for large-scale international trade transactions, it becomes significantly easier to conduct high-value transactions and receive real-time payments

without incurring high conversion fees or waiting several days for traditional transfer methods. Financial products issued in the international financial markets or debt instruments based on crypto-SDRs would not be subject to exchange rate risks or currency conversion costs. This would make them more suitable for financing and issuing financial products such as stocks and bonds on a global scale. Furthermore, developing countries and regions would gain access to financial services from more advanced economies, thereby promoting global integration, enhancing, and upgrading the international financial system. As currency exchange rate barriers between countries disappear, the trade of goods will accelerate, price disparities across countries will narrow, and the gap between the rich and the poor will gradually diminish. Legal and currency-related walls that currently divide countries will also gradually erode, significantly improving the efficiency of global resource allocation. Moreover, crypto-SDRs do not require a physical carrier for transmission, making them more efficient and convenient, especially when crossing international borders and customs. Similarly, (Ocampo, 2019) pointed out that transforming SDRs into a true global currency would yield multiple benefits for the global economy and the international monetary system. Among these advantages is the elimination of currency risk and conversion costs in international trade and finance. Developing countries would benefit economically from currency stability and the removal of currency-related barriers, leading to increased trade among nations (Fontinelle, 2023). However, to ensure the effective functioning of such a currency, it is imperative to reform and enhance the regulatory frameworks governing SDRs and the International Monetary Fund.

5. The practical steps for developing a global digital currency

To make Special Drawing Rights (SDR) a global digital currency that helps limit competitive devaluation, integrated practical steps must be followed covering technical, Operational, and legal and Regulatory aspects:

5.1. the Requirements

◆ Technical Requirements:

- Create a private, scalable, transparent, and secure blockchain protocol supporting SDR transactions; licensed and governed by central banks as primary nodes and IMF as supervisory node.

- Use Proof of Authority consensus mechanism for efficiency and control

- Develop and implement smart contracts for SDR allocation and automatic rebalancing; enable programmatic monetary policy execution

- Multi-layer governance framework: IMF Executive Board as main governance body; Technical Oversight Committee of central bank representatives; Advisory Council including private sector experts

- Multi-signature governance system including participating central banks

- Ensure compliance with messaging standards like ISO20022 for integration with traditional systems

◆ Operational Requirements:

- Establish decentralized governance framework

- Develop oracle systems for real-time digital currency valuation

- Ensure high throughput and low latency for global transactions

- Design algorithmic management protocols: Algorithmic linking to broad basket of real economic indicators

- Design integrated circuit breakers to prevent extreme volatility, transparent rule-based intervention mechanisms

◆ Legal and Regulatory Requirements:

- Establish international legal and regulatory frameworks

- Ensure compliance with Anti-Money Laundering (AML)& Countering the Financing of Terrorism (CFT) legislation

- Create dispute resolution mechanisms

- Implement standardized compliance protocols

- Establish recovery/compensation mechanisms for breaches

- Design emergency stability protocols and crisis management

- Define clear governance structures.

5.2. Implementation Roadmap

We use a gradual implementation strategy allowing appropriate testing, modification, and risk/challenge management based on real-world feedback. Implementation is divided into three phases:

Phase One: Foundation

◆ Establish international working group comprising:

- Participating central bank representatives

- IMF technical experts

- Blockchain technology specialists

- International law experts

- International economic policymakers

◆ Develop specifications for:

- Blockchain architecture

- Smart contract frameworks

- Security protocols

- Integration interfaces

- Governance framework

Phase Two: Pilot Program

◆ Launch test network with selected central banks

◆ Fine-tune algorithms based on real-world data

◆ Support currency with stability mechanisms like joint reserve fund

◆ Implement initial use cases:

- International settlements

- Reserve management

- Emergency liquidity provision

◆ Monitor system performance

◆ Work on gradually expanding participant network

Phase Three: Global Launch

◆ Gradual integration with existing financial infrastructure

◆ Establish market makers and liquidity providers

◆ Full system implementation

◆ Implement global settlement management system

6. Potential Effects of Adopting a Unified Global Digital Currency

If Special Drawing Rights are digitized in a thoughtful and wise manner, they can enjoy the same features and characteristics as central bank digital currencies and cryptocurrencies. Therefore, issuing a unified global digital currency can have multiple effects, especially on the competitive devaluation of national currencies known as "currency wars." The introduction of a global digital currency could change this dynamic in several ways, and here are some potential effects:

◆ Competitive Currency Devaluation: A unified global digital currency could significantly reduce the practice of competitive currency devaluation. Under a unified global currency, the concept of exchange rates between countries would become obsolete, as global development leadership makes it difficult for countries to devalue their currencies to gain a competitive advantage. This is because digital SDRs would be a more stable currency than national currencies, which are often subject to inflation and devaluation. As a result, countries would be less likely to use currency devaluation as a tool to boost their exports.

◆ Enhancing Exchange Rate Stability: As all countries would use the same currency, there would be no fluctuations or volatilities in exchange rates, leading to more stability in international trade and finance. This would make global economic planning clearer and reduce the risks of currency-related trade tensions. The absence of different local currencies means exchange rate stability, thus reducing the incentive for competitive devaluation.

◆ Global Trade: Promoting Trade: Issuing a global digital currency could enhance global trade, as countries would no longer suffer from the effects of competitive devaluation that can harm trade balance.

◆ Reduced Barriers: Removing the barrier related to currency exchange rates can facilitate inter-trade transactions, promoting economic efficiency.

◆ Inflation and Financial Stability:

- Inflation Stability: Adopting a global digital currency may lead to a reduction in imported inflation, as there would be no competitive currency devaluation, allowing for better control of monetary policy.
- Achieving Stability: Issuing a global digital currency can play a role in promoting financial stability, as there would be no sharp fluctuations in currency rates resulting from competitive devaluation.

◆ Shift to Other Economic Tools: Countries may need to increase reliance on fiscal policy and structural reforms to gain competitiveness instead of using currency devaluation. This could lead to healthier and more sustainable economic policies, but it may also require significant adjustments and policy coordination among countries.

◆ Potential for Economic Convergence**:** Over time, the use of this currency by countries may promote economic convergence between countries, as they work to align their economic policies and reduce imbalances. This could lead to a more integrated and stable global economy, but it would be a significant challenge to achieve and maintain.

◆ Loss of Monetary Sovereignty: When a global central bank or monetary authority is likely to be adopted to manage the currency (International Monetary Fund), this could lead to more coordinated global economic management, but countries may lose the ability to control their monetary policies independently. In the absence of their own currency, they can no longer use currency devaluation as a tool to address economic issues such as trade imbalances or economic slowdowns. This could limit their flexibility in responding to local economic

conditions.

◆ Impact on Trade Balances: Without the ability to devalue the currency, countries with persistent trade deficits may face pressures to improve productivity, reduce costs, or be unable to maintain their competitiveness in the global market. Conversely, countries with trade surpluses may face pressures to stimulate domestic demand or deal with global income flows.

◆ Risks of Regional Disparities: Differences in economic performance and needs between countries or regions could create tensions within the global digital currency system. Countries facing economic difficulties may feel constrained due to lack of control over their currency and monetary policy.

◆ Investments and Business**:** Increased Investments: Stability in the global monetary system could encourage increased international investments and boost confidence in global markets.

◆ Business Costs: Reducing the need for currency hedging and exchange costs could reduce business and corporate costs in the long term.

Generally, if the currency were globally unified, the world would save about $800 billion annually just from transaction costs. When companies deal with multiple currencies, they need to limit risks related to currency exchange rate fluctuations. Economic data shows that when European countries switched to the euro, they saved an estimated 13 to 19 billion euros annually in transaction costs.

7. Discussion

As is known, the idea of a unified global currency is not new, and its most prominent supporter was Keynes. This idea has been proposed several times. Mundell proposed the idea of a unified global currency through the theory of optimal currency areas, which operates within areas characterized by close linkage of local currencies. Cooper also proposed the idea through issuing a common currency for all advanced industrial countries, along with a common monetary policy and a joint bank to issue this currency and determine monetary policy, then gradually involving other countries. However, these ideas remained out of reach, especially with the presence of opponents. Thus, the US dollar remained the dominant global reserve currency in the monetary system despite the crises it produced. Nevertheless, Cooper had expected the existence of a global currency by 2010, and The Economist magazine also predicted a global currency by 2018. However, as years passed, no unified global currency emerged. Instead, cryptocurrencies emerged led by Bitcoin, followed by the spread of digital currencies to move away from the drawbacks and negatives posed by traditional currency. Today, there are 164 national currencies in circulation worldwide, creating a global economy with many international transactions in multiple currencies. The question here is, wouldn't it be simpler and easier to have a unified global digital currency?

The unified global digital currency, as the term expresses, is a monetary currency that is accepted and managed algorithmically, based on blockchain technology. It is used everywhere and results from an agreement made between governments worldwide to use a unified financial system led by a global central bank. The existence of such a currency would be accompanied by a tremendous amount of international certainty and stability. This would greatly benefit all players, especially smaller and weaker economies that the international community seeks to assist. The theory lies in the possibility of making the International Monetary Fund's Special Drawing Rights digital, thus transforming an internationally recognized currency that already exists into a global digital currency. Therefore, the International Monetary Fund would act as a global central bank responsible for the world's monetary policy. This global monetary policy would be ideal, and it should balance the needs and priorities of all different and conflicting countries. A global monetary union would also be established that could solve currency-related crises, avoid economic risks, ensure compliance with rules, and address any existing or emerging problems, especially regarding how to deal with national currencies alongside the global digital currency. This is to enable

global trade and evaluate the tax system in different countries. Generally, it theoretically appears that the unified global digital currency has many potential advantages and benefits because it ends the problems caused by fragmented national currencies and policies. However, (Georgieva, 2022) argues that a case for a global digital currency cannot be made because each economy is different from the others, and there is no one-size-fits-all solution. (Benigno & al, 2022) follow the same context, where they simulated two countries, each with its own national currency and national central bank, and also a global cryptocurrency traded in both countries. They found that if the national currency is used along with the global cryptocurrency, this would lead to what they called "forced monetary policy synchronization on cryptocurrencies," meaning that the nominal interest rates set by monetary authorities in both countries must be equal. Monetary authorities will not be free to follow their own monetary policy or set exchange rates as they please. They added that if uncertainty is ignored, we would have something similar to the impossible trinity dilemma. Nevertheless, Robert Mundell's "Optimal Currency Areas" theory can be applied as a starting point, ignoring the condition of adjacent geographical boundaries to reach the global digital currency. We find many countries cooperating and experimenting with cross-border central bank digital currency for wholesale and retail, such as Project Mariana, Project Dunbar, and Project Jura. We find that the groups of countries in these projects are characterized by almost similar levels of development and common goals, although adjacent geographical boundaries are not among the conditions. Through such cross-border projects, we can work on building many projects as optimal currency areas, then gradual integration and transition towards using the unified global digital currency of the International Monetary Fund as a common currency between optimal currency areas to reach a unified global digital currency in the global monetary system.

In general, finding a unified global digital currency would be unprecedented in terms of size and complexity. Converting Special Drawing Rights into a unified global digital currency would be a major challenge and require cooperation, efforts, and international coordination from all parties to ensure the success of this process and achieve its potential benefits for the global economy. It is likely that many significant political, economic, and technical challenges will be faced.

8. Conclusion

Competitive currency devaluation is a policy implemented by countries for their currency values, resulting in a process of repeated devaluation against each other, which leads to currency wars. This policy consistently causes economic imbalances at various levels. In recent years, cryptocurrencies and central bank digital currencies have emerged, revolutionizing the history of money due to their immense potential. Therefore, our research paper proposes the issuance of a unified global digital currency as a solution to limit competitive currency devaluation. Through this, we have reached several conclusions, the most important of which are:

- Digital currencies emerge as alternatives that help overcome currency wars.
- Digital currencies contribute to bringing more stability and growth to global trade in the long term.
- When issuing and adopting a unified global digital currency, it should function similarly to the gold standard.
- The issuance of a unified global digital currency creates a more equitable playing field among countries.
- A global central bank must be established to control the monetary policy of the unified global digital currency, or an existing institution such as the International Monetary Fund should be expanded.
- Integrating the IMF's Special Drawing Rights with blockchain and encryption gives them

stronger advantages over traditional currencies and digital currencies.

◆ Efforts must be made to reform and restructure the International Monetary Fund to ensure that no single country has unilateral control over the unified global digital currency protocol, and to operate with full transparency, balance, and effectiveness.

◆ The unified global digital currency can be achieved through Mundell's "Optimal Currency Areas" theory, which we represent through cross-border projects, then the possibility of gradual transition to the unified global digital currency.

◆ The use of a unified global digital currency may lead to countries losing their monetary policy, as it becomes the prerogative of the global central bank.

We conclude by stating that the concept of currency wars is complex and multifaceted, with significant implications for global economies. While currency devaluation may provide short-term benefits in terms of economic growth, it can also lead to instability and harm a country's long-term economic prospects. Therefore, it is crucial for countries and their central banks to find common ground and implement sustainable solutions that promote economic stability, fair trade practices, and a resilient global financial system. This paves the way towards a more harmonious and prosperous global economy

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