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■ British Prime Minister Gordon Brown arrives for the closing press conference following the G20 summit in London yesterday. The summit has agreed on "new rules on pay and bonuses," Brown said yesterday. A risk-taking bonus culture among bankers has been linked by some world leaders, including Brown, to last year's credit crunch which triggered the world financial crisis that the G20 summit is trying to tackle. — GETTY

## World currency in offing

**ANALYSIS:** G20 ignites a revolution in global financial order

BY AMBROSE EVANS-PRITCHARD  
THE DAILY TELEGRAPH

LONDON — The world is a step closer to a global currency, backed by a global central bank, running monetary policy for all humanity.

A single clause in Point 19 of the communiqué issued by the G20 leaders amounts to a revolution in the global financial order.

"We have agreed to support a general SDR allocation which will inject \$250 billion [US] into the world economy and increase global liquidity," it said. SDRs are Special Drawing Rights, a synthetic paper currency issued by the International Monetary Fund that has lain dormant for half a century.

In effect, the G20 leaders have activated the IMF's power to create money and begin global "quantitative easing." In doing so, they are putting a de facto world currency into play. It is outside the control of any sovereign body. Conspiracy theorists will love it.

It has been a good summit for the IMF. Its fighting fund for crises is to be tripled overnight to \$750 billion. This is real money.

Dominique Strauss-Kahn, the managing director, said in February that the world was "already in Depression" and risked a slide into social disorder and military conflict unless political leaders resorted to massive stimulus.

He has not won everything he wanted. The spending plan was off. While U.K. Prime Minis-

ter Gordon Brown talked of \$5 trillion in global stimulus by 2010, this is mostly made up of packages already under way.

But Strauss-Kahn at least has resources fit for his own task. He will need them. The IMF is already bailing out Pakistan, Iceland, Latvia, Hungary, Ukraine, Belarus, Serbia, Bosnia and Romania. This week Mexico became the first G20 state to ask for help. It has secured a precautionary credit line of \$47 billion.

Brown said it took 15 years for the world to deal with the Great Crash in 1929. "This time I think people will agree that it has been different," he said.

U.S. President Barack Obama was less dramatic. "I think we did OK," he said. Bretton Woods in

1944 was a simpler affair. "Just Roosevelt and Churchill sitting in a room with a brandy, that's an easy negotiation, but that's not the world we live in."

The Russians had hoped their idea to develop SDRs as a full reserve currency to challenge the dollar would make its way on to the agenda, but at least they got a foot in the door.

There is now a world currency in waiting. In time, SDRs are likely to evolve into a parking place for the foreign holdings of central banks, led by the People's Bank of China. Beijing's moves this week to offer \$95 billion in yuan currency swaps to developing economies show how fast China aims to break dollar dependence.