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Dollar Demise: Prophetic Significance of a One-World Currency

By Wilfred Hahn

On August 7, 2009 a significant event occurred. Did you miss it? On that day, the International Monetary Fund (IMF) voted to increase the supply of SDRs by \$250 billion. Shortly thereafter, on August 28, these SDRs were issued and redistributed to the 186 member countries of the IMF. What was so noteworthy about this? And, just what are SDRs?



Well, to begin, we should start with identifying the IMF’s role in the world. Quoting its website: “The IMF promotes international monetary cooperation and exchange rate stability, facilitates the balanced growth of international trade, and provides resources to help members in balance of payments difficulties or to assist with poverty reduction.”¹ This mission should cause us to sit up and take notice. This organization is one of the most influential in driving global financial and economic convergence. Bible readers know

that since these are sub-trends of globalization and globalism, that therefore we are dealing with a topic of prophetic significance.

But what is an SDRs? It is an accounting unit for the financial reserves of the IMF, and stands for Special Drawing Right. It serves as a type of currency for this transnational organization and its members. Technically, the SDR is not a real currency, as it cannot be spent in the marketplace. For example, today you cannot take an SDR coin and buy a coffee in a café in Brussels. All the same, as this accounting unit is defined as a basket of





underlying currencies (the US dollar makes up about 44% of its value) it does carry real financial clout.

Due to the SDR's rather specialized and obscure role, most people would not know that it has already functioned as a global monetary unit since its inception back in 1969. The recent issue of SDRs is the first in almost 3 decades (1981) ... representing somewhat of an awakening. What is also significant is that this alloca-



tion has boosted the amount of SDRs by 7.5 times. Could an ascendant SDR someday dethrone the US dollar? What role will it play in a developing one-world currency? We want to address these urgent questions.

Move Over Dollar

Interestingly, the IMF's new SDR issue has not caught the full attention of those who believe the world will soon have one-world currency. That may be due to the fact that the total value of SDRs still only represents a fraction of total world currency reserves (less than 1%), or that they are neither visible nor understood. Usually, every time an event occurs that could be construed as a step toward a one-world currency, one can expect a stream of hysterical reports and speculations. We will yet come back to address the legitimacy of "one-world currency" fears.

For now, keeping to our line of inquiry, any discussion of significant shifts in global reserve-currency supremacy must involve implications for the US dollar. In order for a one-world currency to emerge, we must also presume that the US dollar is on the wane and will be removed. Let's then deal with this possibility first. It certainly is true that the US dollar is suffering an "image" problem today, as some analysts have put it. After about six decades as the world's main reserve currency, many key nations have been intensifying their complaints that the US dollar is no longer suitable or worthy. The BRIC countries (Brazil, Russia, India and China) have most brazenly been calling for a new global reserve currency.

China would dearly like its currency (the yuan) to play a role as a world reserve currency. It is the country that stands to lose the most should the US dollar falter, since it has accumulated large official holdings of US-dollar assets. Recently, the *Economist* magazine presented a picture of the dollar symbol morphing into a dragon. The implication was that the world would some day be moving to a yuan standard. Could this happen? We will yet provide our opinion.

With respect to the dollar, even some prominent American economists are of the view that the U.S.'s role in world capital markets is on the wane. Quoting Joseph Stiglitz, a respected academic and former Chief Economist of the World Bank, "To be sure, our influence will diminish, as we are less likely to be held up as a role model, but that was happening in any case. America used to play a pivotal role in global capital, because others believed that we had a special talent for managing risk and allocating financial resources. No one thinks that now, and Asia—where much of the world's saving

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occurs today—is already developing its own financial centers. We are no longer the chief source of capital. The world's top three banks are now Chinese. America's largest bank is down at the No. 5 spot."²

The U.S. dollar position as the major reserve currency is clearly under attack. It is true that US financial policies have often been criticized over the years, and sometimes without merit. Either the dollar was considered too high in value (i.e. a situation which led to the Plaza Accord of 1985) or too low (i.e. in recent years versus the Euro). But lately, complaints have had more to do with the huge international indebtedness of the U.S. and its reckless monetary policies.



Recent financial developments and geopolitical shifts likely signify a critical turning point for the dollar. Therefore, could U.S. currency trends of late be prophetically significant?

We provide answers to our questions first from a Biblical response, and then from a contemporary economic perspective. Let's therefore examine the prophetic view next.

Prophetic Views on Currencies?

It must certainly be recognized at this stage of world history that any major and sudden development is likely to be prophetically significant ... especially so were it also to impinge upon Israel in some way or lead to a new consolidated global power structure centered around 10 countries. One of the most important markers of the endtimes has already been triggered—Israel has been reborn. If the US dollar were to topple suddenly, it most

assuredly would be a development that hastens the arrival of endtime prophetic conditions.

But would that mean that a one world currency is in the offing? This is possible ... but not certain ... or even highly likely. Many Bible prophecy scholars treat the one-world currency notion as if it were specific literal prophecy. It is not. Rather, it is a deduction. That is not to say that it would represent unreasonable conjecture. However, if we stick to what the Bible actually says, the correct and supportable response must be that a one-world currency cannot be either proven or disproved from the Bible. Scripture is silent on this specific idea.

What is clearly prophesied are the conditions of global convergence in commerce, politics and beliefs (i.e. religion). *Midnight Call* has carried numerous articles documenting these assertions biblically, especially in relation to globalization and globalism. (See this column in MCM May though August 2007).

That said, we still cannot prove that there will be a single, fungible world currency. Actually, we may be wasting our time being on the lookout for a one-world currency. It is not required to fulfill prophecy. Consider that while ecumenicism may ultimately achieve a one-world religious convergence—one big happy family of diverse religions that tolerate each other and ignore mutual inconsistencies—that this would not require individual religions to lose their independent identities. Likewise so in the financial world. One can have a one-world financial system that reflects similar protocols

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Tiring Speculations Without Sure Conclusions

I admit that I sometimes get a little tired of all the one-world currency speculations and sensationalizations. As someone who has worked on the frontlines of global money for almost three decades, to me the whole question denies the reality of what already has unfolded. A one-world capital market already exists. A one-world trading system of goods and services—though there is room for much more convergence—can also be said to have arrived. It is these developments that the Bible specifically prophesies ... and not a one-world currency.

We have made the point frequently in our writings that the world's capital markets are already on a de facto “one currency” standard. Professional money traders who work inside this system fully appreciate this state of affairs. Money moves fluidly across currencies around the world in the trillions. Sophisticated financial hedging instruments exist that in essence give security and mobility to global money. We acknowledge that there are more individual currencies in the world today than there were 20 and 50 years ago. Yet, this trend has not stopped global monetary convergence. Far from it.

So, when I get breathless questions about the Amero (a proposed American currency union), the khaliji (proposed, but currently sidelined currency for six Middle East countries), the Asian single

currency project that has been accelerated... etc., I can't help but feel that we are missing the forest for the trees. Yes, these currency unifications can and may very well move forward. But so what? It is much too late to become a monetary “single-currency” alarmist, and what would it accomplish in any case? Let's wake up and pursue questions that are more relevant and practical, as we will note in the conclusions.

Contemporary Analysis of Future Currency Shifts

What is the economic case for a one-world currency? There would be both advantages and disadvantages. On balance,

in the multi-polar world system that is developing today—one that is no longer likely to be anchored by one superpower—it would seem improbable that sufficient unanimity for such a development is on the near-term horizon. Of course, were a massive world financial crisis to erupt—one much, much bigger than the current Global Financial Crisis



(GFC)—and a strong leader emerge who is influential and flattering enough to successfully force world consensus on such a question, conditions for the formation of a one-world currency would be more conducive.

But we need not preoccupy ourselves with this scenario. It would be a development involving the Antichrist that occurs inside the Tribulation period, and does not concern us today. Now, the more ob-



vious outcome is that the world will move to a multi-currency reserve platform. Such a regime would be more in alignment with the Bible's indications. After all, Scripture tells us that first a multipolar coalition of nations will develop, shown as 10 separate countries (the "10 kings"). (See Daniel 2, 7 and Revelation 12, 13, and 17, which speak of 10 toes, 10 horns and 10 kings.)

A number of currencies together are therefore likely to supplant the US dollar's lone reserve role in the world. The euro, yen and eventually perhaps the Chinese yuan, Russian ruble, Brazilian real and others could play a part. This is why the IMF's SDR is likely to become much more important in the future. It is an inclusive financial structure, ideally suited to a multipolar world. Though it is not a real currency itself, it yet facilitates power sharing and the mobilization of global money.

Thoughts to Ponder

With respect to the outlook for the US dollar that is cherished by so many, here is a fact that you may not have known: It was recognized long, long ago—in fact, right at the inception of the world's current monetary regime—that the US dollar was fated to lose its central reserve role. Its eventual fall was anticipated by the very architects of the Bretton Woods system. (An important paper written by Robert Triffin in 1960 clearly underlined this conclusion.)

In order to provide the currency backbone to the world, the U.S. needed to run deficits (supplying US dollars to the rest of the world.) But this can be done only so long before mounting international debts would overwhelm the U.S. Indeed, in part, this is what has happened.

The bottom line? After 60 years of serving as the world's reserve currency, the globe is swamped with US dollars.

(Consider that some 70 percent of dollars in circulation are held outside the U.S.!) Even should a major currency crisis be avoided, it only stands to reason that the US dollar will continue to decline in influence. That could yet take a long time; or it may not.

As Christians, however, it is crucial that we not get distracted from the reality of what is unfolding. We should avoid fixations with misleading indicators and our hobbyhorse prophetic theories when they cannot be proven from the Bible. We need to keep watching ... and learning. Jesus Christ implored the disciples many times to watch ... at least nine times!

The one-world financial system is already here ... the endtime money snare virtually complete. The more important questions are these: Just how can we remain separate and holy from the rampant religion of Mammonism that is enveloping the world today? How best can we be used in the task of snatching people from the fire?

Jude summarizes these directives, saying:

"Be merciful to those who doubt; snatch others from the fire and save them; to others show mercy, mixed with fear—hating even the clothing stained by corrupted flesh (Jude 1:22-23).

There are initiatives in which Christians can safely be activists: Snatching people from the fire and hating the corruption of the flesh.

Maranatha! Oh, Lord, steel our resolve and equip us to do so in these "perilous" times (2 Timothy 3:1). (MC)

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ENDNOTES

- 1 International Monetary Fund, <http://www.imf.org/external/about/overview.htm>. Accessed July 25, 2009.
- 2 Joseph Stiglitz, "Wall Street's Toxic Message," *Vanity Fair*, June 11, 2009.