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# The Role of Monetary Sovereignty in the Realization of the Right to Development

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► **To cite this version:**

Rémy Herrera. The Role of Monetary Sovereignty in the Realization of the Right to Development. United Nations. 2022. hal-03908835

**HAL Id: hal-03908835**

**<https://cnrs.hal.science/hal-03908835>**

Submitted on 20 Dec 2022

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# General Assembly

Distr.: General  
2 September 2022

English and French only

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## Human Rights Council

### Fifty-first session

12 September–7 October 2022

Agenda item 3

**Promotion and protection of all human rights, civil,  
political, economic, social and cultural rights,  
including the right to development**

### **Written statement\* submitted by Centre Europe - tiers monde, a non-governmental organization in general consultative status**

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[17 August 2022]

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\* Issued as received, in the language of submission only.



## **The Role of Monetary Sovereignty in the Realization of the Right to Development (1)**

1. The first article of the United Nations Declaration on the Right to Development (2) enshrines the right to development as “an inalienable human right” and provides for the participation and contribution of all individuals and people in “economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized”. The primary objective of the right to development is to realize peoples’ right to the self-determination and sovereignty regarding the choice of their development model, in a spirit of equality and mutual respect. In this context, states’ control, in the name of their peoples, of the currency and concomitant financial mechanisms will have a crucial effect on national development policies and programs, and thus for the enjoyment of all human rights.

2. In today’s societies, monetary matters are among the most elusive. Money is not a neutral tool, contrary to what most corporate economists maintain. Rather, it is a complex social reality. As a socio-political institution built on the confidence of a community and requiring the guarantee of the state, money is power. It represents an attribute of national sovereignty, and the degree of mastery that a government chooses to exercise over it reflects the extent of the sovereignty of its people.

3. With the development of capitalism there developed simultaneously a production process anchored in the logic of money-for-money where, instead of being an intermediary, money became an end in itself. Money acquired the function of capital, whose movement has only one purpose: profit. This pernicious tendency was accentuated by the rise of neoliberalism, extending over the world capitalist system the domination of the owners of the financial oligopolies. This was reinforced by the hegemony of the United States of America dollar and an expansion of the various forms of fictitious capital (debt, collateralized debt derivatives, stock market valuations etc.). The disastrous effects on individuals, societies and the environment to which this has given rise are too well known to require discussion.

4. In response to neoliberal globalization, major steps have recently been taken in the direction of a multipolar world of currencies. The evolution now under way, likely to result in regional arrangements of exchange-rate stability and their articulation on a worldwide scale, requires amending radically the rules of the international monetary system. This must involve the reconsideration of the dollar standard and “free” exchanges as well as the functions (and maybe even the very existence) of the International Monetary Fund and the World Bank, in order to eliminate the obstacles that these financial institutions impose on countries that recur to them and to affirm the primacy of the right of nations to sovereign determination of their economic path. Among the necessary transformations for building a balanced and equitable international order, we might cite first and foremost: i) the implementation of international taxes on great wealth, on the profits of transnational corporations and on financial capital flows; ii) the elimination of fiscal paradises and their activity networks; and iii) a public audit of foreign public debt involving its renegotiation and cancellation (on a large scale if not total). These are some of the ways that the right to development can be implemented.

5. These changes must be undertaken at the national level in the first place. They must tend toward the fundamental objective of making money a public good, in other words something whose creation and management are public. It will then be possible to orient money to serve the interests of all society instead of serving a minority of the dominant elites. At this point, as a priority, we should focus on the monetary and financial reforms necessary to improving the living and working conditions of the working classes and the position of the disadvantaged nations in the hierarchy of the world system. It is useful here to keep in mind three key measures without which the margins of maneuver are reduced to the minimum.

i First, the country must protect itself by means of strict limitations on the international mobility of capital, in other words establish foreign exchange control. These regulations have proven indispensable to avoid sudden legal capital movements or illegal capital flight. The economy will thus be insulated from exogenous shocks – which are most often caused by unilateral and brutal inflections arising from the decisions of the United States of America Bank of the Federal Reserve.

ii) Then, it is necessary to recover control of the central bank and re-establish its political role. This institution is a determining component of the national state, but today it is almost everywhere maintained – in an illusory way – “independent” of the political powers of the country, whereas actually it has been shorn of its autonomy of action by the financial oligopolies, the real masters of monetary strategies. The crucial function of the central bank as lender of last resort – not only to commercial banks but to the state, to local communities and to the public sector overall – must be restored. This will make possible the state expenditures desired by national representatives, coverage of budgetary deficits and a guarantee of the public debt.

iii) Finally, autonomous credit-creating operations must be delegitimized, for they confer on the financial oligopolies an exorbitant power over the state and, through the state, over the citizenry. In keeping with this, the state must be able to refuse to save bankrupt financial institutions when their responsibility for a financial crisis is demonstrable, all while demanding that the directors and managers at fault be prosecuted to the full extent of the law for the high crimes and misdemeanors that they have committed.

However, there is more: the social and environmental demands. A national banking system entirely public must comprise credit-creation, insurance and finance. It is preferable here to envision a “socialization”, beyond mere state participation (limited by the state’s majority share in the proprietorial structure of the institutions but within a society still dominated by high finance) or nationalization (involving a symbolic taking of control by “the nation” but under the rules and criteria of capitalist management). The process of socialization corresponds to an expropriation of the major share-holders of the banking and financial institutions (with or without compensation), their full transfer to a the public sector and the setting up of workers’ participation and citizen oversight at all levels. If one takes seriously the imperatives of halting the destructive logic of private finance, ending the dictatorship it imposes and taking back the tools of monetary policy, it is the only effective solution, undeniably the only democratic one, for it is collectively satisfactory. This course involves a series of prohibitions (elimination of speculation, indeed of stock markets), as well as obligations for socialized institutions (compulsory reserves, acquisition of state debt etc.).

6. In the current context of the state’s shrinking role (or, in reality, its increasing support of financial capital), of United States of America dollar’s domination (contested, but continuing), and of exchange rate and stock market fluctuations (devoid of any link to real production), the requirement of a reconquest of monetary sovereignty at the national level in the face of finance takes on decisive importance. A people that loses this sovereignty also loses its capacity to orient major social choices and to decide on the financing of its economy and places itself in a critical – indeed, an unmanageable – situation. Its citizens will run the risk of seeing themselves subordinated to centers of wealth and power concentration totally outside their control, or to erratic, irrational and unforeseeable movements on the financial markets, destructive of all policy and national development programs.

7. It is on condition of daring to confront the power of high finance, reaffirming that politics and human rights take precedence over the economy, by socializing the banking system in its entirety and by making the currency a public good, that it will again become conceivable to create freedom of movement for the political economy, to set up a development strategy and to frame it in terms of credible, unifying alternatives. Credible means conducive to productive dynamism, the creation of jobs, income redistribution, food sovereignty, democratic participation, regional cooperation, environmental transition and sustainable development. Unifying means gathering together the progressive forces and allowing them to become powerful enough to implement principles that impose strict limits on capital accumulation and its logic of maximization for the benefit of the individual.

8. However, while democratic control of the central bank and socialization of the banks are imperatives if the needs of the people are to be satisfied, these measures are not miracle solutions that will solve all problems. They make sense only when they are integral components of a program of deep social transformation. This can come about only from the modification of power relations deriving from organized social struggles as well as uncertain outcomes. Nonetheless, an exclusive focus on monetary matters risks relegating to second place other dimensions of the political economy (budget, taxation, social concerns, trade...)

and above all obscuring the need to force an evolution of social relations and the structures of the domestic economy. These proposals for action obviously deserve to be discussed widely, beyond groups of specialists. The democratic imperative requires that the people be associated with these discussions, as well as with the subsequent decision-making.

9. These reflections should also result in a rethinking of the overall monetary system. Depriving the United States of America government, in service to high finance, of its arsenal of privileges, including that of holding the world's key currency, will demand the unified effort of all the peoples of the planet – including those of the United States of America.

10. One solution would consist in creating a new reserve currency, which would dislodge the hegemony of the dollar and end this injustice; a currency that would be managed by an international institution more on the side of neutral than any that currently exists. Emancipating the world from the scourge of the dollar would open up an era allowing the Global South and East to live better, but would not relieve them of the domination of capital if peoples and the states representing them do not recover their sovereignty. The proposal to create a new world reserve currency is nothing less than a return to the Bancor once imagined by J. M. Keynes. However, given the violence of capitalism and the dictatorship of its financial oligopolies, Keynesian reforms will not suffice. Behind the dollar is capital, the dollar being merely the instrument through which capital dominates the world. Creating a new currency within an intact worldwide capitalist system would amount to simply changing the name of the currency that is in service to capital.

11. We must swiftly and forcefully awaken and remain aware that the future will not portend the hoped for “brave new world” as long as we fail to impose upon the private financial oligarchs the duty of public and participatory oversight. No social progress, no democratic advance, no environmental transition will be possible unless the world's peoples unite and take back their respective currencies from the hands of globalized high finance and put them under sovereign control. The peoples' reappropriation of their currencies is a condition sine qua non of the mastery of their collective future.

12. The CETIM thus recommends that the Human Rights Council's mechanisms on the right to development expand the inclusion of monetary questions in their work in keeping with the spirit of the above text.

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#### NOTES

(1) This declaration was drafted in collaboration with Rémy Herrera, researcher at the CNRS (France) and author of *Monnaie: du pouvoir de la finance à la souveraineté des peuples*, Geneva: CETIM Publications, February 2022.

(2) Resolution 41/128, adopted by the General Assembly, 4 December 1986.