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RETHINKING INTERNATIONAL TRADE:  
Frugal Trade and Tierra Fee & Dividend system

By

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## INTRODUCTION

It is not difficult to make a case for frugal trade in these carbon-constrained times, because all human activity has to include the climate change challenge. It is far more difficult to make the case of going beyond frugal, free, fair trade and place this tripartite trade system within a tripartite monetary system that uses a Fee & Dividend approach as its carbon reduction methodology.

This summary position statement or SPS attempts to argue both cases by first showing evidence how frugal trade thinking and practice may be emerging and secondly how this frugal trade thinking and practice impacts on and is impacted by the Tierra Fee & Dividend system.

The International Institute of Monetary Transformation has a great interest in the frugal trade principle, because its strategy of implementing its transformed international monetary system of the Tierra Fee & Dividend system always starts with the search for and adoption of best reform ideas which are then challenged to become part of a transformed version by becoming part of the transformed international monetary system.

## THE CASE FOR FRUGAL TRADE

Trade has always been an important human activity. Humans have been trading from their earliest beginnings. In that way they were able to exchange their own things for things that their neighbor had and which they

liked. In that way they increased their quality of life without much impact on their environment, be it the atmosphere, lithosphere or aquasphere. These early exchanges took place in a barter system of exchange. The next system that complemented the barter system was the exchange system with a designated unit of exchange such as a cowry, a nail, anything that could easily be transported and was accepted as intrinsically valuable. Consequently trade increased.

When the designated unit of exchange such as an ounce of gold became a store of value, a major development had taken place—the emergence of a modern monetary system. It was the occasion of the birth of the fractional reserve banking system where bankers used the depositors' gold to write their own certificates of deposits for gold that was not in storage. So warehousing gold became banking with gold. The use of these certificates, also called symbolic money and, to some extent, forerunners of today's reserve currencies, made trade easier on account of their portability and greater availability and, consequently, merchants could engage in more business transactions. It expanded domestic trade and also made international trade grow. Though trade expanded by the availability of greater liquidity in the system, its monetary system was less stable than in non-fractionalized banking system. Thus, regulations of reserve requirements were put into place to safeguard against overoptimistic or fraudulent lending practices.

While these monetary regulations are deemed necessary, particularly after the 2008 financial fiasco, international trade has not yet developed a similar regimen for its impact on the climate. It is for that reason I coined the term of frugal trade to start a process of climate regulations.

On 9 March 2009 I wrote a 5 page summary statement on IIMT's position on international trade which is available on its homepage. At that time the argument for frugal trade was made as part of the sustainability economics framework of bioregionalism and placed within IIMT's monetary framework. This framework, based upon IIMT's organizing principle of contextual sustainability, is the same for this updated version. When governments in the development of their climate policies are introducing restrictions on international trade of countries with no or low-grade climate policies, the so-called Border Tax Adjustments or BTAs it is important that they employ a theoretical framework on international trade that places a premium on low carbon products that can be assembled within the shortest

transportation distance as possible. This is the essence of a frugal trade thinking and practice that is being advocated here. The BTAs can be considered part of negative trade and climate agenda, while incorporating frugal trade thinking and practice can be considered part of a positive trade/climate agenda. It is a pity that the Brookings Trade Forum 2008/9 did not include this frugal trade perspective in its publication Climate Change, Trade, and Competitiveness. Is a Collision Inevitable?, let alone its transformational version as part of the Tierra Fee & Dividend system.

One of the surprising article in the publication suggested that the WTO process be used as a model for the climate process. William Antholis proposed the 5 G's as a way of developing such process. It starts with working towards a General agreement rather than a binding treaty by Groups who have commonalities in terms of geography, phase of development, etc. Though I agree with the third G which stands for Gearing up action in the domestic populations of these cooperating groups, I do not agree that, like the WTO process, this process is to take a Generation. Neither do I agree with his fifth G or Graduation where developing countries graduated to full membership in WTO. Those regional groups can exchange their agreements within the UNFCCC ambit and connect them with other international agreements that are part of the UN system.

Frugality is a virtue that aims to use resources without waste, even use them sparingly. Frugal trade is an integral part of a bioregional approach to sustainable development in both the industrialized and developing worlds. It places trade within the larger challenge of corporate de-globalization in which local living well within the Earth's limits is given priority to global living where goods and services were imported with little consideration of its implications on the looming climate catastrophe.

Enter the credit crisis of 2008/9 when global trade fell drastically and huge ocean-faring ships lay idly anchored in major export and import harbors. When the world's major market, the US market, suffered a financial meltdown and consumers drastically reduced their consumption, imports fell and global exports declined. With this drastic contraction of trade—goods from the East and commodities from Africa—corporate globalization stopped in its tracks and a deglobalization process came into being. The more trade slows, the more the economy will worsen and the stronger this deglobalization process becomes. In order to prevent that from happening, the London G20 Summit of April 1, 2009 decided to support international

trade with \$250 billion, which, unlike the dollars promised to developing countries, might surely become available.

The question now becomes: Do we want the old international trade structure and process back or do we want to build towards a frugal, fair, sustainable, and, therefore, stable international trade structure? How can such system come about? These questions are probably the most important ones that we have to ask if we want to build a new international monetary, financial, economic and commercial order. It is on this issue that the corporate globalization process and its countervailing deglobalization pivots. It is the notion and practice of frugal trade based on the sustainable communities development paradigm and its bioregional component that stands in opposition to its neo-liberalist corporate counterpart.

One may tend to go for the first option of recovering trade through restoration of past structures and regulations over the option of recovery through transformation. This is so because past international trade has produced many benefits, particularly for the large international trading corporations and elites in both importing and exporting countries. It is only recently that the adverse social and environmental impacts of this corporate trading structure are being recognized in the discussion of labor rights, child labor and environmental degradation of all sorts. These structures will remain in place, unless realistic alternatives are being developed, because denouncing by itself is not sufficient. The concept of frugal trade within its context of a bioregionally sustainable communities development approach is presented as such an alternative.

Frugal trade is different from the related concept of redundant trade where the same commodities such as tomatoes are both imported and exported. Redundant trade is inefficient and its transportation costs are often not included in the pricing system. Given that most of these imported/exported commodities are perishable food stuffs they are often transported by plane, increasing their adverse climatological impacts.<sup>1</sup> Frugal trade includes the concept of redundant trade because it abhors waste of any kind, but it also denotes the urgency of the climate crisis.

It is the context of the enormous challenge of the climate crisis that trade as usual is to be challenged and its importance is to be evaluated not only economically, socially but, especially, climatologically. We cannot only look anymore at its economic advantages and not incorporate, i.e.

externalize its environmental and particularly its climate disadvantages. We will proceed in building a case for frugal trade from the lowest level of application, i.e. from people to the highest level, i.e. international trade structures.

Frugal trade for citizens means that they eat and drink as much as possible local foods and drinks or becoming locavores. Besides being carnivores and omnivores, they are now invited to become locavores in their carnivorous or omnivorous activities. The same invitation counts for vegetarians who can import their vegetarian fare from outside their bioregion too. We have to keep in mind that humans were locavores for probably 95% of their time on this planet, eating local plants and local wildlife. It is only during the last 500 years or so with the dawn of the age of discovery that Portuguese, Spanish, Dutch, Danish and English merchant ships started importing and trading foreign foods, spices and drinks.

Besides having many beneficial environmental effects, eating and drinking locally has many beneficial economic and health effects. The movement of Community Supported Agriculture makes local communities economically stronger, because the food money circulates within the community, the farmer needs to spend less money on advertising and marketing and the membership gets seasonal foods and flowers. They can also tell their farmer to produce organically, thus determining together a healthy food supply, building community in the process.

Frugal trade for local government means developing policies and programs that foster bioregional economics where businesses trade with nearby jurisdictions first and expand it later in ever widening circles. Full costs of transportation are included in the pricing scheme. Once, organizations such as the International Council of Local Environmental Initiatives (ICLEI) which has a large world wide network of local authorities working together with business and civil society begin to develop such bioregional economies with its frugal trade structures, international trade will change in a fair and sustainable way.

Frugal trade for a national government means listening to its own bioregional movement and developing international trade policies and programs that do not conflict with it. It means regaining control of its international corporations and helping build global regulatory structures for both large financial and other large corporations.

Frugal trade for transnational corporations means a drastic reduction in trade for food companies, less drastic reduction in other sectors. Frugal trade in the context of corporate globalization means reduction of the large transnational corporations' domination of international trade and a consequent corporate deglobalization process. This does not mean that cultural, political globalization is to be reversed. Without the economic domination of the transnational corporations these types of globalization can and should increase. When discussing questions about fair and free trade, Fair for whom? Free for whom? questions have to be asked besides questions about frugal trade. The large transnational corporations which have managed to write the rules in the Financial Services Agreement of the WTO have to be confronted with the consequences of their neo-liberalist philosophies. They are not to be given the authority to sue governments by bringing them before the International Center for the Settlement of Investment Disputes where the latter loses over 95% of the cases.<sup>2</sup>

Frugal trade for the WTO means doing away with regulations that force developing nations to deregulate their financial and insurance services and give greater autonomy to these nations. They are to be given the opportunity to reduce their dependence on external financing and on exports, to redirect their economies to a flourishing bioregional agriculture and to develop a local manufacturing base. These demands basically mean a reversal of WTO rules and a strengthening of UNCTAD.

#### *Four good reasons for accepting the principle of frugal trade*

Why should frugal trade become part of national and international trade policies? What are the ways that that may happen? What are the social, economic, political and ecological/climate consequences of its adoption?

There are at least four good reasons why frugal trade is to become one of the major principles in the design and assessment of national and international trade policies and institutions.

The first good reason is the climatic reason. Any policy in these carbon-constrained times has to include a section on how it would impact on the climate and how it would reduce greenhouse gas emissions. Limiting international trade to a frugally based international trade would reduce the greenhouse gas emissions from international shipping and air freighting of

exported goods. This obvious impact is the more important given that nations have not yet agreed on a mechanism of accounting for those emissions.

A second good reason is the economic one. Frugal trade is part of an economic theory and practice that places emphasis on living well within the Earth's limits as they exist in a particular bioregion or watershed. This bioregional practice is a counterweight to the corporate globalization process and emphasizes the need for deglobalization. What this means for the developing world is the ability to control transnational corporations in finance, insurance and real estate (FIRE), so that policy space is created for sustainable communities development in their own countries where local farmers need not to compete anymore with subsidized agricultural imports.<sup>3</sup>

A third good reason is the ethical one. The frugal trade principle and policy can be considered to be just for people, species and planet. To a great extent, frugal trade is also fair trade because it places central the wellbeing of people and planet in a particular bioregion. It reinforces the trade action guide in the Earth Charter which declares that all trade is to support "sustainable resource use, environmental protection, and progressive labor standards" and that multinational corporations and international financial organizations are required "to act transparently in the public good, and hold them accountable for the consequences of their actions."

A fourth good reason is the political one. It presents a philosophical counterweight to neo-liberal trade policies decreasing their legitimacy. It places the WTO and its General Agreement on Trade in Services together with the nationally uncontrolled (uncontrollable?) transnational corporations in the FIRE industries on the defensive. It presents an opening to have the UN Conference on Trade and Development regain its status of the dominant international trade institution that represent all nations. The notion of frugal trade can become the fulcrum to highlight the unsustainability of the present international trade structures and of the monetary, financial, economic systems that support them.

### *Evidence for the emergence of frugal trade thinking and practice*

How far has this notion and practice of frugal trade been accepted by citizens, business and governments and is a resurgence of UNCTAD that would carry the banner of frugal trade thinking and practice imminent? We

will briefly look at statements, particularly of the citizens trade campaign ([www.citizenstrade.org](http://www.citizenstrade.org)), of the new Obama Administration's position on international trade and point to the internal contradictions of the G20 London Summit's communiqué. It is up to the reader to decide to what extent frugal trade and a strengthened UNCTAD have a chance to be accepted in the near future.

*Whose Trade Organization? A Comprehensive Guide to the WTO* by Lori Wallach and Patrick Woodall of the Nader-founded Public Citizen is the definitive guide to the nine-year reign of the undemocratic "trade" regime that has sparked protests from Seattle to Quebec to Genoa. With case-by-case studies, the book exposes the lopsided agreements and secret tribunals that are the tools of the WTO's trade, and reveals the aggressive corporate agenda at its core. The authors point out that many people are surprised to learn that trade is only a small element of the WTO.

The World Trade Organization - and the army of rules that it presides over - actually covers a huge array of subjects never included in trade agreements before. The new agreements that were born with the WTO almost nine years ago included one-size-fits-all rules interfering with food safety standards, environmental laws, social service policies, intellectual property standards, government procurement rules, and more. All of these issues come up when trade relations are being developed.

The development of these trade relations take place in close cooperation with the IMF and World Bank and thus, the three of them, have been called the "Unholy Trinity" by William Peet of Clark University. As a matter of fact the Bank of International Settlements, the central bank of the major industrialized countries' central banks is to be included and so this configuration could be called the "Questionable Quad" because they have to be questioned and challenged about their theories, assumptions and practices. It is not only the four organizations, their leadership and employees that want to maintain the status quo, it is particularly the governments and their close allies in corporate business in the global North with their bridge elites in the global South that make the quad unholy—maintaining monetary, financial, economic systems that enrich the few, impoverish the many and imperil the planet. Citizens who are unaware or who are aware but unconcerned are part of the maintenance of this "Questionable Quad".

There are at least four major citizens organizations dealing with international trade that are not using the terms “frugal trade”, but whose principles imply the need for profound changes that would lead to a frugal trade regimen.

Global Trade Watch, created in 1995 as part of the Public Citizen organization, aims “to promote government and corporate accountability in the globalization and trade arena” and on “an array of globalization issues, including implications for our food, health and safety, environmental protection, economic justice, and democratic, accountable governance.” Representatives of Public Citizen's Global Trade Watch serve on the Executive Board of the [Citizens Trade Campaign](#), a coalition of labor, environmental, religious, family farm and consumer organizations united in the pursuit of socially and environmentally just trade policy

The Citizens Trade Campaign (CTC), founded in 1992 to improve the North American Free Trade Agreement (NAFTA), is united “in a common belief that international trade and investment are not ends unto themselves, but instead must be viewed as a means for achieving other societal goals such as economic justice, human rights, healthy communities, and a sound environment.” In respect to international trade and investment rules the Coalition believes, as I do:

- Domestic environmental, labor, health, food security, and other public interest standards and policies must not be undermined.
- Global labor, environmental, labor, health, food security, and other public interest standards must be strengthened to prevent a global "race to the bottom."
- The provision and regulation of public services such as education, healthcare, transportation, energy, water, and other utilities is a basic function of democratic government and must not be undermined.
- Raising standards in developing countries requires additional assistance and respect for diversity of policies and priorities. Trade is no substitute for aid.
- Countries must be allowed to design and implement policies to sustain family farms and achieve food security.
- Healthy national economies are essential to a healthy global economy. The right of Governments to pursue policies to maintain and create jobs must be upheld.

A third, most recent citizen organization is The World Fair Trade Organization which was born out of the International Fair Trade Association on 15 October 2008 as a considered response to the extraordinary issues of our time. It believes, as I do, that three failures are taken place, resulting in the failure of the current market system to deliver a sustainable solution. Those failures are: 1. the failure of global bodies to impact the imbalance in trade; 2. the failure of governments and businesses to tackle climate change; 3. the failure of the financial system.

A fourth voice of citizen grassroots organization is the large World Social Forum movement. At its recent meeting in Belem, Brazil, participant Myriam Vander Stichele pointed to the fact that governments were making strong calls for re-regulation, but none of their proposals addresses the fact that the General Agreement on Trade in Services (GATS) - a treaty created under the auspices of the World Trade Organization (WTO) - actually seeks to deregulate trade in services, including financial services. She concludes: "The calls for re-regulation would require a dismantling of the whole architecture of treaties agreed over the past 10 years, mainly through the WTO."

While those statements of citizen organizations are clear about the failure of the WTO, international corporations generally are not so publicly engaged in support of the WTO as these CSOs are in their opposition. They work behind the scenes or make particular think-tanks do their work for them such as the Brookings Institution or the Peterson Institute of International Economics. In their March 2009 book Global Warming and the World Trading System authors [Gary Clyde Hufbauer](#) , [Steve Charnovitz](#) and [Jisun Kim](#), affiliated with the Peterson Institute of International Economics, are searching for a best-practices approach. The authors seek to avoid serious setbacks in an effort to reduce emissions without compromising the status of both domestic and international carbon-intensive industries. They are looking at the economic aspects of GHG emissions and seeking a policy method to reduce them without adversely affecting global trade. Their book "examines whether the competitiveness provisions now under consideration are compatible with the rules of the World Trade Organization (WTO) and explores the pragmatic opportunities the WTO should capitalize on in order to accomplish two goals simultaneously. 1. Ensure "policy space" for countries to limit national GHG emissions without sacrificing the competitive position of their own industries. 2. Preserve an open trading system relatively free of discrimination and opportunistic protectionist

measures. Their focus is on finding best-practices without upsetting corporate globalization's WTO system. For them and transnationals in general the notion and practice of frugal trade is far removed from their world view.

Why was it hard for the G20 London Summit participants to think in terms of bioregional economies with frugal trade policies? There are several reasons.

They are captive within economic philosophy of market fundamentalism that wants to restore through reforms rather than to recover through transformation. Their promised trillion to developing nations are mostly loans which are being handled through the IMF which is a major pillar to keep the Washington Consensus in place. Transitioning from the US Dollar as the major reserve currency to the carbon-based Tierra international reserve currency would also drastically weaken the IMF, probably one of the major reasons the Obama Administration is opposed to any new international reserve currency. It continues to believe in a "fortified" IMF where it has a veto on important issues on account of the IMF weighted voting system.

They also are not taking into account the demands of the climate crisis notwithstanding its mention in the communiqué's last paragraph. So they are less inclined to develop policies and programs that would bolster the resolution of both crises by combining stimulus spending for green bioregional economies with a carbon-based international reserve currency.

In our consideration of how the Obama Administration is going to pursue its international trade agenda, we are again guided by the research that the CTC, GTW presented on their websites. Details are given here, because the US position on trade and international finance are crucial for the world to know and crucial in having the Tierra accepted.

The following statements indicates President Obama's position on the World Trade Organization (WTO) and the General Agreement on Trade in Services (GATS) as reported by the CTC: "I do not support trade efforts that undermine important federal, state and local policies and long-time practices that have been designed and implemented to benefit American families. As such, before expanding GATS to other domestic sectors, I believe we must have a thorough assessment of how such policies must be

safeguarded from imposed standardization”. He also believes that rules for the global economy must be developed and implemented democratically, with transparency and accountability.

He responded to questions dealing with Foreign Investor Rights in Free Trade Agreements by stating: “With regards to provisions in several FTAs that give foreign investors the right to sue governments directly in foreign tribunals, I will ensure that foreign investor rights are strictly limited and will fully exempt any law or regulation written to protect public safety or promote the public interest. And I will never agree to granting foreign investors any rights in the U.S. greater than those of Americans.”

Candidate Obama was asked by the Pennsylvania Fair Trade Coalition, “Will you commit to renegotiate NAFTA to eliminate its investor rules that allow private enforcement by foreign investors of these investor privileges in foreign tribunals and that give foreign investors greater rights than are provided by the U.S. Constitution as interpreted by our Supreme Court thus promoting off-shoring?” and answered “yes.”

On Trade Negotiating Authority and Replacing Fast Track his position is: “I will replace Fast Track with a process that includes criteria determining appropriate negotiating partners that includes an analysis of labor and environmental standards as well as the state of civil society in those countries. Finally, I will ensure that Congress plays a strong and informed role in our international economic policy and in any future agreements we pursue and in our efforts to amend existing agreements.”

While these statements are encouraging, the present GATS rules in the US and the EU are still in place. A summary of the consequences of GATS are presented using information of the above citizens’ organization.

Governments' hands under GATS are tied, because they cannot limit the size or the value of the financial services operations. This prevents governments from intervening to ensure that a financial service company does not become "too big to fail" or have a destabilizing effect on the country that hosts it. Industrialized countries have gone further by committing themselves to more liberalization and deregulation under a GATS annex that precludes regulation and opens the way for any new financial service, however speculative.

The banning by several governments of short-selling during the financial turmoil in September 2008 was thus contrary to that rule. If a WTO member took another WTO member to the WTO dispute settlement body over this issue, ultimately a panel of trade and financial experts could be asked to decide on sanctions. Governments are subject to those decisions that are made behind closed doors without the input of governments or civil society. Unlike the other three member organizations of the “Unholy Quad” which do not score high on civil society input the WTO ranks the lowest.

Lobbying efforts to "re-regulate" will run counter to negotiations over GATS and other free-trade agreements which have been working towards opening up the financial sector, and which were backed by the US and the EU. These were subject to concerted and secretive lobbying of negotiators by financial corporations, resulting in negotiators collaborating closely with the financial industry. The liberalization of financial services was included in trade treaties without any guarantee of whether the right regulation and supervision was in place. In fact, the EU requested many countries to eliminate particular prudential rules, some of which had been put in place after the Asian crisis. The EU requests were clearly based on specific demands from the financial industry, which had easy access to the negotiation documents and EU negotiators. By contrast, only after strong insistence were Dutch parliamentarians allowed to look at those hundred of pages of requests in a small room - and they were prohibited from taking notes!

Regulation was considered 'uncompetitive' in EU's drive to become the most competitive economy in the world. Therefore, worldwide market opening and deregulation in favor of the financial industry through free trade agreements were part of the EU's Lisbon agenda. The EU financial industry needed to compete with US financial industry which was very profitable due to a large home market, sophisticated investment banks and a low level of regulation. Thus, in the EU, regulation was seen as an unnecessary cost and barrier to competitiveness - particularly by the UK, which wanted the City of London to be able to compete with the under-regulated US financial industry. Its financial success depended upon deregulation.

The above exposition of the GATS shows how intimately international trade has been part and parcel of the causation of the deep economic crisis. The crisis may have started in the US in its deregulated banking sector and its overleveraged financial institutions, but the EU's

financial companies' competitive stance assisted by WTO rules (basically their own) are also to be blamed. Meanwhile, warnings from academics, parliamentarians, civil society and others went unheard. Taxpayers and citizens are now suffering from the economic downturn that followed the financial crisis. Needed are new governance structures that make the "Unholy Quad" at least less unholy and preferably ready for burial. No financial sector in the US or EU are to be allowed to fuel speculative financing without serving the economy, society, or financing solutions to the food, energy and climate crises which the world is confronting today.

The big critique of the London summit is that the governments failed to agree on immediate coordinated policies on stimulus spending, interest rates and toxic assets in the banking sector. Those areas have been left for individual governments to manage.<sup>4</sup> There are observers like Prasad of the Brookings Institution who still believe that the US has to engage in a high level of quickly importing goods and services in order to have world trade jump-started. Will the average US citizen who has been suffering through the recession again indulge in such consumerist behavior to save such a shaky international trade theory?

Is UNCTAD ready to carry the banner of frugal trade and take over WTO if nations decided to pursue frugal, free and fair trade?

UNCTAD, established in 1964, has been a constant and courageous voice for developing countries in terms of development and trade issues. In respect to the present economic crisis and trade issues its former Secretary-General, Supachai Panitchpakdi, who handed UNCTAD's reign over on May 4, viewed his organization's position in this way: "For many years, even when the global economic outlook was much more positive than today, UNCTAD stressed the need for systemic coherence. It has regularly highlighted the shortcomings of the international economic system and has defied mainstream economic theory in its justification of financial liberalization without a clear global regulatory framework. UNCTAD has drawn attention to the fact that the world economy was overshadowed by serious trade imbalances and has questioned how they could be corrected without disrupting development. We have warned that, in the absence of international macroeconomic policy coordination, the correction could take the form of a hard landing and sharp recession. In recent years, we noted the growing risk that the real economy could become hostage to the whims and volatility of financial markets. Against this

background, UNCTAD has always argued in favor of stronger international monetary and financial governance. A better understanding is required of how lack of proper financial regulation set the scene for increasingly risky speculative operations in commodities and currency markets and of how across-the-board financial deregulation and liberalization have contributed to global imbalances. In doing so, a clearer vision may emerge of how these and other systemic shortcomings can only be remedied by vigorous reform of the international monetary and financial systems through broad-based multilateral cooperative processes and mechanisms that strengthen the role of developing countries in global governance.”

Against this backdrop he established in October 2008 an UNCTAD interdivisional Task Force on Systemic Issues and Economic Cooperation. It was “tasked with examining the systemic dimensions of the crisis and with formulating proposals for policy action nationally and multilaterally.” They produced the 61 page report “The Global Economic Crisis: Systemic Failures and Multilateral Remedies.”<sup>5</sup>

It is also worth noting that the UNCTAD Secretary General was invited by the UN Secretary-General Ban to assist in writing his important note to the annual ECOSOC interactive dialogue between the “Unholy Trinity”, the WTO and UNCTAD on April 27, 2009. Unfortunately, UNCTAD’s vision and track record does not capture the support of decision-makers for reasons of unenlightened multilateralism and the predominance of the Washington Consensus the proponents of which, as Walden Bello in his 2004 Deglobalization book has shown, did not want to use UNCTAD but place their trust and power in the WTO which operates outside the UN system.

## RECIPROCAL IMPACTS OF FRUGAL TRADE AND THE TFD SYSTEM

Once frugal trade thinking and practice becomes accepted, its proponents will engage in research and political activities to strengthen it. As part of that process the larger transformational challenge of an alternative monetary dimension can be pursued. One of the strategies in that regard will be the establishment of a UN Commission on Monetary Transformation and the Climate Crisis of which the international trade dimension would be an important agenda item.

The way that the Tierra Fee & Dividend system impacts on frugal trade thinking and practice be spelled out by explaining 1. how the provision of Tierras as reserve currency has minimal impact on trade, though not on a nation's finances and 2. how the provision of Tierras as vehicle currency has major impact on trade because it removes volatility of exchange rates by having fixed exchange rates and the reduction of transaction costs given that all currencies are pegged to the Tierra so that no foreign currencies have to be bought anymore.

## CONCLUSION

Frugal trade thinking and practice is a necessary step in humanity's challenge to accomplish its sustainability revolution. This challenge is well expressed by former US EPA Administrator Ruckelshaus when he posed the following question in the early seventies:

*“Can we move nations and people in the direction of sustainability? Such a move would be a modification of society comparable in scale to only two other changes: the Agricultural Revolution of the late Neolithic, and the Industrial Revolution of the past two centuries. These revolutions were gradual, spontaneous, and largely unconscious. This one will have to be a fully conscious operation, guided by the foresight that science can provide. If we actually do it, the undertaking will be absolutely unique in humanity's stay on Earth.”*

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<sup>1</sup> See various citizen aviation watch groups' websites such as [www.us-caw.org](http://www.us-caw.org) , [www.metronyaviation.org](http://www.metronyaviation.org) and the Aviation Watch Yahoo Group at <http://groups.yahoo.com/group/aviationwatch>.

<sup>2</sup> Cf. <http://icsid.worldbank.org/ICSID/Index.jsp>

<sup>3</sup> <http://www.globalpolicy.org/social-and-economic-policy/international-trade-and-development-1-57/general-analysis-on-international-trade-and-development/48776.html> presents a case study of West countries showing how "Free Trade" has caused declining food production and increased poverty and hunger for millions of people. The study by Oregon State University researchers concluded that the techniques and "cash-crop" emphasis advised by those who favored the free-trade agenda have caused more harm than help in many locations.

<sup>4</sup> <http://www.npr.org/templates/story/story.php?storyId=102774221#commentBlock>

<sup>5</sup> Its reference number is UNCTAD/GDS/2009/1 and like other important UN document can be found on the TIMU website under documents.