



Written by [Alex Newman](#) on May 7, 2014

## IMF Bailout for Ukraine and a New World Currency

While much of the world was distracted by the [supposed clash over Ukraine between Russian strongman Vladimir Putin and Western politicians](#), the International Monetary Fund announced a bailout of the new Ukrainian regime denominated in the IMF's increasingly influential [proto-global currency known as Special Drawing Rights](#), or SDRs. Analysts are warning that the developments could have profound implications for the global monetary system and the economy — and especially for the United States, which is stealthily being set up for economic calamity as the U.S. dollar continues on the road to losing its prized status as the world reserve currency.



The controversial planetary entity and its Western apparatchiks, along with various communist and socialist dictatorships and the United Nations, have long been agitating to [ultimately dethrone the embattled U.S. dollar](#). Top-level American officials at the U.S. Treasury and the Federal Reserve have been helping them along. The dollar's place as the global reserve currency would be filled by the IMF's SDR, currently composed of a basket of currencies that includes dollars, British pounds, euros, and Japanese yen. The IMF, the UN, and multiple national governments have all [openly advocated precisely such a plot in reports and statements](#) made in recent years. The Obama administration, meanwhile, has [exploited the Ukraine crisis to further empower the IMF while reducing U.S. influence](#).

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In bailing out the new Ukrainian government, the IMF announcement of its decision — taken with approval from Russian authorities despite the [alleged East-West brouhaha](#) — referred to SDRs on multiple occasions. The [press release](#) noted that the IMF board had agreed to a two-year “Stand-By Arrangement” that “amounts to SDR 10.976 billion (about US\$17.01 billion, 800 percent of quota).” The approval under the Fund's “exceptional access policy,” the statement said, “enables the immediate disbursement of SDR 2.058 billion (about US\$3.19 billion), with SDR 1.29 billion (about US\$2 billion) being allocated to budget support.”

It is not the first time the IMF has relied on SDRs, which were originally created in 1969, for bailing out governments that agree to its demands. Iceland, for example, was also bailed out by the IMF amid the financial crisis with loans denominated in SDRs, which the Fund uses as its “unit of account.” However, the move in Ukraine has attracted the attention of prominent analysts including currency expert and best-selling author Jim Rickards, as well as Robert Wenzel, editor of the *Economic Policy Journal*. “The U.S. has never really stopped promoting SDRs as a global currency,” Wenzel noted. “Now Ukraine is being bailed out with this global government souped up money.”

In an e-mail to *The New American*, Wenzel noted that during the recent financial crisis, IMF allocations of SDRs occurred in 2009 and 2011 to various countries. “But what is noteworthy about those



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distributions is that China voiced its displeasure at the measures,” he said, citing comments made by the chairman of the People’s Bank of China, Zhou Xiaochuan. “It highlights the legitimate concern of the Chinese that the U.S., because of its major influence at the IMF, is trying to promote the SDR as an alternative to the dollar.”

“The payment to Ukraine in SDRs should be viewed as another move in this direction,” Wenzel added. “It signals fear on the part of U.S. government officials that the dollar is slowly losing its luster as a reserve currency. U.S. officials are trying to nudge the SDR as the alternative to the dollar because they will still maintain significant influence with regard to the SDR, as opposed to some other currency taking hold in parts of the world as a reserve currency (the [Chinese] renminbi?) or gold returning as an important reserve. China and Russia are both presently accumulating gold.”

Other analysts have also pointed to the latest IMF move as significant. Writing in *Personal Liberty Digest*, Alternative Market Project founder Brandon Smith suggested that the supposed bickering between East and West is largely theater for public consumption. Noting that like the U.S. government, Russian authorities are also dominated by global banks, Smith said that what is happening with the Ukraine bailout is part of the quiet but open move toward replacing the U.S. dollar with a global fiat currency such as the SDR.

“The SDR will not immediately be issued as a commonly traded currency itself,” he said. “Rather, the IMF will take over management of included currencies and denominate those currencies using SDR valuations. For example, \$1 U.S. is worth only .64 SDR today. In the near future, I expect that the dollar will plummet in relation to the SDR’s value. We will still have our greenbacks when the IMF begins administrating our currency system, but the international and domestic worth of those greenbacks will fall to pennies. In turn, other currencies with stronger economic positions will rise in worth relative to the SDR.”

Indeed, since the financial crisis began, the SDR, described by the IMF as an “international reserve asset,” has taken on a far greater role in the global economic system. In fact, according to an IMF [“Fact sheet”](#) posted on its website in March, the amount of fiat SDRs in existence mushroomed by an unprecedented ten times in recent years. “With a general SDR allocation that took effect on August 28 and a special allocation on September 9, 2009, the amount of SDRs increased from SDR 21.4 billion to around SDR 204 billion (equivalent to about \$316 billion, converted using the rate of March 12, 2014),” the IMF said.

In a 2009 statement announcing the conjuring of drastically more SDRs into existence, the Fund said it was meant “to provide liquidity to the global economic system by supplementing Fund’s member countries’ foreign exchange reserves.” The IMF did not respond to e-mails and a spokesperson was not willing to go on record about SDRs, but it seems that the international outfit has been creating its own “liquidity” — redeemable in U.S. dollars or other fiat currencies in the SDR basket — out of thin air. It was not clear if there was a limit to how much “liquidity” the Fund could theoretically emit. In other words, the IMF is increasingly becoming [more like a central bank](#).

Even before the IMF stepped in to bail out Ukraine with SDRs, various actors were considering doing something similar on their own. Since at least early last year, transnational entities and national governments have been discussing the use of the IMF’s would-be new world currency to prop up Ukraine’s fledgling regime. In December, top Russian officials, for example, were plotting a \$15 billion bailout to be paid in the global “asset” created by the Fund. “We are now also discussing a loan in the form of SDRs,” Russian “Prime Minister” Dmitry Medvedev was quoted as telling journalists before the



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whole deal with the former Ukrainian regime fell through.

Even the Communist Chinese dictatorship has been [advocating the creation of a new world currency](#) managed by the IMF. In a 2009 report published on the central bank's website entitled "Reform the International Monetary System," for example, the "people's" central-bank boss Xiaochuan explained that "the desirable goal of reforming the international monetary system, therefore, is to create an international reserve currency that is disconnected from individual nations and is able to remain stable in the long run, thus removing the inherent deficiencies caused by using credit-based national currencies." The rest of the [BRICS regimes are also openly working toward that goal](#).

Under the [explicitly outlined globalist vision](#), the IMF would serve as the planetary central bank — complete with the ability to [fleece humanity](#) by conjuring fiat currency into existence at interest like other privately owned central banks around the world, [such as the U.S. Federal Reserve](#). With the SDR-denominated bailout of Kiev, along with the growing influence and amount of the IMF's proto-global currency, analysts say that mission is another step closer to being accomplished. That would be a [disaster for the world — and especially for Americans](#).

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