



UN Attacks Capitalism, Dollar

The United Nations released a report  Monday attacking free-market economics and the role of U.S. Federal Reserve notes in the world economy, while proposing increased centralization of global monetary and financial systems and more “solutions” to so-called “climate change.”

The financial crisis “supports the case for a more fundamental rethinking of global financial governance,” claims the report from the United Nations Conference on Trade and Development (UNCTAD). “In the discussion about necessary reforms of the international monetary and financial system, the problem of the United States dollar serving as the main international reserve asset has received renewed attention.”

The solution, according to the report, is the creation of a global reserve bank that would allow countries to deposit their Federal Reserve notes with the International Monetary Fund in exchange for a type of supra-national fiat currency known as “Special Drawing Rights” (SDRs). The SDRs could then be used to settle international payments.

“Replacing the dollar with an artificial currency would solve some of the problems related to the potential of countries running large deficits and would help stability,” explained one of the authors of the report, Detlef Kotte.

Hiding behind the passive voice, the report proceeds to promote a sort of global Marxism and further wealth redistribution — for the good of the “global economy,” of course. Instead of SDR distribution being based on member states’ quotas, “it has been suggested that in order for the SDR to become the main form of international liquidity and means of reserve holding, new SDR allocations should be made according to the needs of countries.” It then promotes worldwide central planning to “stabilize global output growth” by issuing more SDRs or retiring them as the emerging global government deems necessary.

The UN body then goes on to suggest a system of controls for national currency exchange rates, emphasizing that debtor nations like the United States and countries with large surpluses like China and Germany create imbalances in global trade that should be corrected. “A viable solution to the exchange-rate problem would be a system of managed flexible exchange rates targeting a rate that is consistent with a sustainable current-account position, which is preferable to any ‘corner solution,’ ” the report said. “But since the exchange rate is a variable that involves more than one currency, there is a much better chance of achieving a stable pattern of exchange rates in a multilaterally agreed framework for exchange-rate management.”

Another suggestion offered in the report is the proposed creation of “regional payments clearance mechanisms that function without using the dollar,” supposedly to help avert financial and currency crises or “manage them better if they occurred.”

This is not the first time the global body has called for scrapping Federal Reserve Notes as the world’s international reserve currency. Another UN panel concluded earlier this year that talks for creating a new global system based on a “basket” of currencies should be undertaken. Over the last few months,



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Russia, China, and Brazil have also been clamoring for a new global monetary system.

The report opened with a quote from John Keynes and featured frequent attacks on market mechanisms — without noting that current and past central bank manipulations and artificially set interest rates can hardly be considered laissez-faire. “The experience with this crisis proves that free financial markets do not lead to optimal social and macroeconomic outcomes, and suggests that the relationship between the State and market forces needs to be fundamentally reviewed,” a summary of report on the UNCTAD website claimed. “The most important lesson of the global crisis is that financial markets don’t get prices right,” explained Heiner Flassbeck, a director of the UN body and a co-author of the report. Apparently a global government would. “An initiative equivalent to Bretton Woods or the European Monetary System is needed,” Flassbeck told Bloomberg news.

More UN disdain of free markets was highlighted later, in the document’s section on climate change. “Emissions regulation and control have to be made more stringent” to be compatible with growth, the report argued.

Dissemination and development of “climate-friendly” technology “cannot be left to market forces alone; they also require strong and internationally coordinated government action.” According to the report, the alleged “urgent need” to reduce emissions calls for “direct government intervention” and “strict regulations.”

The UN admitted that this global system could not be created quickly. There needs to be time for “international consensus” and “multilateral institution building.” But would these so-called “solutions” really accomplish anything besides another giant step toward world government? Probably not.

The world is right to be angry with the Federal Reserve’s monetary policy, which led to the current crisis more than any other factor. Americans should be mad too. But the solution is obviously not to blame the “free market” or impose a monstrous banking system (essentially a central banking system that is larger and more powerful than the U.S. Federal Reserve) upon the entire world economy at the global level. The United States should abolish the Federal Reserve and halt all funding to the anti-American UN pending a complete withdrawal.



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