The book value of monetary gold

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Abstract

The debate over a devaluation of the U.S. dollar in terms of gold had been going on for months, but the parties seem to be unable to sort out sense from nonsense, truth from fiction, economics from politics and cosmetics. There is speak of “burden” and “burden sharing” where no economic loss or disadvantage is involved, and the dollar price of monetary gold is spoken of when neither a price nor an exchange value is involved but only a book value. The chief purpose of the present article is to clarify the issues rather than to make policy recommendations or predictions. However, in discussing the major arguments for and against an early change in the dollar valuation of gold, the author shows the strengths and weaknesses of the two positions.

JEL: E40, E42

Keywords

Gold, dollar, devaluation, exchange rate, price

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ISSN 2037-3643


April, the value of monetary gold was 256 million euro. Foreign exchange reserves dropped in April. The net difference of assets and liabilities, which includes currency and deposits, monetary gold and special drawing rights, debt securities, loans, shares, and other financial instruments, improved relative to September and December 2014, when it stood at E1/423. Cypriots' total financial liabilities exceed assets by E1/422.2bn, CBC says. a) Monetary Gold, Coin and...