

## Should US Support Dollarization?

In a September 1 op-ed piece in the Wall Street Journal, Dora de Ampuero-director of the Ecuadorean Institute of Political Economy-argues that the US should support adoption of the dollar in Ecuador and elsewhere in the hemisphere. She questions the "hands-off" attitude the US Treasury has shown toward dollarization, noting, "It is something of a bitter pill for a proud country to replace its national currency with the dollar and receive no acknowledgment from the US of the political sacrifice it has made." She urges the US to adopt the International Monetary Stability Act, a proposal she says would "partly compensate dollarizing countries for their loss of seigniorage, the profit a country makes from issuing its own currency."

Ampuero claims that dollarization has already had a beneficial effect on Ecuador's economy. Given the dire circumstances Ecuador was in when it made the decision to adopt the US dollar, she surmises that the benefits would be even greater for stronger economies, such as Mexico and Argentina.

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