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World Bank and the gold standard

Pres. Robert Zoellick of the World Bank called in the [FT](#) today for a debate on re-adopting a modified global gold standard. Readers will note that he made little reference to how it would be done. When the dollar came under attack in 1931, the Fed raised interest rates sharply, then expanded the money supply and watched as confidence collapsed and half of all U.S. banks closed or merged with others. Roosevelt responded by banning private ownership of gold on April 5, 1933, forcing Americans to turn over their gold within three weeks at \$20.67 per ounce. Eight months later the dollar was devalued by 41%, to \$35 per ounce of gold. By confiscating the gold, the government was able to keep the devaluation "profit." Czech gold bugs who remember their own 1953 monetary reform should be asking if any form of modern gold standard is possible without a confiscation order at far below the market value.



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