

ART HOPPE



Money's Always a Crisis

THE INTERNATIONAL monetary crisis was finally solved in the spring of 1974 with the creation of The Republic of Zug. In a supreme act of self-sacrifice, Zug agreed to be the only nation in the world that bought more abroad than it sold.

A desperate need for one such country had been growing for years. For what caused the crisis was that all countries struggled to sell more abroad than they bought.

In fact that's why Mr. Nixon devalued the dollar in December of 1971 — an act he described at the time as "the most significant monetary agreement in the history of the world."

Unfortunately, the U.S. trade deficit soared. So he was forced to devalue the dollar again in February of 1973 — in what was obviously the second most significant monetary agreement in the history of the world.

The danger, however, was that the other nations, in order to compete, would also devalue their currencies. And in no time, money wouldn't be worth anything. That's when Alfred J. Gnome stepped in.

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GNOME, A MEMBER of a famed Swiss banking family (the Gnomes of Zurich), proposed creating Zug. Not only would Zug buy more than it sold, but Gnome promised that it would also highly overvalue its currency—known as the "schlock."

The financial world hailed Gnome's magnanimous offer. Private foundations, the World Bank and a coalition of harried money buyers rushed to his aid. And so Zug was founded.

Gnome was as his good as his word. His first act as President and Treasurer was to peg Zug's currency at the ridiculous figure of 7.2 shlocks to an ounce of gold — of which Zug didn't have any.

Naturally, no money buyer would touch a shlock with a ten-foot pole. And the currencies of all the countries skyrocketed in relation to the shlock — thus enriching bankers and elating proud presidents and premiers.

Burdened with an overvalued shlock, Zug could not, of course, sell any of its goods abroad. All it could do was buy. And in a year, it ran up the unbelievably unfavorable trade balance of 16.2 trillion shlocks, which is a pretty penny.

But for the first time, every other nation now enjoyed an unbelievably favorable trade balance, selling far more than it bought — thus enriching bankers and elating proud presidents and premiers.

How grateful the world was to poor little self-sacrificing Zug and the noble Gnome! A newsman finally visited the Republic to report on the deprivations its citizens were forced to endure.

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TO HIS SURPRISE, he found the gravest hardship of the citizenry was making decisions.

Every day, for example, each citizen had to decide whether to drive his Mercedes, his Alfa Romeo or his Datsun 240-Z. Should he watch his American, German or Japanese color television set? Wash down his Scottish salmon with which French wine? Wear his British woolens or his Swedish sable? Sail his Danish yacht, break in his Australian tennis racquet . . .

Moreover, as nobody else wanted shlocks, every citizen of Zug had more than a million of them. In fact, most were multi-millionaires.

The bewildered reporter called on President Gnome. "Here you have the most worthless currency and the most unfavorable trade balance in history, yet you live like kings," he said. "In international monetary terms, it doesn't make sense."

President Gnome permitted himself a tiny shrug, a little smile. "What does?" he said.