

## **The Federated Global Sovereign Monetary Authority (Global Fed) and its International Development Facility (IDF):**

Preliminary Notes for a discussion at the Alliance For Just Money Coffee House on February 22, 2021, 8-10 pm ET.

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### **Introduction**

Early on in planning for this Coffee House I was torn between two activities: a discussion about a Global Central Monetary Authority with preparatory materials or a structured conversation event on the financial, fiscal and monetary subsystems of the world economy following the procedure of the Global 24 Initiative. I opted for the discussion format and decided to put into Appendix A as an example of what the outcome of a group discussion would look like using the Global 24 Initiative procedure.

Thus, the Global 24 Initiative event remains an open activity if the Alliance membership wants to spend another Coffee House on it or engage in it in another context such as an AMI conference or an IMMR event. More about the Global 24 Initiative in the How section of bringing about a Global Sovereign Fed. Note that the US Fed is not (yet) a sovereign monetary authority.

It is important when discussing monetary reform to take note of two distinctions. First, there is a great difference between monetary reform and monetary transformation as will become clear in the How section. Second, the centrality of the monetary system is made abundantly clear in the introduction to Joseph Huber's book *Sovereign Money: Beyond Reserve Banking* where he states: Financial markets cannot work properly on the basis of a malfunctioning monetary system. To sort out banking and financial markets, one has to come to grips with the money system.

If we want to advance a just and sustainable global governance system for the 21st century we have to transform the unjust, unsustainable, and therefore, unstable international monetary system. We can start in each country to push for the third monetary mandate of decarbonization / optimal solarization to be added to the dual mandate of price stability and maximum employment and from this reformist measure make the gargantuan step of a monetary transformational policy of basing the unsustainable international monetary system on the decarbonization monetary standard of a specific tonnage of CO<sub>2</sub>e per person.

### **What Is the Global Fed and its Development Facility?**

#### **History**

Monetary innovation is often born in the clash of empires or wars. Cf. The 17<sup>th</sup> Century wars of the Dutch empire (see Jonathan Israel and Emmanuel Wallerstein) with its

“financial machinations” (Intro of *Debt as Power*) with the emerging British empire leading to the Bank of England.

18<sup>th</sup> century: John Stuart Mill’s argument for a global central bank

19<sup>th</sup> century: 1867 The Paris International Monetary Conference

20<sup>th</sup> century: the 1944 UN Monetary Conference at Bretton Woods, New Hampshire.

21<sup>st</sup> century: Morrison Bonpasse’s 2007 *Single Global Currency*, chapter 7 discusses prospects of the 3 G: global monetary union, global central bank, global currency without a strong monetary theory or framework; Verhagen’s *Global Monetary Architecture* in 2012 and its 2021 *Ample Money* sequel present such framework in its *Tierra Monetary Theory* and compares it with the MMT and the SMT; part of the process of advancing the *Tierra Global Sovereign Authority* is the use of its highly participatory national conversation procedure of its structured *Global 24 Initiative*, the *US-China Partnership in Rivalry (PiR)* with its international development facility (*IGF*), would a blend of the *IMF/WB* of the West and *Road and Belt* system of China and *BRICS* countries. Special financing by the *IDF* will be made available to nations in the *Global South* based upon economic feasibility and climate justice.

### **The 2025 Global Fed**

It is the federation of national and regional monetary authorities that establishes the global sovereign monetary authority.

It is the sole authority of global money creation.

It is to establish a global currency, preferably called the *Tierra* which, unlike *Special Drawings Right* of the *IMF*, will be the means of exchange not only between governments, but also businesses and individual persons; during the transitional period national currencies could possibly be used which would be based on the monetary standard of decarbonization expressed as a specific tonnage of *CO2e* per person.

It establishes and maintains a balance of payments system that accounts both for financial and ecological (climate) credits and debts of nations in the *Global North* and *South*; part of that system is an updated *International Clearing House*, an idea that was proposed by *Maynard Keynes* during the *UN Monetary Conference* of 1944.

It is the funding source of ample resources for the *UN Agenda 2030* with its 17 *Sustainable Development Goals (SDGs)*.

It is, unlike the *IMF*, an essential part of the *UN* system and interacts with the hundreds of its organizations. It is part of a *Bretton Woods 3.0*, going far beyond the reforms proposed in *Bretton Woods 2.0* as discussed by monetary economist *Robert Mundell* and others.

### **Is There a Need for the GSF and its IDF?**

The pandemic and especially the climate emergency demand transformational financing from a global bank with ample financial resources. Note the 12 reformist measures and

12 transformational policies of the Global 24 Initiative in Appendix A. Transformational policies are understood in this procedure and in both of my books to refer to policies that are both are systemic and global.

### **How to Bring Both into Existence**

National, regional and international structured conversation programs as proposed in the Global 24 Initiative are a major way. Appendix A shows the chart of my present list of 24 reformist measures and transformational policies in the financial, fiscal and monetary subsystems of the world economy

Monetary theory is to develop from MMT to SMT to TMT—Tierra Monetary Theory which is SMT placed in the context of the proposed just and sustainable global governance system for the 21st century. Such TMT as proposed in my 2012 and 2021 books could form the theoretical foundation for the political platform of the International Movement for Monetary Reform and for the Party of the 99% proposed by Di Muzio and Robbins. It could also become part of the Banking and Monetary Reform Committee of the US Green Party (Howard Switzer) which can also work with the EU Green Party and with socialist-democratic parties of the Progressive International with its membership of 147 candidates. [www.progressiveinternational.org](http://www.progressiveinternational.org)

This global theoretical work that goes back to the 1830 Currency vs Banking controversy and the social credit movement of the 1930s with Irving Fisher can also become part of the NEED Act so that its expansion includes this global challenge, particularly as it relates to the important international role the US Fed present plays and will always play in the emergence of a modern and stable international monetary system that is based on justice and sustainability .

### **Way Forward**

Try to get the IMMR involved in the Bonn June 2021 preparatory climate conference and in the Glasgow November Climate Conference. Draft of Transformational Funding of UN Climate programs in Appendix B.

Have the International Movement for Monetary Reform accredited at UN conferences and meetings, starting at the UN Headquarters in New York and Geneva; have it join the NGO Committee of Financing for Development.

### **Conclusion**

The International Movement for Monetary Reform has a very substantial financial, fiscal and monetary contribution to make in its dealing with the COVID-19 and climate emergencies.

We have to be bold in pushing for reformist measures and especially transformational policies in the financial, fiscal and monetary subsystems of the world economy.

We have to be bold in arguing and working for a vision of a just and sustainable global governance system in which transformational financial, fiscal and monetary changes are essential.

## Appendices

- A. Example of an outcome of the Global 24 Initiative highly participatory procedure
- B. Transformational Funding for the UN Climate Agenda

## Study Stack

Resources on The Federated Global Sovereign Monetary Authority and its International Development Facility.

Monetary reform and transformation

Transformational Funding of UN Climate Agenda: See Appendix B for a draft article.

Verhagen 2012 *The Tierra Solution: Resolving the Climate Crisis through Monetary Transformation* and its 2021 sequel *Ample Money: What, why not, how and whither?*

Joseph Huber, professor of economic sociology, *Sovereign Money Beyond Reserve Banking* 2017 and [www.sovereignmoney.site](http://www.sovereignmoney.site);

Tim Di Muzio and Richard H. Robbins, *Debt as Power* with its chapter 5 on the Political Party of the 99%

International Movement for Monetary Reform [www.immr.org](http://www.immr.org)

PiR (Partnership in Rivalry) proposal between the US and China contributing to the emergence of the Global Sovereign Fed (GSF) the draft of which is in preparation as part of the 2021 Ample Money book.