

## THE GREAT MONETARY TRANSFORMATION

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There is the Great Work(Thomas Berry), there is the Great Turning (David Korten), there is the Great Transition (Paul Raskin) and now there is the Great Monetary Transformation (Frans Verhagen).

We are living in one of the most precious times. Crises are too precious to waste. The Year 2009 may become an axial year, either in the move forward or in a move backward. There is no possibility of having no movement. If no fundamental changes are being made in these times of synchronous crises in the global economy, climate, energy, food and other associated crises, the move will be backward to momentous peril to people and planet.

November 15, 2008 was the day that former President Bush brought together the G20 group of nations to deal with the looming economic crisis which only has gotten worse since then. Unfortunately, this G20 Summit was a failure in many ways, though summiteering is generally better than doing nothing. One of the less known outcomes of this Summit was the assignment of several tasks by the G20 to the IMF to be accomplished by March 31. All of these assigned monetary tasks are based upon a reformist agenda which will not do much for these axial times. The times demand a Great Monetary Transformation, the process of which ought to have started on November 15, but now, hopefully, will be started on April 2 in the G20 follow-up conference in London. This time the new US president who has campaigned on transformation rather than reform will be an essential participant in the Summit.

The Great Monetary Transformation that is advocated here for the G20 Summit in April is the one that argues for the introduction of an *international reserve currency* that is based not on gold or a national currency such as the US dollar or Euro, nor a basket of major currencies, commodities or the Consumer Price Index, but on *carbon emissions permits*, a currency that becomes part of a modified *balance of payments* as a new account line of carbon credit or debit, a currency that becomes the anchor of *fixed exchange rates*. This transformational international architecture called the *Terra International Monetary Union (TIMU)* or the TIMU system is governed by a *World Central Bank* which engages not only in administering the Terra—the new reserve currency—and in interfacing with the *national Terra Institutions* of the TIMU Treaty member states, but also monitors international capital flows, particularly the speculative ones originating in hedge funds and offshore banks. Furthermore, like a national central bank or the European Central Bank, it engages in money creation. It will promote the transition from privately-owned banking systems to publicly owned banking systems where the public controls coinage and its various modern manifestations. Finally, this monetary architecture is based upon a philosophy of *bioregional economics* where nations and their regions practice their economic activities on a bioregional, i.e. watershed level, trying to be living well within the region's physical limits. Part of this philosophy is the policy of *frugal trade*, exporting and importing as little as possible, so that, among other things, humanity's carbon output can be reduced to 350 parts per million. Part of the national Terra Institutions is to educate their citizenry in carbon budgeting, particularly those with huge ecological

footprints. It is those citizens with several homes, cars and much international air travel that will make up most of the Terras that form part of the national carbon account in the TIMU balance of payments.

The TIMU transformation, which includes those six major components that are italicized in the earlier paragraph, is not a reform of the international monetary system, but it reshapes, reorients, re-anchors the present system which is not stable, equitable and sustainable. It reorients the present international economic system which enriches the few, impoverishes the many and endangers the planet. By the flow of Terras from the ecological debtor nations in the global North to the ecological creditor nations in the global South the so-called “Funding For Development” problem becomes moot and high income countries can stop discussing their pitiful Official Development Assistance of .7% of GNP or the World Bank’s proposed Vulnerability Fund.

How is this Great Monetary Transformation to come about? Where is the leadership in government, business and civil society that would make this transformation possible? Can we trust that President Obama will be the transformational figure in this very fundamental, and often ignored, area of monetary economics and sociology?

Though I have identified some forty reasons (neatly categorized and alphabetized) why nations should engage in the pursuit of the TIMU Treaty—in 2000 visionaries produced the FAESTA Draft Monetary Treaty with its emission-based currency unit in a conference held in a plush hotel in Noordwijk Aan Zee mimicking the Bretton Woods conference in 1944—I think the major driving force will come from humanity’s sense of equity and fairness to both people and planet. It is part of a vision where the human community becomes part of the community of life. It is a vision already espoused by millions of people who have endorsed and are applying the integrated social and ecological values of the Earth Charter which is considered to be the 21<sup>st</sup> century successor to the Universal Declaration of Human Rights of last century.

It will also become a reality when the greater part of policy making humanity starts implementing the crucial parts of humanity’s third major revolution, i.e. the sustainability revolution. Thus, the question for the implementation of the Great Monetary Transformation becomes a question so well posed by former US EPA Administrator Ruckelshaus when he queried: *“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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