

THE U.S. DOLLAR, THE TIERRA AND THE IMF

An OPED piece

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One of the topics that, hopefully, is going to be discussed in some depth at the G20 Summit on April 2 is an evaluation of the US dollar as the main international reserve currency and alternatives to it.

China has been pushing for a “supersovereign” reserve currency which would also be in the interest of developing nations who are forced to maintain major national or regional currencies such as the dollar, the yen and the euro to the detriment of reduced local investment funds. President Obama, Secretary Geithner and Chairman Bernanke have initially opposed such move, perhaps as a negotiating chip.

Though neglected by the mainstream press a significant report was recently published by the UN General Assembly President's Commission on Monetary and Financial Crises which, among other recommendations such as the need for a Global Economic Coordination Council within the UN system, presented in paragraph 47 the case for **A New Global Reserve Currency**. It reads: “47. But a two (or three) country reserve system, to which the world seems to be moving, may be equally unstable. The new Global Reserve System is feasible, non-inflationary, and could be easily implemented, including in ways which mitigate the difficulties caused by asymmetric adjustment between surplus and deficit countries.”

The International Institute of Monetary Transformation has been advocating before the Commission and in many other places to base such new international reserve currency on carbon emissions which would become part of the carbon account of a nation's balance of payment. The major advantage of such carbon-based currency and its Tierra International Monetary Union (TIMU) Architecture is that it monetarily solve the economic crisis through resolving the climate crisis by transferring Tierras from ecological debtor countries in the global North to ecological creditor countries in the global South. Thus, I have submitted to the Commission's draft report the addition after the words New Global Reserve System “WHICH CAN BE CARBON-BASED, OR COMMODITIES, CURRENCIES OR CONSUMER PRICE BASED.”

Part of the TIMU Architecture is World Central Bank which would administer the Tierra Currency and act in a similar way as the European Central Bank. Thus I also have added in capitals for paragraph 52 about **A Global Economic Coordination Council**.”

“52. A globally representative forum to address areas of concern in the functioning of the

global economic system in a comprehensive way must be created. THIS CAN BE DONE BY CREATING A GLOBAL CENTRAL BANK TO WHICH NATIONS CEASE MONETARY SOVEREIGNTY OR BY CREATING A GLOBAL ECONOMIC COORDINATION COUNCIL. At a level equivalent with the General Assembly and the Security Council, such a Global Economic Council should meet annually at the Heads of State and Government level to assess developments and provide leadership in economic, social and ecologic issues.”

Finally, I have added a change in capitals for paragraph 78 about **“More stable and Sustainable Development Finance.”** “78. The international community needs to explore a variety of mechanisms of *innovative finance*, including TRANSFERS OF CARBON DEBITS OF A CARBON-BASED GLOBAL RESERVE CURRENCY THAT ARE PART OF THE CARBON ACCOUNT OF AN ECOLOGICAL DEBTOR NATION’S BALANCE OF PAYMENTS, regular emissions of a new global reserves (SDRs), revenues generated from the auction of global natural resources (such as ocean fishing rights and pollution emission permits), and international taxes (such as a carbon tax, which would simultaneously help address problems of global warming, or a financial services tax, which would simultaneously help stabilize international financial markets.”

Besides the Tierra currency, the World Central Bank there are four additional requirements or components to the TIMU Architecture. They are: *Removing the money creation function from commercial; Establishing fixed exchange rates; Adopting a bioregional approach to economic planning; Adopting a position of frugal.* These components are described in detail at www.timun.net.

Within the TIMU Architecture the IMF will be replaced by the World Central Bank where there are no real problems of “voice” and “participation” and where the economic philosophy of growthism and the Washington Consensus are replaced by fair, sustainable, and, therefore, stable monetary, financial, economic systems. They are the ones that will not enrich the few, impoverish the many and imperil the planet as the present systems still do.

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