



# **GOLD AS FOURTH POWER OF GLOBAL DEMOCRACY**

United Transnational Republics  
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# MILLENNIUM DEVELOPMENT GOALS



Draft Buenos Aires Declaration:

*“They are the minimum threshold compatible with the proclaimed values of the international community. Failure to make serious progress towards achieving them would entail both moral bankruptcy and practical disaster.”*

# MILLENNIUM DEVELOPMENT GOALS



Means required:

- *moral vision*
- *political will*
- *knowledge*

Is this really all we need?

# ACTORS OF GLOBALISATION



- Globalisation is propelled by the “global players” and influenced by international power structures such as the WTO, IMF ...
- Unfortunately, their goals typically are in conflict with the Millennium Goals

# PEOPLE AND GLOBALISATION



- The representation of the individual ends in the nation-state

# NATIONS AND GLOBALISATION



- Nation-states are representing national interests.
- National and transnational interests typically are in conflict.
- ➔ Nation-states cannot represent transnational interests (e.g. Kyoto Protocol).

# UNITED NATIONS: “MAYORS OF THE WORLD”



- Today’s global situation can be compared to a nation-state that has no national government but only city mayors.
- In such a nation-state, nation-wide matters would be very difficult to organise.

# PEOPLE AND GLOBALISATION



- The representation of the individual ends in the nation-states
- Currently, there is no representation of people's transnational interests.

# MILLENNIUM DEVELOPMENT GOALS



Means required:

- *moral vision*
- *political will*
- *knowledge*

**+ power structure !**

# POWER STRUCTURE



Expansion of the current system by one additional federal level:

- National matters: Nation-states
- International matters: UN
- Transnational matters: UTNR

# POWER



- how to get it?
- how to prevent its misuse?

# MISUSE OF POWER



- Mainly due to its complexity, the current system is open to manipulation by “global players” and various actors.
- It favours special interest (e.g. IMF)

# MISUSE OF POWER



All misuse possible will be done and all rules will be tested.

- We need a transparent system with simple rules and minimal hierarchy.

# UNITED TRANSNATIONAL REPUBLICS



UTNR structure:

- Just as the UN is an assembly of nation-states, the UTNR is an assembly of Transnational Republics.

# UNITED TRANSNATIONAL REPUBLICS



UTNR rules:

*“All power originates in the individual and is not alienable.”*

- ➔ Join a Transnational Republic (TNR) or start your own.
- ➔ Each TNR has the voting power of the people it is representing.

# TRANSNATIONAL REPUBLICS AND CITIZENSHIP



Alaine TURAINÉ: *“We must defend the right to citizenship”*

The citizen chooses a TNR, not the other way around.

# UNITED TRANSNATIONAL REPUBLICS



- direct Democracy without parties
- competing TNRs controlling each other
- only one level of separation / hierarchy

# POWER: HOW TO GET IT?



- the moral power of the big number
- monetary power

*“moral is good, money is better”*

# GOLD-STANDARD



French Franc	1814 - 1914	100 years
Dutch Gilder	1816 - 1914	98 years
British Pound	1821 - 1914	93 years
Swiss Franc	1850 - 1936	86 years
Belgian Franc	1832 - 1914	82 years
Swedish Crown	1873 - 1931	58 years
Deutsch Mark	1875 - 1914	39 years
Italian Lira	1883 - 1914	31 years

stable prizes  
low interest rates

# GOLD-STANDARD



- Very safe against manipulation
- Financing of larger wars not possible

# BRETTON WOODS 1944



- Gold-Dollar-Standard replaces Gold-Standard (\$35 equivalent to one ounce of Gold)
- US-Dollar becomes global key currency.
- USA receives the privilege to print “Paper-Gold”
- World Bank and International Monetary Fund (IMF) are founded.

# US-DOLLAR BECOMES THE HEGEMONIC DOMINANT CURRENCY



- Central banks are holding US-Dollars (instead of gold) as reserve.
- USA has high demand for wars (e.g. Vietnam) and economy; dollars are being printed.
- 1971: peg to gold abandoned.
- Today: about 70% of central bank reserves are still held in US-Dollar



# FLOATING HEGEMONIC CURRENCY

*“Under a floating arrangement the holder of the hegemonic currency has possibly even more power. The US is in a stronger position now to influence the dollar than under the Bretton Woods regime, where it could only influence the dollar exchange rate within set margins.”*

[Braithwaite and Drahos; Global Business Regulation; p. 138]



# FLOATING HEGEMONIC CURRENCY

- Estimated US economic costs of Iraq war:  
US\$2,000 billion [study by J. Stiglitz and L. Bilmes]
- ➔ 14 times the value of US gold reserves  
(8133,5 t equiv. to US\$144 billion at US\$554/ounce)
- ➔ 9 times the value of World gold reserves



# FLOATING HEGEMONIC CURRENCY

- Estimated US economic costs of Iraq war:  
US\$2,000 billion [study by J. Stiglitz and L. Bilmes]

→ US\$330 per person worldwide

Half the world - nearly three billion people - have to live on less than two US\$ a day.



# PROBLEM OF A HEGEMONIC CURRENCY

*“The European international monetary agenda is to break the hold of the US dollar over financial markets and commerce.” as de Silguy’s speech [in 1997] makes plain:*

*(...) The arrival of the euro will open the way to a more balanced multi-polar international monetary system. (...) Instead of one dominant currency there will be three - the dollar, then yen and the euro.”*

(Yves-Thibault de Silguy: member of the European Commission, responsible for economic, monetary and financial affairs)

[Braithwaite and Drahos; Global Business Regulation; p. 120]



# PROBLEM OF A HEGEMONIC CURRENCY

- in order to achieve the Millennium Goals, the creation of a transnational currency system is indispensable.
- *“One possible solution to the problem of a hegemonic dominant currency is that suggested by Keynes and others - a world central bank. Of course, the US, Japan and Europe would have to be persuaded to agree to it. For this reason it seems infeasible”*

[Braithwaite and Drahos; Global Business Regulation; p. 139]

# COMPLEMENTARY CURRENCIES



*Economist (2005) on “Frequent Flyer Miles” :*

- Value of 700 billion US\$ (700,000,000,000).
- Second biggest currency.
- Gold reserves in comparison: USA 1/6,  
Germany 1/15

Around 6,000 complementary currency systems exist today (Internet: Paypal).

# STRATEGY



- The expansion of the current system and introduction of a transnational currency will not be done by the system(s) currently in power.
- ➔ It has to happen through a grassroots movement - we will have to do it ourselves.



# INTRODUCTION OF THE TRANSNATIONAL CURRENCY PAYOLA

Ambitious but not impossible:

- The Central Bank of the UTNR buys national currencies against PAYOLA.
- Marketplace for PAYOLA.









Photo taken by Constance Hanna

# CONCLUSION



We need to recognise that goals such as the Millennium Goals are legitimate, but have not yet found an optimal “container” for their representation, as they do not naturally correspond with the goals of nation-states, the UN, or the “global players”.

We need to prevent that we miss these goals – just because consumer or national interests are finding a better representation than our human interests.