

From: [REDACTED]
To: jeevacation@gmail.com
Subject: Re: SDR
Date: Thu, 24 Feb 2011 20:49:45 +0000

I can't tell if you are asking a question (your note below) because you want to read some / want me to send or if you are making more a declaration. The question mark at the end threw me off.

My concern with reading the IMF documentation is that they are the only game in town (monopoly) so the literature will stop short of the information actually needed.

Gates Special Drawing Rights (GSDR) is a very interesting concept.

The proposed GSDR would support a fixed exchange rate system, based on either (1) a basket of participating country currency reserve benchmarks (2) the value of the foundation endowment or (3) something else?

The foundation endowment is only about \$30B which is a tiny fraction of aid, and could not be used to purchase currency in foreign exchange markets (as required to maintain its exchange rate) without risking the programmatic investments and outcomes of the foundation. There are 2 other problems with an endowment focused SDR – first, the funds are not freely usable since many are tied up in equities or otherwise committed and second, this close link would allow potential claims against the foundation.

Seems like for prudent risk sharing and a shot at sustainability you'd need at a minimum, three key reserve assets (early attempts at SDR using only gold and the USD didn't support expansion of world trade and financial development/globalization) with a direct link to entities that had a long term commitment to the issue.

The USD will implode soon with the deficit (Triffin dilemma) and any invitation to the yuan might/will upset world order, **xie xie**. So, avoid those.

Rather than create a whole new "currency" and commit to a long-term tool/instrument that will likely be outdated and outmaneuvered within a few years why not switch to something related but different? I see two paths – the first being something like a Short-Term SDR (STSDR) that would mature every 2 years, therefore falling within most democratic election cycles; the second would be more of a discussion with the capital markets about how to develop project bonds. As I suggested to you a few months ago, a bond market for development would add significant transparency and give investors worldwide something to bet on. You could potentially attract more than fickle government investment, and access the capital markets in a real way. It would mean that no one would enter a project or design deliverables around fake outcomes and it would ensure that real development happened. The market test seems like the ultimate way to steer development. Right now, it's all cheating (clever accounting, etc).

Are you working with Boris on this or should I keep thinking with you? Haven't started on offsets...

-----Original Message-----

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Melanie <[REDACTED]>
Sent: Thu, Feb 24, 2011 4:30 am
Subject: Re: SDR

the imf has written some good papers on sdrs.?

On Thu, Feb 24, 2011 at 1:30 AM, Melanie <[REDACTED]> wrote:

We can't even make our email work, haha.

Interesting idea let me think some more.

From: Jeffrey Epstein

Sent: Wednesday, February 23, 2011 10:08 PM

To: [REDACTED]

Subject: Re: SDR

correct. another competing sdr, could have fixed value,, transparncy, as it would all be done by the gates computers.

On Wed, Feb 23, 2011 at 9:07 PM, <[REDACTED]> wrote:

Pumpkin, there seem to be really only 4 things you can do with SDR (beyond what's happening now):

- Turn them into a privately held asset
- Make them the world currency
- Increase their supply
- Decrease their supply

The second idea seems not great. But the first, could be interesting if you think about why (and who) wants to acquire SDR. Perhaps impose them as a tax for doing business in a country or trading with them?

Increasing their supply seems to be happening now with an increasing US deficit but soon that might cause implosion. Not sure what happens limiting their supply since that's never been tried but maybe the better way to limit their supply is to form another competing SDR. So instead of allowing the jokers at the IMF to pick the basket of currencies or issuance conditions, you find another entity. Like the Gates Foundation. ☺ Or maybe you penalize in SDR or forgive debt not with clever accounting but with SDR?

Does however seem like any change in SDR only props up China.

The amounts might be too big for the foundation.

And why does Soros get to funnel 4B in SDR to his climate stuff?

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