TRANSFORMATIONAL MONETARY JUSTICE AS GUIDING PRINCIPLE FOR AN INTEGRATED GLOBAL GOVERNANCE FRAMEWORK:

A discussion note for the post-2015 sustainable development framework

By

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“*As to methods there may be a million and then some, but principles are few. The man*

*who grasps principles can successfully select his own methods. The man, who tries*

*methods, ignoring principles, is sure to have trouble.”*

Ralph Waldo Emerson, 1890s

1. INTRODUCTION
2. A values discussion is central to any discussion of a sustainable development framework as indicated in the above quote;
3. After four centuries of analysis and dissection in Western culture the time has come for an emphasis on integration using its scientific achievements and those of other cultures.
4. OUTLINE OF THE DISCUSSION TOPIC
5. The need for an integration of the social, economic and environmental dimensions of sustainable development is widely recognized, but very few comprehensive attempts for integrated global governance are available;
6. One of the main reasons for the absence of attempts is the lack of a guiding principle for organizing a framework for integrated global governance;
7. The value of transformational monetary justice (TMJ) is presented here for discussion as such guiding principle.
8. TMJ goes beyond the integrated social and ecological value system such as the one of the Earth Charter. It is a novel value that is able to integrate social, ecological and intergenerational justice within a transformed international monetary system that is based upon a carbon standard. It is more than regular monetary justice which deals with the monetary injustices of the present international monetary system. TMJ is the monetary justice principle of a transformed international monetary system and thus it becomes transformational itself. This new type of integrated justice is the guiding principle of the conceptual, institutional and strategic dimensions of a carbon-based international monetary system called the Tierra Fee & Dividend system or, for short, The Tierra Solution.
9. RATIONALE FOR DISCUSSING TRANSFORMATIONAL MONETARY JUSTICE
10. Discussing a value framework for any kind of policy framework such as the Post-2015 sustainable development framework is of paramount or even primary importance;
11. Such value discussion is often avoided because of its many difficulties, particularly the absence of a guiding principle that is able to integrate values by prioritizing them;
12. No value framework discussion can be considered adequate for the 21st century if it does not include the value of climate justice given the critical climate situation with its mounting losses and damages to people and planet;
13. A climate resilient value framework for integrated global governance such as the one based upon the TMJ value is by its very nature a value framework that is to transcend the single, discrete economic, social or environmental value frameworks that are developed within their own silos. TMJ is able to function as a guiding principle for such integrated value framework for it transcends those single value frameworks.
14. EVIDENCE BASE FOR TRANSFORMATIONAL MONETARY JUSTICE
15. The usefulness of the TMJ as guiding principle for integrated global governance depends upon the usefulness and viability of a carbon-based international monetary system which does not reform, but transform the present global monetary system;
16. This carbon-based international monetary system was developed during the last three years by the International Institute for Monetary Transformation as a way to find a solution to both the financial and climate crises. As such its relevance depends upon the success or failure of simultaneously resolving both crises;
17. The financial crisis of 2008 is still with us in the millions of unemployed and underemployed persons, in the lack of proper monetary, financial, economic and commercial policies and in the scarcity of financial resources for the millions of projects that are needed for fair and sustainable development in both the global North and South;
18. The evidence of the climate crisis is, unfortunately, also very strong and what is worse its conditions are worsening. The assessments of the IPCC show these conditions and other organizations such as World Meteorological Organization in its most recent report at the Doha Conference show the same alarming trend. <http://climate-l.iisd.org/news/wmo-statement-highlights-2012-global-climate-extremes> . It is when the climate losses and damage become catastrophic —Cf Germanwatch Climate Risk Index at <http://germanwatch.org/en/5043>-- that the Tierra Solution will actively be considered. It will also become an alternative once more observers begin to question the effectiveness of the UNFCCC procedures and the positive views of its Executive Secretary Figueres (<http://e360.yale.edu/feature/un_climate_chief_christiana_figueres_talks_making_progress_on_eve_of_doha/2593>) and place the emphasis on decarbonization and the development of renewable energy technologies such as being done by former UN official Tariq Banuri and Rutgers law professor Howard Latin;
19. An integrated response to both crises is presented by the International Institute for Monetary Transformation in its proposal called The Tierra Solution or the Tierra Fee & Dividend system or the Tierra System for short. It presents the conceptual, institutional and strategic dimensions of an integrated global governance system. It is based upon the transformation of the international monetary system which is the most basic of global systems that as glue binds together the monetary, financial, economic and commercial systems. It can also be considered the lubricant of those global systems making them work smoothly. It can even be considered their linchpin. This global money system can be transformed by the introduction of a carbon standard of a very specific amount of tonnage of CO2e per person. The introduction of this standard makes exchange rates stable by having currencies pegged to the standard or by the introduction of a single global currency;
20. This carbon-based international monetary system is predicated on at least two major new institutions. One of them is a balance of payments system that accounts not only for financial credits and debts, but also ecological (climate) debts and credits. Given that countries in the global North are financial creditors and ecological debtors and countries in the global South are ecological creditors and financial debtors, bilateral negotiations of converting financial debts and ecological credits become a real possibility. The second new institution is the Global Central Bank which would not only administer and regulate the new system, but would be the only institution that together with its regional central banks engages in money creation and expansion. Limits to money creation as described in the 1865 US Senate document are set by the imagination of responsible public officials. Transformational financing for the enormous needs in the development and climate change areas becomes possible in such financial system without the straitjacket of austerity of the present system. Gone are the privately-owned banking systems with their fractional reserve systems, because they have become financial utilities without the privilege of money creation. People and their public officials direct their ample financial resources where they are needed as was done by public banks in various countries during the 1930s;
21. There are two main strategies by which this carbon-based international monetary system with its fixed exchange rates, its transformed balance of payments system and Global Central Bank can become a reality. One is the top-down, UN strategy and the other is the bottom-up, grassroots strategy. They are fully described in the last chapter of *The Tierra Solution: Resolving the Climate Crisis through Monetary Transformation,* the June 2012 Cosimo publicationthat also describes in detail the conceptual and institutional dimensions mentioned in B 5 and 6. For additional information, see [www.timun.net](http://www.timun.net).
22. Chapter 6 of the above book entitled “Monetary justice as guiding principle of integrated global governance” is most appropriate for this discussion note and is available, together with many other documents at <http://timun.net/documents.php?nID=11>. Together with five other preparatory chapters it goes into great detail of the author’s development philosophy before presenting the Tierra system itself in the following four chapters;
23. The Tierra Solution went public for the first time during UNITAR/YALE Global Governance conference in September 2010 and has been presented at various UN meetings in preparation for the Rio 2012 Earth Summit and at the two NGO Committees on Sustainable Development and Financing for Development at UN Headquarters. It was described in a 14 minute Climate Video interview at the UNFCCC Cancun conference in 2010 (<http://www.rtcc.org/climate-change-tv/unfccc-videos/frans-verhagen-december-2010> ) where also two press conferences gave wider visibility to the Tierra proposal. An up-to-date understanding of how the Tierra system relates to present day financial problems can be gotten by googling my initials as “fcvnyc”. The references will show my responses to various articles. Obviously, reading the Institute’s blog on [www.timun.net](http://www.timun.net) will give additional insight;.
24. Given that such transformational system is not yet in existence, evidence of its usefulness is not available. However, its usefulness and viability can be indicated by the support of outstanding organizations and persons who believe that this visionary approach of a new world order has potential. Worth mentioning are Maurice Strong of Earth Summit fame who believes that basing the international monetary system on a carbon standard is “innovative”; author Bill McKibben and founder of 350.org who wrote on May 7, 2011 “The further into global warming area we go, the more physics and politics narrows our possible paths of action. Here’s is a very cogent and well-argued account of one of the remaining possibilities.” ; economist Hazel Henderson of Ethical Markets fame who believes that The Tierra Solution is “a visionary and highly practical” approach; the DPI/NGO Bonn Conference in September 2011 which advised governments “to consider basing the international monetary system on a carbon standard”; the NGO Sustainable Development Committee at UN Headquarters whose Recommendation #10 to the Rio 2012 Earth Summit called on governments “to consider taking monetary justice of a carbon-based international monetary system as a guiding principle for its institutional framework of sustainable development”; the important NGO coalition of the Stakeholder Forum which accepted the Tierra Solution as one of its “thinkpieces” in its Sustainable Development Goals series (<http://www.earthsummit2012.org/resources/sf-publications/412-sdg-thinkpieces>) , whose May 2012 OUTREACH magazine published an article on the Tierra System both in preparation for the Rio 2012 Earth Summit and whose long-term executive director, Felix Dodds, wrote the Foreword to The Tierra Solution book.
25. DISCUSSION QUESTIONS ABOUT TRANSFORMATIONAL MONETARY JUSTICE AS GUIDING PRINCIPLE FOR INTEGRATED GLOBAL GOVERNANCE

The following set of questions could frame the online discussion on the proposed topic of having transformational monetary justice become the guiding principle of integrated global governance during Phase 2 of the consultation.

1. Why is integrating the three pillars of SD important?
2. What proposals exist that attempt to integrate the three dimensions of SD?
3. What guiding principle is used in those proposals?
4. Does the guiding principle of transformational monetary justice have potential to build an integrated global governance framework for the post 2015 period?
5. What are the pros and cons of basing the international monetary system on a carbon standard as proposed in the transformational Tierra Fee & Dividend system and using it as a pathway to integrate the three dimensions of SD?
6. Does the urgency of the climate crisis need a drastic, out of the box approach rather than the present UNFCCC’s approach of negotiations?
7. CONCLUSION

It is my belief that humankind’s third revolution as indicated in the Ruckelshaus’ quote below cannot be achieved until we transform the world’s most basic system of monetary relations by basing it on a carbon standard, so that an integrated global governance framework with its transformational monetary justice as guiding principle can be the basis of an equitable and sustainable, and therefore, stable world order.

*“Can we move nations and people in the direction of sustainability? Such a move would be a modification of society comparable in scale to only two other changes: the Agricultural Revolution of the late Neolithic, and the Industrial Revolution of the past two centuries. These revolutions were gradual, spontaneous, and largely unconscious. This one will have to be a fully conscious operation, guided by the foresight that science can provide. If we actually do it, the undertaking will be absolutely unique in humanity’s stay on Earth.”*

William D. Ruckleshaus, Head of the U.S. Environmental Protection Agency, 1970-73