



Mr. Nixon Wins the Game



Arthur Hoppe

IN A SINGLE bold and brilliant stroke on March 13, 1973, President Nixon solved once and for all the crisis over the plummeting value of the dollar — by devaluing it a third straight time.

"Henceforth," he said in his historic address, "I declare the dollar to be absolutely worthless."

Then he added, happily rubbing his hands, "This will teach a thing or two to those unscrupulous foreign speculators who've been attacking our sacred dollar."

That it did. For at the time there were an estimated 175 billion American dollars in the hands and banks of foreigners. And now each was absolutely worthless.

Speculators, such as the infamous Gnomes of Zurich, panicked. One, Alfred J. Gnome, 62, had to be committed after cutting out 1.3 million green paper dolls, each with George Washington's face.

The immediate effect, however, was to dramatically reverse America's unfavorable trade balance. Naturally, Americans could no longer buy foreign imports for travel abroad with their worthless dollars. But the economy hummed.

This was due to the fact that foreigners rushed to their local stores to buy exported American goods — primarily because they now didn't cost anything.

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WITH U.S. factories working around the clock, unemployment and poverty were licked. Americans, who never did care what their dollars were worth on the international monetary market, grew rich and happy.

Then a new opportunity arose. Because of The Gold Drain, it had long been U.S. policy never to sell any of the gold in U.S. vaults to either Americans or foreigners.

To devalue the dollar, Mr. Nixon had simply raised the price of gold he

wouldn't sell to anybody from \$33 to \$35 to \$42 an ounce. And now, to make the dollar worthless, he pegged the price of gold he wouldn't sell to anybody at the ridiculous figure of \$1 million an ounce.

That's when the internationally renowned monetary expert, Herbert Wellemiyer, stepped in with a single word of advice: "Sell!"

Mr. Nixon's eyes lit up. In an instant he saw the ingeniousness of the plan. "Henceforth," he announced, "foreigners may buy all our gold they want."

The foreign speculators were elated. "Imagine," they cried, "an ounce of pure gold for only a million worthless dollars!"

The rush was on. In a week the U.S. had every single one of its 175 billion worthless dollars back — and gold was a drug on the foreign markets.

Then, on Mr. Wellemiyer's expert advice, Mr. Nixon executed the final step — he overhauled the dollar by setting its price at \$1.98 an ounce.

But foreign speculators now had none of these virtually priceless dollars. Again the rush was on. This time foreigners fought to sell America their gold for virtually priceless dollars.

By June 3, America owned all the gold in the world plus Boardwalk and Park Place.

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WITHOUT ANY gold, all foreigners were now, of course, starving to death. But having won the game, America could afford to be generous. And at the July 4 International Monetary Conference, the U.S. agreed to melt down its gold for fillings and play a new game.

Since then, the world has been on The Pistachio Ice Cream Standard. And the players have all been very happy sitting on their frozen assets.