

'Nixon Shock' from 50 years ago has lessons for today's politics of money

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Deepanshu Mohan, AUG 12 2021



US President Richard Nixon. Credit: DH File Photo

On August 15, 1971, US President Richard Nixon announced, in a televised address, that the United States was “closing the gold window,” starting the next day. While that may not have rung the bell among the common people in America and elsewhere, the decision, later called the ‘Nixon Shock’, was one of the most decisive ruptures in US (and global) monetary history. Ending the US dollar’s convertibility to gold (at \$35 to an ounce of gold at the time) dissolved the centuries-old link between ‘money’ and ‘precious metals.’ Currency now became a ‘legal tender’ whose value was determined not by the availability of a precious metal (like gold, silver) but by the credibility of a particular country and its macroeconomic policies.

Read more at: <https://www.deccanherald.com/opinion/panorama/nixon-shock-from-50-years-ago-has-lessons-for-today-s-politics-of-money-1019094.html>