



ONE WORLD – ONE CURRENCY - A TOOL TO BRING EQUALITY AND CONSUMER EQUILIBRIUM AMONG ALL NATIONS. THE WORLD BANK & IMF CAN PLAY A PIVOTAL ROLE.



K. Sivaramakrishnan¹ and Dr. D. Kumar²

¹M.A., M.Phil., B.Ed., MBA., LL.B., Part Time Research Scholar, Department of Economics, Jamal Mohamed College, Tiruchirappalli .

²M.A., M.Phil., MBA., B.Ed., Ph.D., Associate Professor, & Research Advisor, PG & Research Department of Economics, Jamal Mohamed College, Tiruchirappalli .

INTRODUCTION & BACKGROUND OF THE STUDY

The World Bank and the IMF are two eyes in enhancing the structure of the World's economic and financial order.

Ideally, all the countries on this earth are the member of both the institutions. Both the institutions are working towards economic issues and focus their efforts on broad basing and supporting the economies of their member nations.

Despite the similarities, both of them remain distinct in their own way. The World Bank is a development institution whereas the IMF is a cooperative body aimed systematically at maintaining the payments and receipts between nations.

The main objective of IMF is to allow respective countries' national currency to be exchanged for foreign currency.

In fact, all the members of IMF have signed and agreed to obey the code of conduct of IMF's Article of Agreement.

As per the code, all the members are required to allow their countries' currency to be exchanged for foreign currencies in a free and fair manner without any further restrictions. This main and foremost objective of IMF is to maintain a stable monetary and exchange policy of its member countries so that a sustainable growth of the world economy is maintained.

NEED OF ONE WORLD & ONE CURRENCY:

Many countries are facing economic upheavals in recent years due to recession in their own country or economic recession experienced by other countries might have impacted them.

The present economic policy of the United States and the present United States President Mr. Donald Trump's "America First" and pressure given to India with a complete ban on buying oil from Iran with an open intention of bringing economic sanctions against Iran has led to a rise in the price of oil, diesel, and petrol from other countries at an increased cost, leading all Indians to pay a higher price for petrol & diesel. Indians are experiencing new higher prices of diesel & petrol almost in 24 hours. (Though now, Secretary of State Mr. Mike Pompeo said that eight countries – India, China, Italy, Greece, Japan, South Korea, Taiwan, and Turkey – were temporarily allowed to continue buying Iranian oil as they showed "significant reduction" in oil purchased from the country)

Today, ninety percent of the world's \$100 bills are in circulation outside the United States. Dozens of countries are considered to be "highly dollarized", meaning more than 30% of their money supply is in dollars.

More than ten countries viz., Panama, EL Salvador, Ecuador and a bunch of small island nations are formally dollarized, where American Dollar is their official currency though most of them have their own currency.

Zimbabwe is formally dollarized. All of their government expenses are in U.S Dollars, but it also recognizes Euro and British Pound. In Botswana Pula and in South Africa, stores accept payment in whatever currency you have in hand and sometimes stores return you change in a different currency other than what you have paid.

In Cambodia, local currency “Riel” was used only for small purposes viz., eating out and for other social needs. White goods or consumer durables like Washing Machine, Air Conditioners, TV and Air Fare, Mobile Phone and Computers and Laptops are quoted and purchased through US Dollar.

This kind of phenomenon is not uncommon across Southeast Asia, Latin America and Middle East. Though People out there use their own currency, they do hedging of American Dollar against economic adverse like Inflation etc.

Countries officially substitute foreign currency as its legal tender and stop issuing its domestic currency fail to vary its exchange rate, it tries to adopt foreign currency in the place of their own country. In most of the cases, the countries adopted US Dollar as its own country. Countries like Panama, Pacific, Caribbean and Latin American Countries went into full currency substitution.

OPERATIVE PRE-REQUISITE FOR ONE WORLD – ONE CURRENCY

Considering the above, if at all IMF is to maintain its objective of stable monetary and exchange policy of the member countries through which sustainable growth of world economy is maintained, there are only two options left with the member countries viz.,

1. All countries may dollarize their currency
2. The 2nd best option is to introduce Universal Currency for all Nations. One World –One Currency. Needless to say, this should be the 1st option.

Since, both the World Bank and the IMF is having similar objectives and are working towards major economic issues of their member nations. Both the institution can jointly work together to undertake the mission of implementing Universal Currency for the sustainable growth of world economy. More specifically, the responsibility of World Bank to achieve this mission is very high since the World Bank's stated purpose is to “bridge the economic divide between poor and rich countries.

It will not be incorrect to state that the main objective of the above institutions should change pace with the present development / requirement of the world and provide solutions to the existing problem of the nations.

It goes without saying that once Universal Currency is introduced, it will surely solve all economic problems of all underdeveloped, developing and even developed nations with respect to the following focused area:

1. Over dominance or over dependent on a particular country will be avoided.
2. Foreign Exchange loss – due to currency conversion and fluctuations will be completely avoided.
3. The Fair Exchange rate will be maintained.
4. Hoarding of high priced currencies will come to grinding halt.
5. Speculation will find no place.
6. Countries need not print the currencies of their nations.
7. The Import –Export transactions will become very lucid and hassle free.
8. Equality among the nations will be achieved

9. And many other unlimited indirect benefits

Revolutionary ideas or any deviation from the present order or implementation of new idea or policy changes will not easily be accepted by the critics at the first instant. There may arise lot of limitation and some difficulties while implementing & execution stage. One can expect fake universal currency may come into circulation. But there is always an advanced technology available in the world now to combat and curtail those kind of problem and effect control measures can be adopted by IMF and World Bank and pool proof currency can be printed.

The challenge is fixing a value at an initial implementation stage for exchanging countries local currency for Universal Currency. This could also be easily circumvented initially by converting the value of countries currency into US Dollar and then equating one US Dollar for One Universal Currency. At some point, some equation is necessary to value the country's currency and to provide equal amount of Universal currency. Even, the Gold Reserves of the countries can also be measured using the above formula and the Universal Currency can be issued to that extent of the Gold Reserves to the countries.

CONCLUSION:

It is a well-known fact that, United Nations Postal Administration had in 10th October 2016 launched a special postal stamp and a special event sheet to commemorate the Indian Festival of lights "Diwali"

There are references for Optimum Currency Area (OCA) developed by Mundell and McKinnon in 1961 and 1963 and the proposal of Asian Currency Unit (ACU) by Asian Development Bank just like the European Currency Unit (ECU). Probably, it may help the Association of Southeast Asian Nations (ASEAN) member countries, viz., Singapore, Malaysia, Philippines, Indonesia, Thailand, Myanmar, Cambodia, Darussalam, Vietnam & Brunei etc.,

ECU and ACU may finally lead to disparity and disequilibrium among the member countries and between member countries and other countries who are not member with these association. When the whole world is shrinking and slowly western concepts and ideas are seeping into Eastern and Asian and South East Asian Nations, the concepts like ECU and ACU etc., may not be a long term solution. Whole world is getting transformed now, People are travelling to various country at a larger extent and transfer of technology is taking place from one country to other on a day –to-day basis. It is high time that the whole world works under one umbrella and hence One-World –One Currency is the need of the hour.

In addition to World Bank and IMF, United Nations too can join in this universal mission and can become an important contributor in implementing Universal Currency.

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K. Sivaramakrishnan

M.A., M.Phil., B.Ed., MBA., LL.B., Part Time Research Scholar, Department of Economics, Jamal Mohamed College, Tiruchirappalli .

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