MEDIA ADVISORY

***International Institute for Monetary Transformation***

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**THERE ARE AT LEAST THREE ALTERNATIVES**

**TO THE KYOTO PROTOCOL!!!**

The Japanese delegation’s statement at the beginning of the Conference caused great commotion. Not inscribing its carbon reduction commitments in the second commitment period and not even supporting the period at all together with the position of the Umbrella Group members puts the Kyoto Protocol in serious danger.

In answering the question whether the Kyoto Protocol (KP) should continue in 2012 the answer very much depends whether alternatives are available that are able to reduce carbon emissions equitably and quickly. If that were the case the dissolution of the Kyoto Protocol could be considered a case of creative destruction using Schumpeter’s phrase.

Stated monetary sociologist Dr. Frans Verhagen, president of the International Institute for Monetary Transformation: “The Kyoto Protocol can be safely dissolved around 2012 because real alternatives are emerging. I consider two of the three present alternatives to be promising: the carbon budget approach and the carbon-based international monetary system. They are related because the former will work best within the global governance structure of the latter. The third alternative the General Agreement on Reduction of Emissions (GARE) as described in a recent Brookings book and basically reflecting the position of the US government is not viable, for it takes too long, and does not include an equitable allocation of the remaining atmospheric space. It also includes a carbon-market approach that has shown to be ineffective in reducing emissions besides being unfair.”

The International Institute for Monetary Transformation is a young institute with an ambitious program of overhauling the present dysfunctional international monetary system which is deemed criminal by Nobel Prize winner economist Robert Mundell. Its president proposed at the September 2010 Yale/UNITAR global governance conference a carbon standard that would bring equity, sustainability and, therefore, stability to the future system. Such stable system will also produce stability in the financial, economic and commercial systems because this seriously underestimated monetary system works as glue binding them together. As a lubricant the international monetary system makes those systems smoothly.

IIMT’s carbon-based international monetary system is called the Tierra Fee and Dividend (TFD) system. Tierra is the unit of account of the monetary carbon standard while the fee and dividend part is the carbon reduction method that James Hansen wrote about in Storms of My Grandchildren. The IIMT rejected the cap and trade carbon reduction method because it is not fast, formidable and fair enough. Maurice Strong of UN Earth Summits fame considers the TFD an “innovative proposal….seems to be very promising particularly in light of the stalemate in post-Kyoto prospects.” The TFD will be fully presented in the forthcoming COSIMO publication entitled Tierra Fee and Dividend: Using a Transformed International Monetary System to Combat Climate Change by Advancing Low Carbon and Climate Resilient Development.

The South Center’s research paper of November 2010 (#33) suggests on p.26 that “about $2,300 billion or equivalent of 6 percent of the current GNP of developed countries is required.” This $2.3 trillion that is needed annually over 40 years cannot be expected to come from austerity budget plagued-nations in the North. Together with the World Future Council’s Money Creation program IIMT believes that new money has to be created as credit, not debt. The TFD’s global central bank would circulate these needed trillions into the economies of member states for their climate and development programs. This can be done without creating inflation.

Unlike the carbon budget alternative that under leadership of India and others is entering the Cancun negotiations, the TFD hopefully will enter the UN system in 2011 when nations are to sponsor a UN General Assembly Resolution to establish an UN Commission of Experts on Monetary Transformation and Low Carbon and Climate Resilient Development. The Commission would consist of experts in climate, monetary and development issues because the outcome has to lead to an integrated monetary agenda for climate and development action.