



*Robert Triffin International*

# **Ethical Issues in the International Monetary System (IMS)**

**How to Build a Better Multilateral Framework  
drawing, among others, on Regional Monetary Unions**

**FCAPP Conference, Rome, 29 May 2026**

**Keynote Address**

**Bernard Snoy  
Chairman, Robert Triffin International (RTI)  
UCLouvain**

**(with contribution from Christian Ghymers, Vice-Chairman)**

# The present International Monetary System(IMS) does not fit in Church Social Teaching

- **Pacem in Terris, 1963 =>** Public good function of IMS requires a World Public Authority, respecting subsidiarity principle
- **Sollicitudo Rei Socialis, 1987 =>** International trade and IMS should contribute to peace, international cooperation, fostering comprehensive concept of human development
- **Justice and Peace Commission, 1987 =>** International indebtedness needs an ethical approach
- **Laudato Si' , 2015 =>** international financial system should be subordinated to priority objectives of ecological transition and human development
- **Fratelli tutti, 2020 =>** Powerful illusion forgets that we are all in same boat
- **Magnifica Humanitas =>** Technical superiority cannot legitimize dominance

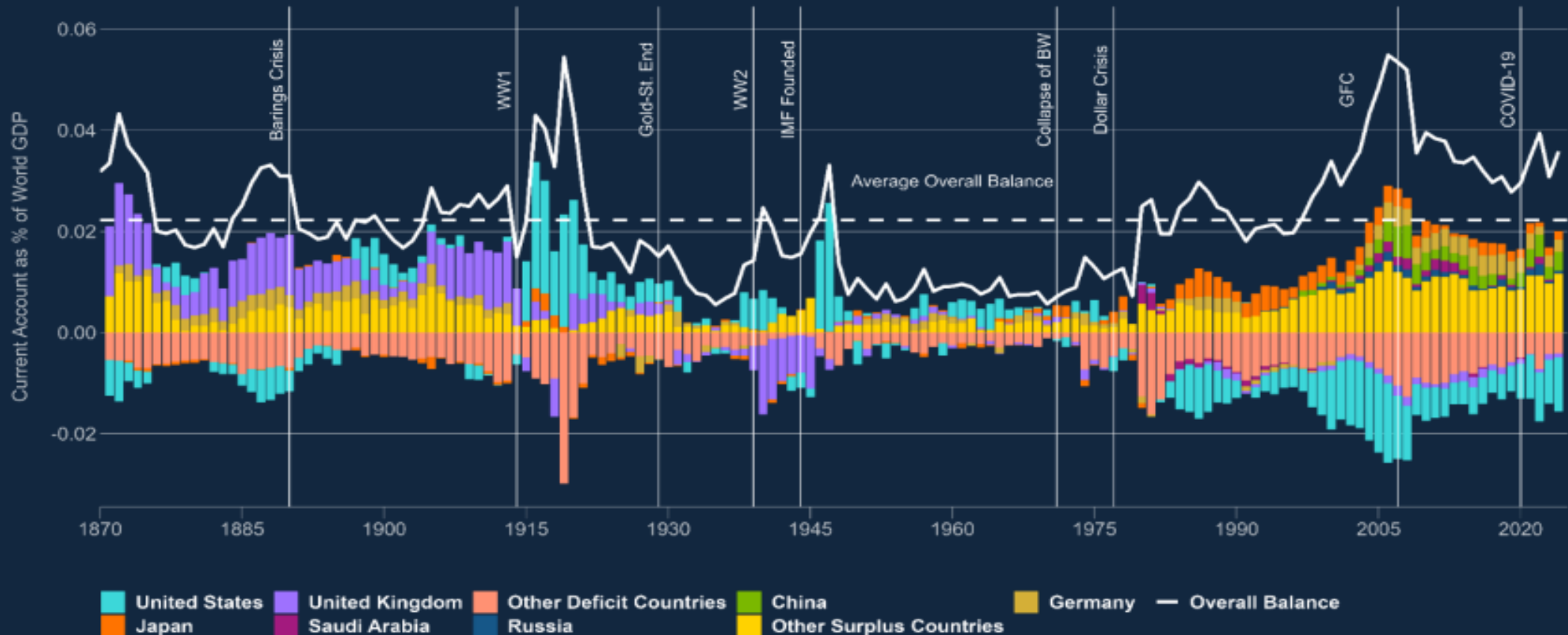
# Efficient and fair IMS must be managed as global public good

- Any monetary system should aim at ensuring common good (by easing payments, storing wealth and comparing values)
- This is generally the case at national level, except inflation situations,
- This is not the case for the IMS, dollar-dominated:
  - 1) Global liquidity is unstable and pro-cyclical, causing world crises
  - 2) Global imbalances are large, persistent and growing
  - 3) Multilateral governance is unable, due to inadequate or missing tools, to manage global liquidity as a public good without a global Lender-of-Last-Resort
  - 4) The main reserve currency is abusively weaponized for domination purpose
- Key flaw: national currency used as global currency (Triffin Dilemma)
- A solution does exist: a multilateral currency (Special Drawing Rights, SDR, currently a basket of five major currencies) managed by reformed International Monetary Fund (IMF) with more authority, resources and accountability;
- In absence of world agreement, partial solution at regional level is feasible and could open the way towards multilateral reform

# Global imbalances on a rising trend, US absorbing more world savings

**Chart 1. Global current account imbalances today are well above the historical average**

Current account balances as a percentage of world GDP, 1870-2024



# Global costs of present dollar monetary system

- « Exorbitant privilege », capacity for US to live beyond its means, concern about uncontrolled public and balance of payments deficits and status of dollar assets as safe haven.
- « Built-in-destabilizer »: asymmetry in impact of US monetary policy creating pro-cyclical liquidity waves, instability, populism, protectionism, economic fragmentation, risks of war.
- Absorption of global savings, especially from Emerging and Developing Economies, financing US overconsumption instead of decarbonization and SDGs.
- Robert Lucas Paradox (1990): South-North capital flows to build ever-increasing foreign exchange reserves to protect against instability.

# Failure of Bretton Woods System

## IMF not allowed to play expected role

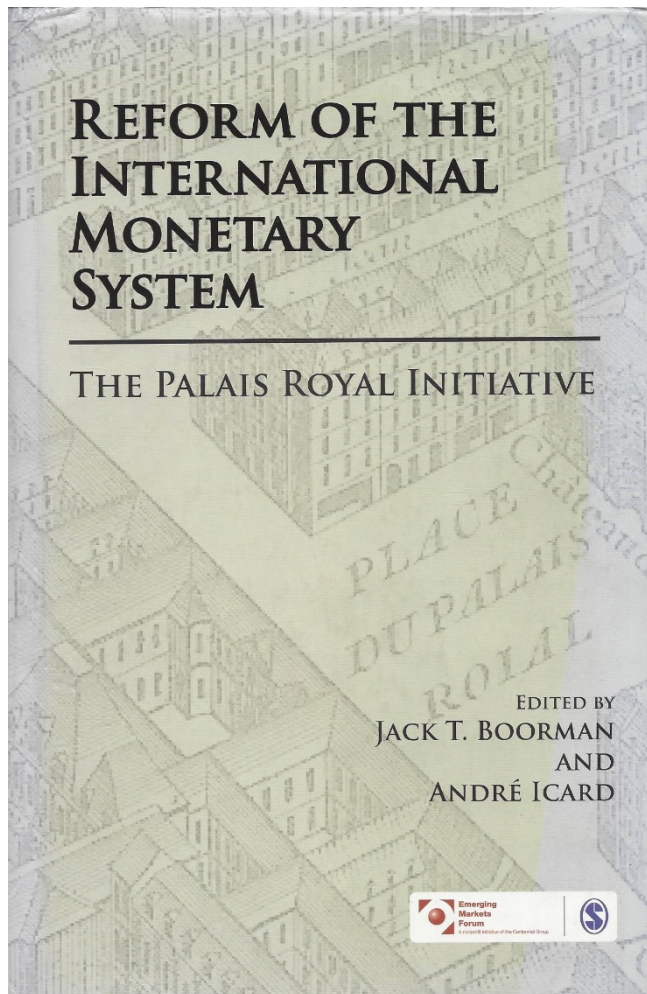
- Since abandonment of dollar convertibility into gold and of fixed exchange rates: no anchor for macroeconomic discipline and cooperation, explosion of global imbalances and unsustainable public debts; recurrent financial crises.
- IMF needs more authority (multilateral surveillance, including for industrial countries, exchange rates and capital flows), more financial means to ease adjustment without deflation and play Lender of Last Resort role in global crises, greater democratic accountability and fairness in distribution of shares and decision making.
- Special Drawing Rights (SDR), created in 1969, was not allowed to become the single reserve currency as decided. SDR should become essential instrument allowing IMF to manage global liquidity as global public good.

# How to restore ethics and efficiency in the IMS?

**Triffin Plan** = "n" national currencies requires "n+1" currencies: creating additional one, the SDR, which is not liquid debt of any national economy but a multilateral one, issued by IMF by collegial decision. Already proposed by Keynes at Bretton Woods conference, 1944.

Updated to a large extent in Recommendations of **Palais-Royal Initiative** of 2011, launched by Michel Camdessus, Alexandre Lamfalussy and Tommaso Padoa Schioppa and endorsed by 12 former High Level Central Bankers, including Paul Volcker, former President of US Federal Reserve

Blueprint of a reformed IMS  
available in Palais Royal Initiative



**Michel Camdessus**  
Born in 1933  
Governor of Banque de France 1984-87, Managing Director of IMF 1987-2000  
Member of Pontifical Commission « Justice and Peace »



**Alexandre Lamfalussy**  
(1929-2015)  
Managing Director of the Bank for International Settlements 1985-93,  
President of European Monetary Institute 1994-97  
Chairman of RTI 2000-14



(1940-2010)  
Member of the Executive Board of ECB 1998-2005,  
Minister of Finance of Italy 2006-2008



**Paul Volcker** (1927-2019)  
Chairman of Federal Reserve USA 1979-87

# Towards a second best solution

**Limited SDR allocation** further to Covid crisis in 2021

but **no serious follow-up by G7 and G20 to Palais Royal Initiative**

**IMF is blocked:** needs 85% of voting rights for important decisions (the US has 17%)

**In meantime, we seem to move towards multiple reserve currency system, involving also euro, Chinese Renmimbi and a few other currencies :** this would not solve Triffin dilemma, make worse liquidity management, lead to unstable dedollarization and potential currency wars.

**RTI proposal:** bypassing IMF using private finance dynamism in broad coalition of willing, able to provide (n+1)th reserve currency by launching an SDR-stablecoin, thanks to new technologies (blockchain), as the most stable and universal safe asset representing both dollar (44%) and 4 other main currencies (56%); use of this new safe asset should generalize as being most attractive one for both private and public bodies, offering base for new multilateral system. Smooth dedollarization.

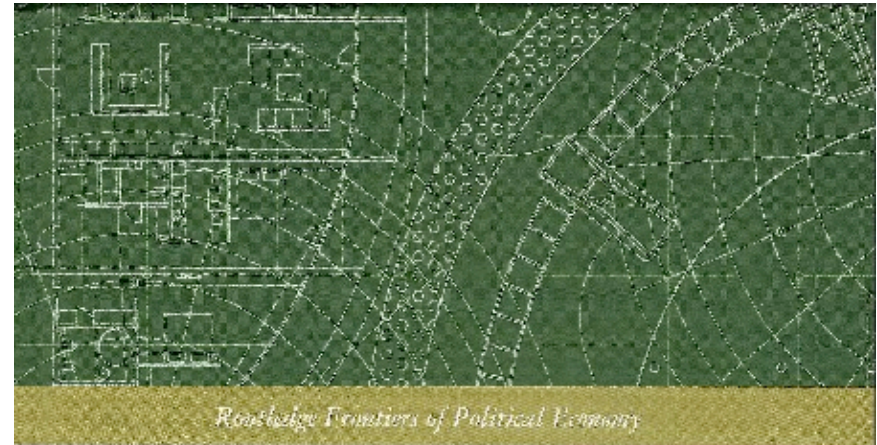
**Federalism**

Fabio Masini (Ed.)

**80 Years after  
Bretton Woods**

Relaunching Multilateralism  
through Regional Monetary Unions

  
PETER LANG



*Routledge Frontiers of Political Economy*

**THE FUTURE OF THE  
INTERNATIONAL  
MONETARY SYSTEM**

ADJUSTMENT OR REFORM

Edited by  
Fabio Masini and Bernard Snoy et d'Oppuers



ROUTLEDGE  


# Technical Annex : how a national monetary system provides a public good and why the IMS is currently unable to do it

Monetary public good involves 3 free advantages:

- payments,
- standard of measure,
- storage of value

•HOW ? => two-tier infrastructure

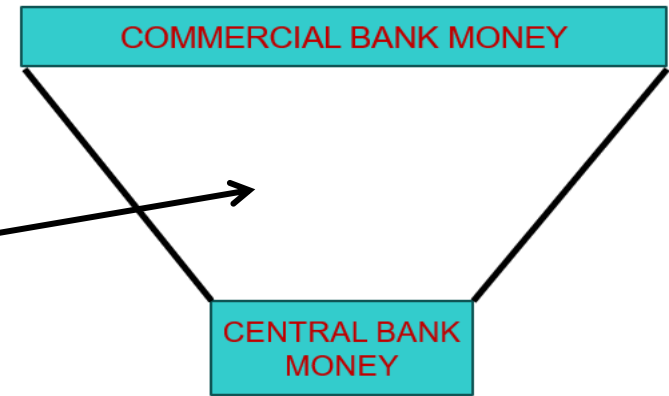
1) Central bank issues pure liquidity = monetary base;

2) Commercial banks issue deposit/credit money upon monetary base (liquidity)

•This complementarity generates TRUST through the singleness of MONETARY BASE, thanks to the liquidity control entrusted to a public institution: **the central bank** acting for general interest

•Any holder of commercial bank money is warranted to get the same value, whatever the issuing bank since it needs central bank money (liquidity) for settling its inter-bank payments with the same value.

•Central bank gives this public good nature to money by ensuring the singleness of money inside an economy = the main reason for creating national central banks, and for regulating commercial bank activities



# Advantages of such a two-tier National Monetary System

Price stability = benefit for everyone,

Lender-of-Last-Resort for providing liquidity to banks under conditions

Trust in transactions, a collective benefit,

Low transaction costs for the entire economy.

Private actors cannot easily provide the same universal service.

# Is it the case for the IMS?

- At **global level**, the IMS should provide the same kind of global public good.
- In the past: gold standard ensured the singleness of monetary base but without possibility to manage its size as it depended on geological factor (discovery of new gold mines)
- In Bretton Woods 1944: the US imposed the dollar as equivalent to gold; this had advantage of allowing increase in monetary base irrespective of gold quantity as long as there was confidence in convertibility.
- BUT this dollar system failed because it required open-ended increase in US liquid debt. In 1971-73 the US broke the link with gold and gave up the Bretton Woods system of fixed but adjustable parities
- A system based only on dollar opened door to global imbalances

# Dollar-based IMS prevents achievement of common good

The IMF was entrusted to supply 3 international public goods:

- 1) Ensuring adequate global liquidity for payments across « n » different currencies
- 2) Easing the adjustment of international payment imbalances without deflation, or « beggar-my-neighbour » (tariffs or currency depreciations)
- 3) Providing multilateral monetary governance with tools for reaching (1) and (2)

## **Were these public goods satisfactorily provided?**

- **NO:** 1) global liquidity is unstable and pro-cyclical
- 2) Global imbalances are large, persistent and growing
- 3) Multilateral governance was unable to manage global liquidity as a public good without a global Lender-of-Last-Resort (tools inadequate or missing)

# What is the key flaw in the present IMS?

**Answer:** Bretton Woods Conference refused to introduce at the global level the two-tier system that each national monetary system did: to agree on a multilateral central bank issuing a multilateral currency for managing global liquidity for common good (Keynes Plan)

**Consequences: impossible to ensure key public goods :**

- Singleness and control of global monetary base
- Stability of global liquidity
- Symmetry of adjustment to unwind global imbalances

Because the dollar – a national currency - is used as reserve currency «**Triffin Dilemma**»: the US has to accept increasing its external debt at sight for supplying reserves outside

This continues to plague world economy, with pro-cyclical waves of global liquidity (boom-bust credit), macroeconomic instability, monetary spillovers, growing shortage of dollar safe assets as US economy cannot provide enough debt but absorbs world savings in the meantime.

We should take inspiration in Teilhard de Chardin's negentropic vision of development

*« ...to pursue creation...by developing harmony among humans and with their environment, by progressing towards the unification of humanity...[that] must be done with everyone, for everyone, without excluding anyone »*