IMF Report Promotes World Currency

As the effects of the economic crisis continue to pile up, increasingly significant calls for a global monetary system administered by some world authority have been issued by world leaders, the United Nations, the media, and numerous economists. But the IMF report, entitled "Reserve Accumulation and International Monetary Stability," offers very specific proposals which — not surprisingly — would involve handing it massive new powers over the global economy.

According to the paper, published by the IMF's strategy, policy and review department, growing hoarding of reserves by various governments and monetary authorities are leading to "unsustainable" imbalances and other problems. The IMF says the figure is around 13 percent of global GDP.

"[M]embers do, under the Articles of Agreement, have an obligation to collaborate with the Fund and with each other on their international reserves policies, with the objectives of promoting better surveillance of international liquidity and making the special drawing right (SDR) the principal reserve asset in the [International Monetary System]," explains the report. But that isn't enough for the IMF. It thinks nations should stop hoarding reserves, and that it can help in the process of achieving that goal.

There are several other "problems" identified by the IMF as well. And of course, the report offers "solutions." In terms of fixing destabilizing volatility in international capital flows, "The scope of any Fund role in these areas could vary significantly, from purely advisory to jurisdiction over capital controls," it says.

Then there are the global imbalances in the world economy. To fix them, the report proposes Keynes' idea of instituting an "automatic tax" on surpluses and deficits to finance a "global stability pool" and discourage such imbalances.

And it isn't just global taxes and IMF-governed capital controls. After explaining so-called Special Drawing Rights — IMF-issued "reserve assets" based on a basket of major national currencies — the report proposes a much larger role for this supposed asset. "The benefits of an SDR-based system are many in comparison to a uni or multi-polar one," the paper says, citing a number of supposed advantages.

"In the presence of scale economies, the SDR basket provides a focal point around which a majority of international financial transactions could occur," it says. "By shifting relative demand towards use of SDR-denominated instruments from national currency-denominated ones, these scale economies could result in similar interest rates for countries with the same credit risk ratings that issue securities denominated in SDRs."

Then, the report goes even further, suggesting an even more ambitious scheme for a fiat world currency administered by a global authority. "A global currency, bancor, issued by a global central bank would be designed as a stable store of value that is not tied exclusively to the conditions of any particular economy," the paper says. "The global central bank could serve as a lender of last resort, providing needed systemic liquidity in the event of adverse shocks and more automatically than at present."

The global currency 'bancor,' like the global "imbalance tax," was also originally proposed by the now-discredited "economist" John Maynard Keynes after World War II. It didn't take off then, for many reasons. But now, things are different, according to the IMF report. "There has been a long-running debate speculating on whether the dollar could collapse," it says, citing some economists who believe it could or would, and others who disagree.

While fears about the stability and reliability of the fiat dollar are certainly justified — especially in light of the trillions the federal reserve recently conjured into existence for the banks — the solution, according to economists who have proven themselves over the decades, is obviously not to impose the same fiat debt-money system at the global level.

"A world paper currency and world central bank would heighten the moral hazard and lead to a global inflationary regime such as we've never seen," notes Lew Rockwell, the chairman of the Ludwig von Mises Institute, in an article about the IMF paper. "There would be no escape from political control at that point."

Instead of "currency reform" coming "from the marble palaces of the monetary elites," Rockwell points out that, "[p]rivate currencies traders the world over could, on their own, give rise to a new currency rooted in gold and traded by means of digital media."

This would be far superior for numerous reasons, he argues. "Under a gold standard, the physical metal is the limit and the market is the master. Under a global paper system, the paper provides no limit whatsoever and the politicians are the masters."

Other experts agree. "A global central bank would be a disaster," financial expert Bob Chapman, editor of *The International Forecaster*, told *The New American* in an e-mail. "It means the acceptance of world slavery."

Chapman also pointed out that the international monetary system was being deliberately destroyed to bring about a global currency like the bancor. "It's just not fiscal and monetary policy. It is every facet of your life that these elitists want to control."

Of course, even the IMF admits such a massive change will not come quickly or easily. "It is understood that some of the ideas discussed are unlikely to materialize in the foreseeable future absent a dramatic shift in appetite for international cooperation," it says in the report. But the end game is clearly illustrated in a graph that depicts a bubble with global currency written in it after various other proposals that would encounter less resistance and could therefore be implemented sooner.

But the prospect of a global fiat monetary system is growing rapidly. Countless mainstream news pieces are proclaiming the virtues of such a development, even as global bodies and world rulers advocate a speedy transition. And the calls are only intensifying.

The international monetary system today is obviously unstable, but it has nothing to do with the fact that monetary policy is not yet totally in the hands of global authorities. The real problems are the fractional-reserve lending system and the fiat debt-money-issuing central bank cartels which enable it. A global currency — gold, silver, or whatever the market decides — would surely be better than today's scheme. But a global paper currency — administered by unelected world bureaucrats and forced upon the earth by governments — would be an unmitigated disaster.