

Volume III

After the Gold Standard, 1931-1999

1934 January 31

Presidential Proclamation (no. 2072) of Franklin D. Roosevelt fixing the gold value, by weight, of the United States Dollar, making the dollar convertible to gold at the new price of \$35.00 per ounce. One day after Congress nationalized the Federal Reserve's gold holdings, Roosevelt devalued the dollar from \$20.67 per ounce to \$35 per ounce a level at which it would remain until 1971.

WHEREAS, by virtue of Section 1 of the Act of Congress approved March 14, 1900 (31 Stat. L. 45), the present weight of the gold dollar is fixed at 25.8 grains of gold nine-tenths fine; and

WHEREAS, by Section 43, Title III of the Act approved May 12, 1933 (Public, No. 10, 73d Cong.), as amended by Section 12 of the Gold Reserve Act of 1934, it is provided in part as follows:

"Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other Government in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various Governments, the President is authorized in his discretion

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"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve Banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open market operations in obligations of the United States Government in an aggregate sum of \$3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve Banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount

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charged by any Federal Reserve Bank, as otherwise specified that section. The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgement of the Board and of the Secretary of the Treasury, to prevent undue credit expansion.

“(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve Banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgement of the President to meet such purposes, then the President is authorized —

* * *

“(2) By proclamation to fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of the silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, or in case the Government of the United States enters into an agreement with any Government or Governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any other Government or Governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 per centum. Nor shall the weight of the dollar be fixed in any event at more than 60 per centum of its present weight. The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as expressed objects of this section in his judgement may require; except that such powers shall expire two years after the date of enactment of the Gold Reserve Act of 1934 unless the President shall sooner declare the existing emergency ended, but the President may extend such period for not more than one additional year after such date by proclamation recognizing the continuance of such emergency”;

WHEREAS, I find, upon investigation, that the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currencies of other Governments in relation to the present standard value of gold, and that an economic emergency requires an expansion of credit; and

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WHEREAS, in my judgement, measures additional to those provided by sub-section (a) of said section 43 are required to meet the purposes of such section; and

WHEREAS, I find, from my investigation, that, in order to stabilize domestic prices and to protect foreign commerce against the adverse effect of depreciated foreign currencies, it is necessary to fix the weight of the gold dollar at $15\frac{5}{21}$ grains nine-tenths fine,

NOW, THEREFORE, be it known that I, Franklin D. Roosevelt, President of the United States, by virtue of the authority vested in me by section 43, Title III, of said act of May 12, 1933, as amended, and by virtue of all other authority vested in me, do hereby proclaim, order, direct, declare, and fix the weight of the gold dollar to be $15\frac{5}{21}$ grains nine-tenths fine, from and after the date and hour of this Proclamation. The weight of the silver dollar is not altered or affected in any manner by reason of this Proclamation.

This Proclamation shall remain in force and effect until and unless repealed or modified by act of Congress or by subsequent Proclamation; and notice is hereby given that I reserve the right by virtue of the authority vested in me to alter or modify this Proclamation as the interest of the United States may seem to require.

Source: Roosevelt, 1938b, no. 16, pp. 67-76, esp. 67-70.