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Relational ontology of money and ontic-institutional currency regimes: Phenomenologies and performativity of global liquidity in a hierarchical international monetary order

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Abstract. *The study explores the relational ontology of money and the ontic-institutional character of currency regimes to clarify how global liquidity functions within a hierarchical international monetary order. The purpose is to integrate philosophical and institutional perspectives on money by analysing it not as a material object, but as a dynamic social relation grounded in collective acceptance and institutionalised credit structures. The research applies an interdisciplinary methodology, combining conceptual analysis in social ontology with a review of contemporary literature in international political economy and monetary theory. The results demonstrate that money is constituted through belief-dependent credit-debt relations, while currency regimes represent institutional facts sustained by legal frameworks and organised authority. Global liquidity emerges as both a phenomenological experience – manifested in credit cycles, financial volatility, and* *cross-border capital flows – and a performative outcome shaped by central bank interventions and institutional signalling. These mechanisms reinforce structural asymmetries, positioning certain key currencies, particularly the U.S. dollar, at the centre of the global system. The conclusions emphasise that international monetary stability relies on both credible institutional design and sustained collective intentionality. Addressing unequal access to liquidity and emergency monetary support requires reconsideration of current currency hierarchies and global monetary governance frameworks, suggesting the need for further research and institutional reform.*

Keywords: *social ontology; political economy; global liquidity; international finance; international monetary hierarchy; credit money; collective acceptance; financial stability.*

Реляційна онтологія грошей та онтико-інституційні валютні режими: феноменології та перформативність глобальної ліквідності в ієрархізованому міжнародному монетарному порядку

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Анотація. *У дослідженні проаналізовано реляційну онтологію грошей та онтико-інституційний характер валютних режимів з метою з'ясування механізмів функціонування глобальної ліквідності в умовах ієрархічного міжнародного монетарного порядку. Метою є інтеграція філософських і* *інституційних підходів до природи грошей шляхом аналізу грошей не як матеріального об'єкта, а як динамічного соціального відношення, заснованого на колективному прийнятті та інституціоналізованих кредитно-боргових структурах. У дослідженні застосовано міждисциплінарну методологію, що поєднує концептуальний аналіз у межах соціальної онтології з оглядом на сучасну літературу в галузі міжнародної політичної економії та монетарної теорії. Результати засвідчують, що гроші конституюються через кредитно-боргові відносини, залежні від віри, тоді як валютні режими функціонують як інституційні факти, підтримувані правовими рамками та організованою владною структурою. Глобальна ліквідність постає як феноменологічний досвід – через кредитні цикли, фінансову волатильність та транскордонні потоки капіталу – і як перформативний результат, зумовлений втручанням центральних банків і сигналами з боку інституцій. Ці механізми посилюють структурну асиметрію, закріплюючи центральне становище окремих ключових валют, зокрема долара США, у глобальній системі. У висновках наголошується, що міжнародна монетарна стабільність залежить як від надійної інституційної архітектури, так і від стійкої колективної інтенціональності. Подолання нерівного доступу до ліквідності та екстреної монетарної підтримки вимагає переосмислення існуючих валютних ієрархій і глобальних механізмів монетарного врядування, що вказує на потребу в подальших дослідженнях та інституційній реформі.*

Ключові слова: *соціальна онтологія; політична економія; глобальна ліквідність; міжнародні фінанси; міжнародна монетарна ієрархія; кредитні гроші; колективне прийняття; фінансова стабільність.*

Introduction

Problem statement. Despite its pervasive role in modern economies, the fundamental nature of money – its ontological status and institutional expression –

remains unresolved. This issue extends beyond theoretical abstraction, bearing directly on pressing challenges in global finance, particularly financial instability and asymmetries in international monetary governance. The core problem addressed in this research lies in understanding how the relational ontology of money – as a network of socially constructed practices – interacts with the ontic-institutional structure of currency regimes, i.e. the concrete frameworks through which states and institutions manage and regulate monetary systems. To clarify this ambiguity, it is necessary to distinguish between "money" as a dynamic, collectively sustained social relation, and "currency" as its institutionalised, legal embodiment within specific regimes of governance and authority. This question is of critical significance given the hierarchical organisation of the international monetary order, in which global liquidity is unevenly distributed. Some monetary spaces benefit from privileged access to funding, while others remain exposed to recurrent shortages, with systemic consequences. Clarifying the ontological and institutional dimensions of money helps to explain the persistent concentration of global liquidity and the mechanisms through which monetary power is exercised. The growing scholarly attention to monetary ontology and financial hierarchy reflects a broader recognition that money is not a neutral medium but a site of institutional design, normative contestation, and geopolitical stratification. These insights underscore the importance of linking philosophical inquiry with empirical structures of global finance, especially in an era marked by recurring crises and intensified monetary interdependence.

Literature overview. Recent research demonstrates increasing convergence around the view that money is best understood through the lens of social ontology, conceptualised as a product of collective intentionality and institutional facts. This position, rooted in Searle's theory of institutional reality, holds that monetary objects derive their status from shared belief structures rather than intrinsic material properties [1]. Such an account has been widely reaffirmed in recent philosophical

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and interdisciplinary works, which position money as a relational construct sustained by intersubjective recognition [2]. Parallel developments in the relational and credit theories of money have further underscored money's nature as a social relation. Recent sociological and political economy contributions have built upon the Credit-State theory [3, 4], positing that money originates in systems of obligations backed by state authority. In this framework, money's existence is institutionalised through its role in settling debts and fulfilling tax obligations. Contemporary analyses have expanded this view, emphasising the constitutive role of legal and political mechanisms in defining the ontic form of currency regimes.

A distinct strand of research has examined the phenomenology of monetary systems – how money and finance are perceived and experienced. Okamoto highlights the mediating role of quantification, demonstrating how monetary phenomena become intelligible through standardised numerical expressions such as prices or interest rates [5]. This process of abstraction anchors economic perception in quantifiable referents, even when the ontological basis of money remains intangible. Further attention has been devoted to the performativity of economic models and monetary practices. Boldyrev illustrates how financial theories, once implemented as institutional technologies, actively structure market behaviour [6]. Building on MacKenzie's earlier thesis on the performative role of the Black–Scholes model, recent work argues that economic theory can materially co-constitute the financial order it seeks to describe [7]. The convergence of modelling practices, institutional design, and policy implementation thus forms a recursive loop between epistemology and market structure.

Research gaps. Despite significant advances in understanding the ontological and performative dimensions of money, important analytical gaps persist. Existing philosophical accounts have elucidated its conceptual foundations, while international finance research has mapped the hierarchical structure of global monetary relations. Yet these bodies of scholarship remain largely disconnected.

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Studies in social ontology often treat money in abstract or domestically bounded terms, overlooking its institutional articulation within asymmetrical international currency systems. Conversely, global finance literature frequently presupposes the functions of money without engaging its ontological constitution. This article addresses these lacunae by integrating relational ontologies of money with the concrete, institutional configurations of currency regimes. Particular attention is paid to how these interrelations shape the distributional asymmetries of international monetary power in a hierarchically structured global liquidity system. By foregrounding money's status as a collectively enacted institutional fact and examining how such ontological foundations are operationalised through currency hierarchies, the study offers an innovative framework for understanding the co-constitution of monetary authority, financial stratification, and institutional credibility within the international monetary order.

In addition, theoretical disagreement persists regarding the source of money's legitimacy [8]. While institutionalist approaches stress collective acceptance often underpinned by state authority, competing perspectives emphasise decentralised emergence through market conventions. The relationship between spontaneous monetary order and institutional design, therefore, remains an open area requiring further theoretical integration [9]. Addressing these unresolved aspects is essential for advancing a comprehensive understanding of the international monetary order.

Research objectives. This article aims to clarify the relational ontology of money by conceptualising it as a social reality constituted through collective intentionality and credit-debt relations. It further investigates currency regimes as ontic-institutional structures shaped by legal, political, and organisational arrangements. The study examines the phenomenology of global liquidity, focusing on how it is perceived and experienced within a stratified monetary order, and analyses its performative dimension – how institutional actions and communications actively shape liquidity conditions. Finally, the research assesses how these ontological and phenomenological dimensions reinforce a hierarchical international monetary system. The objectives collectively seek to bridge theoretical analysis with the practical dynamics of global finance, offering a coherent framework for understanding monetary power and asymmetry.

Results

Relational ontology of money. Rather than reducing money to its functional attributes, a relational ontology approach seeks to uncover its fundamental mode of existence. This perspective conceptualises money not as a material object, but as an intersubjective social relation sustained by collective intentionality and institutional frameworks. It aligns with the credit theory of money and broader social-constructionist views, positing that monetary value emerges from shared belief structures and coordinated behavioural expectations. Approaches that interpret money as a politically neutral medium of exchange or unit of account fail to grasp its embeddedness in normative orders, institutional power, and collective intentionality. This ontological reductionism obscures the role of money as a performative infrastructure of authority and global stratification.

Searle's theory of institutional facts provides a foundational entry point. Under this framework, money is a status function conferred through declarative acts by authoritative institutions. This view resonates with Knapp's seminal argument that money derives its legitimacy not from material substance but from its designation by the state, which codifies monetary authority through legal tender laws and fiscal obligations [10]. A token acquires monetary status not due to intrinsic properties, but because a community accepts it as such. This acceptance must be sufficiently widespread; without it, the status function collapses. Money, therefore, exists within and through social consensus – it is real insofar as it is collectively treated as real. Relational ontology further emphasises that money is constituted by credit-debt relations embedded in legal and institutional orders. The credit theory

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asserts that money originated as a unit of account within systems of deferred payment, not as a commodity for barter [11]. Contemporary monetary systems remain dominated by bank-created credit, representing obligations enforceable by law. In this view, holding money signifies participation in a web of institutionalised promises, mediated by trust in the issuer – typically the state or regulated financial institutions.

Sociological interpretations, such as Ingham's Credit-State theory, frame money as a politically mediated social relation, inherently linked to hierarchical power structures. From this vantage, money is not neutral; it reflects sovereign capacity to impose liabilities (e.g. taxation) and define units of account, thereby positioning subjects as debtors to the state. Historically, such configurations have entrenched asymmetries in monetary power and access. Trust and authority thus become ontologically constitutive. Given money's lack of intrinsic utility, its acceptability hinges on institutional credibility and expectations of reciprocal acceptance. In macroeconomic terms, this is captured by the phrase "full faith and credit" of the issuing authority. Philosophically, it reflects a recursive intentional state in which belief in money's value is sustained by belief in others' belief. Legal tender laws, tax obligations, and central bank backing institutionalise this trust, yet historical breakdowns – e.g. under hyperinflation – demonstrate that authority alone is insufficient absent collective validation.

The relational ontology of money reconceptualises its functions not as inherent attributes but as emergent properties of intersubjective social structures. Classical functions – medium of exchange, unit of account, store of value – are contingent on collective expectations and institutionalised practices. Money facilitates exchange because agents accept it in settlement; it operates as a unit of account because liabilities and prices are denominated in its terms; it stores value insofar as there is sustained trust in its future acceptance. Disruptions in these expectations, such as during currency crises, can rapidly erode functional efficacy,

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underscoring the dependence of monetary functions on the integrity of the social-relational infrastructure. Contrasted with relational ontology is the substantive (or object-based) view, which locates money's identity in its physical or explicitly declared properties. This approach, however, fails to account for the persistence of non-material or intrinsically valueless forms, such as digital bank deposits or fiat currency. Guala's institutionalist perspective resolves these ontological paradoxes by framing money as a system of rules in equilibrium: behavioural regularities sustained by mutual expectations and recursive compliance [12]. Under this model, money functions analogously to language or social games – its validity derives from shared adherence to institutionalised norms, not from any material substrate.

In conclusion, money is best understood as a collectively sustained institutional reality embedded in credit-debt relations and reinforced by legal and normative frameworks. This perspective, aligned with collective acceptance and credit theories, shifts the analytical focus from substance to structure – from what money is physically, to how it functions within a self-reinforcing network of obligations, authority, and trust. Such an understanding lays the groundwork for analysing currency regimes as institutional consolidations of these monetary relations on a systemic, often geopolitical, scale (see Table 1).

Table 1

Diverse theoretical perspectives on the ontology of money

Theoretical perspective	**Ontology of money**	**Key proponents**	**Predicted policy stance**
Commodity theory (Metallism)	Money is a valuable commodity (e.g. gold or silver) that is inherently precious and used as a medium of exchange. Value comes from its physical properties (weight, purity) and market value	Classical economists (Adam Smith); early monetary theorists (Carl Menger – who argued money emerged as the most saleable commodity)	Maintain convertibility rules – peg the currency to a metallic reserve (gold/silver standard), police debasement
State theory (Chartalism)	Money is a creature of law – an institution defined by the state. Currency has value by state decree (legal tender), enforced by the	Georg Friedrich Knapp – "State Theory of Money"; John Maynard Keynes (supportive of Chartalist	Anchor issuance to tax/treasury operations – spend first, tax later; use fiscal capacity

Theoretical perspective	**Ontology of money**	**Key proponents**	**Predicted policy stance**
	requirement to pay taxes in that currency	ideas); Modern Monetary Theory economists	(deficits) to steer the economy
Credit theory (Debt theory)	Money is fundamentally a credit-debt relation – a token representing a social promise or obligation. It originated as records of debts, not from barter. Value comes from trust in future redemption	Alfred Mitchell-Innes; Joseph Schumpeter; Geoffrey Ingham – money as credit of the state; David Graeber – anthropological history of debt	Place the central bank at the system's core as lender of last resort – supply liquidity, backstop payment and credit chains
Critical power dynamics	Money is a social relation of power – it reflects and reinforces social hierarchy. Those who issue or control money (banks, states) exert power over others. The monetary system is intertwined with class relations, exploitation, and state authority	Karl Marx (money mystifies social relationships of labour and value); Geoffrey Ingham – money and sovereignty; Anitra Nelson – money and inequality; Modern critical geographers and IPE scholars examining dollar hegemony	Democratise and re-balance monetary power – public or postal banking, capital controls, progressive taxation, challenge dollar hegemony
Phenomenological perspective	Money is experienced as an abstract force that shapes life-world and social interactions. Its ontology is in how it appears to us – e.g. as a universal metric that can translate qualitatively different objects/experiences into quantities. Emphasis on experience and perception of value	Georg Simmel – Philosophy of Money, analysing money's effects on culture and individual psyche; Maurice Merleau-Ponty (implied phenomenology of value); Recent work like "Heidegger and Money" exploring existential impact	Design "human-scale" monies – local or complementary currencies, transparency tools that reconnect prices to social meaning
Performative constructivist	The reality of money is enacted by practices and discourse. Money's ontology is continuously produced and reproduced by performative acts (legal declarations, central bank operations, market transactions). The stability of money depends on the ongoing performance of confidence	Donald MacKenzie – performativity of financial models; Ivan Boldyrev – financial concepts as social technologies; Bruno Latour (applied to economics) – social construction via networks	Use reflexive, narrative-oriented policy – forward guidance, discourse management, and experimental pilots that (re)perform monetary stability
Institutional social ontology			
Collective acceptance	Money is a status function assigned by collective intentionality. It exists because we collectively agree "X counts as money." It is an institutional fact, requiring collective belief and acceptance of rules (e.g. ownership, transfer)	John Searle – money as prototypical institutional fact; Frank Hindriks – on collective acceptance in institutions; Asya Passinsky – applying social ontology to define currency	Stabilise collective belief through clear rules – robust legal tender laws, anti-counterfeiting measures, transparent digital-ledger design
Rules-in-equilibrium	Money is a system of rules and practices – an ongoing social contract or game. It is not a physical thing but the equilibrium	Francesco Guala – money as rules in equilibrium; also aligns with some game-theoretic views of money	Protect the coordination equilibrium – standardise units

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Theoretical perspective	Ontology of money	Key proponents	Predicted policy stance
	of everyone following the same monetary rules (using the same unit, accepting it in trade). The physical tokens are secondary artifacts	(e.g. New Institutional Economics).	across platforms, ensure interoperable payment rails, act swiftly against coordination failures

Source: author's interpretation

Ontic-institutional currency regimes. If money's ontology is relational and institutional, currency regimes represent its ontic-institutional realisation – specific frameworks through which monetary relations are structured, governed, and operationalised. The term *ontic-institutional* refers to the concrete configuration of monetary systems, including their institutional design, legal underpinnings, and policy mechanisms, as distinct from money's abstract conceptual foundations. A currency regime denotes the institutional framework regulating the issuance, valuation, and circulation of a monetary unit, typically under the authority of central banks, treasuries, and binding legal norms. Historical examples include the classical gold standard, the Bretton Woods fixed exchange rate system, and contemporary fiat regimes. Each embodies a distinct ontic form in which money's social reality is institutionalised. The ontic dimension becomes particularly visible through historical transitions:

1) Under metallism, monetary value was tied to the weight of precious metals, institutionalised via mints and redemption guarantees. Currency under the gold standard, for instance, was convertible into a fixed quantity of gold, constraining monetary authorities through reserve requirements and legal obligations – embedding scarcity and convertibility as ontic features.

2) Fiat regimes, prevailing since the collapse of Bretton Woods, sever monetary value from commodity backing. Here, the monetary order is sustained by legal tender laws, tax obligations, and central bank authority. The ontic structure is rooted in sovereign discretion, enabling liquidity creation via mechanisms such as open market operations and quantitative easing. While providing flexibility, this

structure also entails macroeconomic risks, particularly where monetary expansion erodes trust or triggers inflationary spirals.

3) Hybrid arrangements, including currency boards and dollarisation, institutionalise monetary dependency by anchoring local currencies to foreign benchmarks [13]. Their ontic reality is defined by externally sourced credibility and rigid convertibility rules. Currency unions like the Eurozone introduce multilateral complexity, where monetary sovereignty is pooled and constrained by supranational governance. The euro exemplifies a shared ontic construct, sustained by treaties (e.g. the Maastricht criteria), budgetary rules, and the European Central Bank. This ontic structure creates a shared currency circulating across heterogeneous economies (e.g. Spain and Germany), maintained by common legal and institutional foundations while limiting national monetary discretion.

Currency regimes condition the institutional expression and constraint of money's relational ontology. Legal tender laws exemplify how collective acceptance is codified: by mandating that the national currency be accepted in settlement of all debts, states transform intersubjective trust into juridical obligation. This formalisation reinforces monetary legitimacy by compelling individual compliance, thereby sustaining collective intentionality even amid individual dissent. The unit of account function is likewise institutionalised. Currency regimes designate a specific unit – such as the dollar, euro, or yen – as the standard for pricing, accounting, and contractual obligations. Its ontic function structures economic calculation through embedded practices in taxation, budgeting, and financial reporting. When the stability of this unit collapses (e.g. during hyperinflation), actors often reprice in alternative, more stable units (e.g. USD), revealing the conventional and contingent nature of the monetary unit's institutional foundation.

Currency regimes are territorially bounded, typically aligning with nation-states or monetary unions. This jurisdictional embeddedness constitutes a key ontic feature: within its domain, a currency holds legal and institutional validity; beyond

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it, acceptance becomes conditional. This spatial differentiation generates exchange rate systems – another layer of institutional reality. Floating regimes allow market determination, whereas fixed regimes, such as Bretton Woods or Hong Kong's dollar peg, represent formalised commitments to parity. These arrangements effectively bind distinct currency systems through a shared valuation metric, contingent upon reserve credibility. When such credibility collapses, the regime fails, resulting in devaluation and reassertion of monetary autonomy. An ontic-institutional perspective foregrounds the governance architecture of money: issuance authority (sovereign monopoly or decentralised), issuance constraints (e.g. metallic standards or inflation targeting), and mechanisms for value maintenance (convertibility, interest rate policy, or open market operations). Under the gold standard, monetary value was anchored by guaranteed convertibility. In fiat systems, value is maintained through discretionary central bank policy and market-mediated exchange rates. Each configuration reflects a distinct institutional ontology of money, codifying its legitimacy, scope, and limits within a given regime.

Each currency regime generates a distinct phenomenology for users. Under the gold standard, monetary confidence stemmed from the belief that paper was credibly anchored to gold, despite limited direct convertibility. In fiat regimes with floating exchange rates, users routinely encounter exchange rate volatility, influencing import prices and inflation expectations. Institutional architecture thus shapes experiential perceptions of monetary stability and value.

These differences underpin *ontic hierarchies* – asymmetries in the global standing of currency regimes. Certain currencies, such as the U.S. dollar or euro, function as international reserves and invoicing units, reflecting a broad ontic reach. Others remain peripheral, confined to domestic use. The credibility and institutional quality of a regime – rule of law, central bank independence, macroeconomic stability – significantly influence international trust and usability. Currencies backed by robust governance and anti-inflation credibility tend to exhibit higher global

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demand, reinforcing their position in the monetary hierarchy through performative trust effects. Currency regimes are also embedded in normative institutional logics. Objectives such as price stability (e.g. inflation targeting frameworks), exchange rate anchoring, or fiscal discipline are legally codified, reflecting divergent macroeconomic paradigms. Monetarist-influenced regimes may prohibit monetary financing, whereas others permit accommodative policies. These normative choices shape the perceived ontological character of money – scarce, stable, or flexible – and influence expectations around its future value.

In essence, ontic-institutional currency regimes are the operational manifestations of money's relational ontology. They institutionalise monetary relations through law, organisational capacity (central banks, treasuries, payment systems), and routine practices (e.g. open market operations). This institutional infrastructure renders money actionable and credible within a given society, forming the basis for understanding how these regimes interact within the broader dynamics of global liquidity.

Phenomenology and performativity of global liquidity. Global liquidity refers to the availability of financing across borders, typically defined as the ease of obtaining funding in international markets. Though abstract and indirectly observable, it manifests in identifiable patterns that reflect both its *phenomenology* (how it is experienced by market participants) and its *performativity* (how it is shaped by institutional behaviour and policy signalling).

Phenomenologically, global liquidity alternates between expansion and contraction. During periods of excess liquidity, cross-border credit expands, risk premia compress, asset prices rise, and borrowing costs decline, even for high-risk jurisdictions. This is commonly described as a "liquidity glut" or "easy money" environment. In contrast, liquidity tightening manifests as credit withdrawal, asset deflation, rising spreads, and financial stress – particularly in economies dependent on external funding. Historical episodes such as the 1997 Asian Financial Crisis, the

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2008 global credit crunch, and the 2020 COVID-19 shock illustrate the volatility of these cycles. Though not directly measurable, global liquidity is proxied by indicators such as cross-border bank credit, offshore bond issuance, and currency-specific funding metrics. The Bank for International Settlements tracks such indicators to monitor international financial conditions, particularly for key funding currencies like the U.S. dollar, euro, and yen. A surge in dollar credit to non-U.S. borrowers, for instance, signals ample liquidity, whereas contraction suggests systemic tightening.

Economic agents perceive global liquidity through observable variables: central banks monitor interest rates, spreads, and credit growth; institutional investors respond to asset valuations and leverage conditions; emerging market sovereigns gauge capital access and currency pressure. Perceptions differ by position within the global monetary hierarchy. During crises, liquidity retreats to core assets – primarily U.S. Treasuries – exposing peripheral markets to abrupt capital flight and currency depreciation. This “risk-off” dynamic reflects the structural dominance of key currencies, particularly the U.S. dollar, which functions as the primary medium of global liquidity provision. The “global financial cycle” further captures the synchronised movement of capital flows, asset prices, and credit conditions across jurisdictions, largely driven by U.S. monetary policy and global risk appetite [14]. Local financial developments are thus often manifestations of systemic liquidity shifts. When the U.S. Federal Reserve eases policy, liquidity expands globally; when it tightens, financial conditions contract across multiple markets.

All things considered, the phenomenology of global liquidity is that of a transnational credit tide – its expansion fuels asset inflation and financial risk-taking, while its withdrawal induces disorderly deleveraging. These dynamics, though experienced through local markets, reflect broader institutional and monetary structures. This phenomenological understanding provides the basis for analysing the performative dimension of global liquidity management.

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Global liquidity is not exogenous; it is institutionally constructed and performatively mediated. Performativity in this context refers to the capacity of policy actions and communicative acts by monetary and financial authorities to shape liquidity conditions by generating expectations, signalling commitments, or directly altering credit supply. The principal actors in this performative process are central banks – particularly those issuing reserve currencies – and international financial institutions.

The U.S. Federal Reserve plays a pivotal role in modulating global dollar liquidity. Policy easing – via interest rate cuts or quantitative easing – expands dollar funding globally, stimulating cross-border lending and portfolio flows. Conversely, policy tightening reduces offshore dollar availability. Crucially, liquidity effects stem not only from implemented policies but also from forward guidance. Mario Draghi's 2012 "whatever it takes" statement exemplifies performative communication: the verbal commitment to defend the euro altered market expectations, reduced sovereign bond spreads, and eased financial stress without immediate intervention – an instance of performative efficacy through speech. Central bank swap lines further illustrate institutional performativity. During the 2008 financial crisis and again in 2020, the Fed extended dollar swap lines to major central banks, allowing them to lend dollars domestically. The announcement alone signalled the availability of emergency liquidity, calming dollar funding markets by reducing uncertainty and hoarding. These arrangements, as Murau et al. observe, are hierarchically distributed [15]: only select central banks have permanent access, while others receive temporary support or fall back on IMF mechanisms such as Special Drawing Rights. This stratified access underscores that the performative capacity to "declare liquidity into existence" is concentrated within a narrow institutional core.

Performativity also operates through private market actors. Credit rating agencies and major financial institutions can induce liquidity shifts through changes in risk assessments or asset allocation strategies. A decision by a global bank to scale back lending in emerging markets, once communicated, can precipitate capital outflows and liquidity shortages. Conversely, coordinated investor optimism – such as sudden capital inflows into a favoured region – can temporarily inflate liquidity, reinforcing the narrative through self-fulfilling dynamics. In essence, global liquidity is not merely a reactive condition; it is continuously constituted by institutional declarations, policy instruments, and the anticipatory behaviour of market participants within a hierarchical and asymmetrical monetary structure.

A central feature of global liquidity performativity is the recursive feedback loop between expectations and outcomes. Anticipation of ample liquidity encourages risk-taking and credit expansion, thereby realising those conditions; conversely, expectations of tightening induce precautionary behaviour, precipitating scarcity. This dynamic resembles a coordination game with multiple equilibria – liquidity booms and busts – often mediated by authoritative interventions. During crises, credible central bank statements can realign expectations, shifting the system toward a high-liquidity equilibrium. Boldyrev's analysis underscores how economic theory can act as a social technology. The Arrow–Debreu model of complete contingent markets, though abstract, inspired financial instruments like derivatives, operationalising the theoretical construct. Similarly, the conceptualisation of a global lender of last resort – initially theoretical – has been institutionalised through mechanisms such as Federal Reserve swap lines and IMF liquidity facilities. Once invoked, these tools become performative rituals, signalling systemic support and calming markets.

Normative performativity further shapes institutional responses. Policy discourse often crystallises into action when consensus emerges. For instance, during the COVID-19 crisis, appeals for expanded dollar liquidity resulted in the activation of swap lines and the introduction of the FIMA repo facility, allowing foreign central banks to access dollars by pledging U.S. Treasuries. Though modest

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in usage, the facility's announcement stabilised expectations, acting as a "second-best" liquidity backstop for countries outside the Fed's core network. As Murau et al. note, this reconfigured the stratified architecture of dollar access, granting preferential liquidity to those with sizeable U.S. debt holdings, while others remained reliant on SDRs or IMF arrangements [16]. Thus, global liquidity is not an exogenous quantity, but a performative construct enacted by policy, institutional design, and collective narrative. Central banks shape its contours by assuming transnational lender-of-last-resort functions; international institutions reinforce it through conditional lending and liquidity frameworks; market participants co-produce it by reallocating capital in line with prevailing sentiments. This view complements the relational ontology of money: if monetary value is constituted intersubjectively, then global liquidity emerges from collectively enacted and institutionally mediated expectations.

Hierarchical international monetary order. The international monetary system exhibits a stratified architecture in which currencies and their issuing states are positioned hierarchically. This hierarchy is not merely symbolic – it produces concrete asymmetries in global liquidity access, monetary sovereignty, and financial resilience. The relational and institutional nature of money thus culminates in a multilayered global order, with tangible macroeconomic implications.

The concept of monetary hierarchy dates to mid-20th-century discussions of *Key Currencies*, notably by John H. Williams, who identified the U.S. dollar and, previously, the British pound as central nodes in international transactions. Such currencies function beyond their jurisdictions: they dominate trade invoicing, act as stores of value, and are widely held as reserves. In contrast, most currencies are confined to domestic or regional use and lack external acceptability. Today, the U.S. dollar remains the apex currency – comprising roughly 60% of global foreign exchange reserves, facilitating the majority of trade invoicing and international debt contracts, and serving as the main vehicle in foreign exchange markets. The euro

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holds a secondary position, followed by the yen and pound, while most emerging and developing economy currencies remain peripheral. This hierarchy is both a determinant and consequence of global liquidity flows. Cohen's early theorisation of currency hierarchies provides enduring criteria – such as economic size, market development, and institutional stability – that remain relevant in explaining why some currencies achieve international status while others remain peripheral [17]. Dominant currencies influence liquidity conditions globally via their central banks' policies, especially the U.S. Federal Reserve. States issuing top-tier currencies can ensure access to liquidity domestically and abroad, while others depend on external support. As Murau, Pape, and Pforr observe, the system functions as a world-spanning payment network centred on clearing nodes – at the apex, the Fed, which acts as the ultimate guarantor of dollar liquidity, mirroring the role of a national lender of last resort.

Three structural tiers of access to the Fed's balance sheet illustrate this hierarchy. First-tier central banks – including the ECB, Bank of Japan, and Bank of England – hold permanent swap lines, allowing near-unlimited dollar access during crises. This guarantees liquidity continuity and stabilises local dollar funding markets. Second-tier jurisdictions lack standing arrangements but may access the Fed's FIMA repo facility, which requires posting U.S. Treasury securities as collateral. While this mechanism broadens access, it is conditional on reserve holdings. Third-tier countries – those without swap lines or significant dollar reserves – must rely on IMF mechanisms such as Special Drawing Rights (SDRs) or emergency programmes. However, SDRs are limited in scale and contingent on cooperative conversion, often subject to G7 discretion. These states thus face the weakest liquidity safety nets within the global hierarchy.

The hierarchical structure of the international monetary system confirms the relational power embedded in monetary regimes. States at the apex – principally the United States and its close allies – benefit from what Kindleberger termed an

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"exorbitant privilege" [18]: the capacity to borrow cheaply in their own currency and mobilise liquidity autonomously. Peripheral states, by contrast, face an "exorbitant disadvantage", lacking the capacity to issue globally accepted money and often forced to contract or seek IMF assistance during global liquidity shocks. This hierarchy is reflected in everyday practices. Many countries engage in self-insurance by accumulating large foreign exchange reserves – primarily U.S. dollars – as a precaution against exclusion from global liquidity. Following the 1997 Asian crisis, emerging economies amassed trillions in reserves, reinforcing global imbalances while compensating for their systemic peripherality by holding U.S. liabilities (Treasuries) as buffers. Though structurally entrenched, the hierarchy has faced episodic reform proposals – from Keynes's Bancor in the 1940s to modern suggestions for enhancing the role of SDRs or promoting alternative reserve currencies such as the renminbi. However, capital controls and institutional deficits have limited the latter's global traction, and the dollar continues to dominate. The system's resilience is reinforced by performative dynamics: widespread belief in the dollar's supremacy prompts behavioural patterns – such as flight to U.S. assets during crises – that reinforce its dominance.

The Fed's capacity to act as a global lender of last resort, supported by institutional mechanisms (e.g. swap lines), institutionalises this position. As Murau et al. argue, the system requires a central node for liquidity provision, and currently that node is the U.S. This performative supremacy enables the U.S. to externalise monetary spillovers: expansive domestic policies translate into global effects with limited domestic cost, whereas emerging markets undertaking similar policies often face immediate currency crises. From a relational ontology perspective, this structure reflects an internationalisation of monetary relations. Globally accepted currencies represent highly trusted IOUs – expressions of international monetary credibility and asymmetrical interdependence. As Connally's dictum suggests, "the dollar is our currency but your problem": the U.S. can pursue expansionary policy

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with limited repercussions, while lower-tier states must remain disciplined or face market sanctions. The COVID-19 crisis exemplified this asymmetry. Advanced economies, supported by monetary sovereignty, deployed aggressive stimulus and liquidity measures, including coordinated swap lines and asset purchases. In contrast, many emerging and developing countries, constrained by external financing pressures, had to tighten policy or borrow in foreign currency, with some requiring IMF assistance or entering default. Initiatives such as the G20's debt relief and the 2021 SDR allocation were modest palliatives, unable to resolve the structural imbalance.

These observations, however, point toward deeper structural logics underpinning monetary hierarchy – logics that transcend market positioning and reveal foundational asymmetries in the architecture of global liquidity. The position of the hegemonic currency issuer entails profound structural advantages, including the capacity to extract global seigniorage, set liquidity conditions exogenously, and externalise domestic imbalances through international debt absorption. This configuration entrenches a vicious circle inherent in the credit-issuance monetary economy: the provision of global liquidity depends on the sustained expansion of sovereign debt in hegemonic centres. Consequently, countries engage in systemic rivalry for the geostrategic right to reap these benefits – currency internationalisation becomes not merely a financial ambition, but a claim to monetary sovereignty and global influence.

Yet this system generates critical vulnerabilities. First, it renders the global financial architecture dependent on the fiscal-monetary dynamics of a few issuing states, magnifying systemic fragility. Second, it creates asymmetric adjustment pressures – non-hegemonic economies suffer volatility spillovers and restricted policy autonomy, despite lacking equivalent monetary privileges. Third, it perpetuates a regime of moral hazard and financial overextension, whereby global liquidity cycles are driven less by productive value and more by speculative credit.

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These dynamics reinforce international monetary hierarchy and reproduce geopolitical inequality at the ontological level of monetary governance.

Importantly, this hierarchy is neither immutable nor purely imposed; it is sustained by relational and performative mechanisms. A major erosion of confidence in U.S. institutions or the emergence of alternative monetary blocs – e.g. BRICS initiatives or central bank digital currencies – could eventually shift the system's configuration. Yet such transitions require overcoming deep-rooted network effects and institutional inertia. In sum, the hierarchical international monetary order is the institutional manifestation of money's relational ontology and performativity. It reflects a globally stratified structure of trust, credit, and institutional power. While the system provides global liquidity and stability through an implicit central bank function, it simultaneously entrenches asymmetries in monetary sovereignty and crisis resilience – benefiting the core while exposing the periphery to recurrent external vulnerability.

Conclusions

This study examined the relational ontology of money, the ontic-institutional character of currency regimes, and the phenomenological and performative dimensions of global liquidity within a hierarchical international monetary system. The analysis confirms that money is not a material substance but a socially constituted and institutionally embedded relation, whose value derives from collective belief and normative enforcement. Currency regimes formalise this ontology through legal frameworks, organisational structures, and monetary practices that govern issuance, stability, and cross-border interaction. Global liquidity, as shown, is not an exogenous variable but a co-produced phenomenon shaped by expectations, institutional credibility, and the performative actions of monetary authorities. Central banks – especially those at the core – exercise systemic influence by managing liquidity conditions, shaping market sentiment, and enacting

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crisis interventions. These mechanisms reflect and reinforce a persistent monetary hierarchy centred on the U.S. dollar and its institutional infrastructure. The study further demonstrates that this hierarchy generates asymmetries in monetary sovereignty, crisis resilience, and access to emergency liquidity. While core states enjoy policy flexibility and financial privilege, peripheral states remain exposed to external volatility and constrained by limited global trust. This structural imbalance perpetuates developmental disparities and highlights the need for institutional reforms aimed at greater inclusivity and resilience.

Future research should address the transformative potential of emerging technologies such as cryptocurrencies and central bank digital currencies, which may alter the ontology and institutional form of money. Additionally, geopolitical realignments could gradually shift the global hierarchy, raising questions about the viability of a multipolar currency system and the governance structures needed to support it. Normative questions also remain: how to extend global liquidity provision beyond the current core, strengthen multilateral safety nets, and reduce systemic dependence on a single reserve currency.

Ultimately, understanding money as a relational and performative institution reveals that monetary stability and equity depend on the robustness of collective trust and institutional cooperation. As the global financial order evolves, interdisciplinary engagement across philosophy, economics, and international governance will remain essential for ensuring that monetary integration enhances, rather than undermines, shared prosperity.

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