

Bancor, anyone?

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This [comment was posted here](#), last night by someone called Nick Sampays:

It seems our political leaders including some economists on the left are very sceptical regarding the introduction of a world currency. Principally due to discrepancies between debtor and creditor nations. Paschal Lamy director general of the WTO FROM 2005 to 2013 said

“The utopian idea of Bancor was vetoed in 1941; and if raised again by Keynesians now, it will suffer the same fate.”

This statement reflects his skepticism about reviving Keynes’s idea of the Bancor, an international currency unit proposed at the Bretton Woods Conference by John Maynard Keynes. Lamy made this remark to emphasise the political impracticality of such global monetary reforms, both historically and in the present.

It would be interesting to hear counter arguments.

This is a subject that has come up several times of late, so let me give that a try.

There are those, including on the left, who suggest that the idea of a global currency, like Keynes’s Bancor, is politically impossible. The reason usually given is that debtor and creditor nations have such divergent interests that no agreement could ever be reached, but I think that is wrong, and even dangerously so.

First, Keynes did not propose the Bancor as a universal currency for everyday use. It was intended to be a unit of account between countries – a means for settling international trade that did not rely on any one national currency. It was designed to prevent global imbalances by making both surplus and deficit nations take responsibility for restoring stability. There is nothing utopian about that.

Second, the idea failed not because it was unworkable, but because the most powerful creditor nation at the time, the United States, rejected it. Keynes lost the argument to Harry White, who represented the USA. That was a political decision, not an economic

one. The result is the world we have now: a global economy distorted by dollar dominance, where surplus countries face no pressure to rebalance and debtor countries are forced into austerity. This is not a stable or fair system. It is simply one that has long suited existing power, even if Trump is now questioning the consequence.

Third, there is no good reason why this should be accepted as inevitable. The problems Keynes identified remain. The issues of persistent trade imbalances, currency volatility, and a global financial system that serves the strong and punishes the weak are all still prevalent. The need for a global international clearing mechanism, built on shared rules and mutual obligation, remains as relevant as ever.

The conclusion is obvious. The Bancor was not a dream. It was a genuine and practical proposal to create balance in the global economy. If we want fairness, stability, and international economic justice, then we need to revisit ideas like this and not dismiss them not just because they challenge the current order, but precisely because that is what they, necessarily do.