

# Global Currency Ethics for a Sustainable Future

Global Sustainable Currency Summit  
Xi'an/China 26-27 September 2012

Prof. Dr. Christoph Stückelberger  
Director and Founder of Globethics.net  
Professor of Ethics at the University of Basel/Switzerland  
[stueckelberger@globethics.net](mailto:stueckelberger@globethics.net)      [www.globethics.net](http://www.globethics.net)

# Content

1. Currency challenges and financial markets
2. Currency Ethics: the methodology
3. Currency models: global, regional and local
4. Core Values of a Currency Ethics
5. Principles of a Currency Ethics
6. Powers Promoting a Currency Ethics
7. The Reference and Reserve Currency

# 1. Currency Challenges I

- Power: What will be the reserve currency after the dollar and when? “The world definitely needs a new global reserve currency, but it is difficult to replace the US Dollar. It will take decades before China becomes a major player in global finance.”  
*Chong Zhang, Director, Generis Capital in China, at the Global Ethics Forum 2012 of Globethics.net in Geneva*
- Stability: How to get to sustainable finance for environmental and stability reasons? The International Finance Corporation - the private-sector arm of the World Bank - had introduced sustainability performance standards, and these had now been extended into the Equator Principles.

# 1. Currency Challenges II

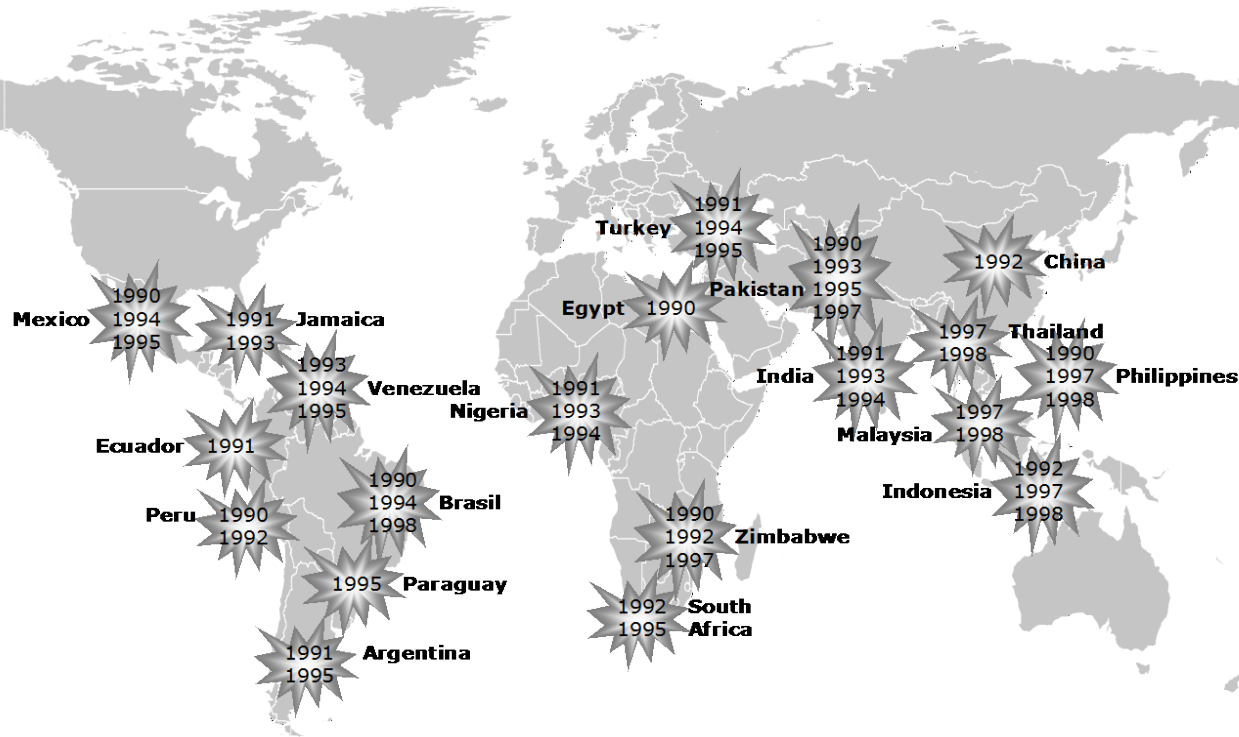
- Global, national, local? “We should not have any more global policy. We’ve had 20 years of global policy negotiation. Let us stop and take stock. Effectively, that is what the politicians said in Rio: we agree to do what we agreed to do, now let’s do it.”  
*Francis Vorhies, Founder and Director of Earthmind at the Global Ethics Forum 2012*
- Fairness/Justice: What are fair currency exchange rates? How to measure performance of an economy/ a state/ a currency area? Is it fair if an employee in a developing country has to work 40 hours for the same purchasing power as an employee with the same qualification in a so called developed country can get in one hour?
- Peace: If the the financial crises are economic wars and currency-wars, then currency ethics becomes part of a peace ethics!

# 1. Currency Challenges III

- Real Economy vs. Speculation: "Around the same time as the Enron crisis, JP Morgan was selling cross-currency swaps, a financial derivative very similar to the Enron derivatives, to help Italy hide its burgeoning debt. Goldman Sachs helped Greece to borrow billions of dollars and hide its abundant debt off balance sheet. Adding injury to injury, Goldman bet against Greece by purchasing credit-default swaps based on its inside knowledge that Greece was or soon would be bankrupt. A Eurostat audit in 2009 revealed the complicity of Goldman and Greece, but the European Central Bank chose not to reveal the scandal. Caring capitalism must replace the capitalism of greed and exploitation."

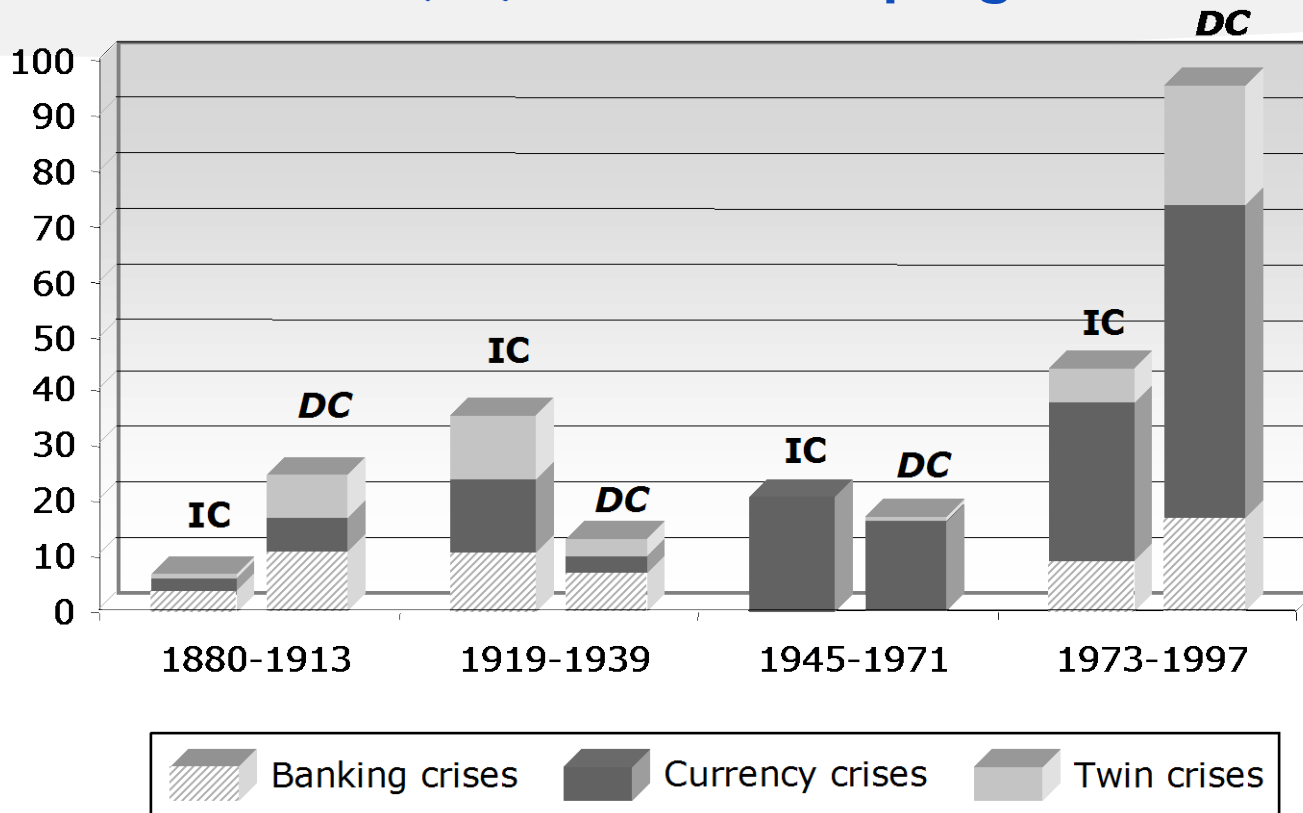
*Tom Myers, Certified Public Accountant and famous prosecutor in the US, at the Global Ethics Forum 2012 of Globethics.net.*

## Challenges IV: Some of the most important financial crises in the majority world 1990-1998



In the 1990s, developing and emerging countries have enormously suffered from banking and currency crises. Since 1998, Ecuador, Turkey, Argentina, Indonesia, Malaysia, the Philippines, Thailand, Brazil and Jamaica have again experienced a financial crisis. In Eastern Europe, Russia, Ukraine, Bosnia and Herzegovina and Lithuania have also been affected. *Source: Eichengreen/Bordo (2001), Caprio/Klingebiel (2003). Graph: Bread for all.*

## Challenges V: The increase of currency and banking crises in Industrial (IC) and Developing Countries (DC)



The number of currency and banking crises in industrial as well as developing countries skyrocketed at the end of the 20th century. The IMF has been forced to ever bigger financial interventions in order to "save" countries from bankruptcy. The explosion of currency crises demonstrates the failure of IMF policies, of which one of the main purposes is "to promote exchange stability". *Source: Eichengreen/Bordo (2001). Graph: Bread for all.*

## 2. Currency Ethics: the Methodology I

Currency Ethics is a subdomain of economic ethics:

Ethics (normative ethics and descriptive ethics)

Economic ethics

(Environmental ethics)

(Political ethics)

(Peace ethics)

Finance Ethics

Currency Ethics



## 2. Currency Ethics: the Methodology II

Six classical methodological steps for an ethical decision:

1. Problem: what are the challenges
2. Situation: analysis what is
3. Options: alternative options to decide and act
4. Norms: the values as benchmarks for decision
5. Decision: decision based on analysis and values
6. Implementation: clarify implementation dilemmata
7. Evaluation: evaluate implementation and correct if necessary the decision: second round starting with 1.

## 3. Currency Options: global, regional and local I

1. Current Mainstream: Free exchange rates, USD as reserve and lead currency, 90+% of currency exchanges as speculative, almost not linked to real economy.
2. Global Currency: global reserve currency basket with major currencies USD, Euro, Yen, Yuen, Rubel
3. Regionalisation: More regional currency unions (Euro, FCFA) .
4. National: Monetary Modernisation Momo, Positive Money, Primit etc. (Vollgeld/100%money concept: no reserve currency needed because the central banks are to 100% the reserve).
4. Local Currencies (community currencies, solidarity economy, cooperatives)

## 4. Core Values of a Currency Ethics

### Core Values

- Responsibility (execute power as service)
- Justice/equity (fair access and distribution)
- Freedom/Liberation (free to decide and act)
- Empowerment/Participation (in decisions)
- Sharing/Caring (for the Community)
- Sustainability/Caring for the earth (environment)
- Peace/security (stability, predicatbility, security)

## 5. 10 Principles of Currency Justice I

1. The Principle of Generalness (justice as equality)  
In a globalized world, all countries/currency areas are treated equally and follow the same rules. The country/countries of the reserve currency are included in this principle (now not the case with USD)
2. The Principle of Capability (performance-related justice)  
The exchange rates between currencies are based on the economic performance and capability (real economy) of a country. (Speculation is not performance-oriented).

## 5. Principles of Currency Justice II

### 3. The Principle of Regularity (procedural justice)

Currency regimes are long term oriented and changes need clear, predictable rules and procedures.

### 4. The Principle of Transparency (procedural justice)

Currency trading is transparent, excludes intransparent products and manipulative speculation. Creating global or supranational databases of financial transactions beyond a certain amount.

### 5. The Principle of Responsibility (harmonious justice)

Self-interest and interest of the others are balanced. Caring for the population of the own nation and of the global humanity needs an equilibration of interests and replaces currency-war by currency-harmony.

## 5. Principles of Currency Justice III

6. The Principle of Sustainability (intergenerational justice) The value of a currency is based on a new rating system: AAA is replaced by EEE (Economic, Ecological and Ethical Indicators), including Equator Principles for natural capital
7. The Principle of Redistribution (distributive/social justice)  
Unfair currency exchange results are corrected by mechanisms of redistribution to reduce inequalities between countries (e.g. capital transaction tax to reduce speculation on currencies)

## 5. Principles of Currency Justice IV

### 8. The Principle of Coherence (integrative justice)

The currency policy is coherent with policies for tax justice, climate justice, development justice etc.

### 9. The Principle of Fair Punishment (punitive justice)

A currency-war is a crime against humanity which can lead to millions of victims. Causers are brought to court by enlarging the Mandate of the international Court. (Current impunity is unjust.)

### 10. The principle of Kairos (on time justice)

A new currency order is implemented in time (kairos = the right thing at the right moment in the right place). Acting just but too late is unjust since it creates additional victims.



## Library

Global online library on ethics

## Networking

Participants from 170 countries

## Research

International projects  
and online workgroups

贸易伦理学

ПОЛИТИЧЕСКАЯ ЭТИКА

Bioéthique

الأخلاق الإسلامية

Medienethik

Etika Bisnis

Environmental Ethics

环境伦理学

деловая этика

الأخلاق البيئية

Islamic Ethics

Ética de la medicina

Political Ethics





Library

Global online library on ethics

Networking

Participants from 170 countries

Research

International projects  
and online workgroups

謝謝

oshe adube

thank you

gracias      obrigado

धन्यवाद

asante sana

merci      danke

grazie

贸易伦理学

ПОЛИТИЧЕСКАЯ ЭТИКА

Bioéthique

الأخلاق الإسلامية

Medienethik

Etika Bisnis

Environmental Ethics

环境伦理学

деловая этика

الأخلاق البيئية

Islamic Ethics

Ética de la medicina

Political Ethics