

Volume III

After the Gold Standard, 1931-1999

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“Remarks Announcing a Monetary Agreement Following a Meeting of the Group of Ten”: United States President Richard Nixon’s announcement of the Smithsonian Agreement [next document] signed between the United States, West Germany, the United Kingdom, France, Japan, Italy, Canada, Belgium, the Netherlands and Sweden (Switzerland also participated in the discussions).

Ladies and gentlemen:

It is my very great privilege to announce on behalf of the Finance Ministers and the other representatives of the ten countries involved, the conclusion of the most significant monetary agreement in the history of the world. I know that may seem to be an overstatement, but when we compare this agreement with Bretton Woods, which, of course, was the last very significant agreement of this kind, we can see how enormous this achievement has been.

Bretton Woods came at a time when the United States, immediately after World War II, was predominant in economic affairs in the world and the decision of the United States was, perhaps, the most important one to be made at that time.

Now we have a new world, fortunately a much better world economically, where instead of just one strong economic nation, the nations of Europe, Japan and Asia, Canada and North America, all of these nations are strong economically, strong competitors, and, as a result, it was necessary in these meetings for a negotiation to take place between equally strong nations insofar as their currencies were concerned. And the fact that these gentlemen, over a period of weeks, finally culminating in the last 2 days, have reached agreement on the realignment of exchange rates, is, indeed, the most significant event that has occurred in world financial history. I express appreciation to them for the work they have done and I would say finally this. The question will inevitably be asked when each returns to his country, as it will be asked of Secretary Connally and me when we refer to the Congress: Who won, who lost?

The answer is: When agreements are reached in which all parties bargain hard and fight hard for their position, when that agreement is mutually reached, then it is an agreement which is to the mutual benefit of both. What has happened here is that the whole free world has won, because as a result of this agreement, we will have, from a financial and monetary standpoint, a more stable world. We will have

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a world in which competition can be more fair. We will have a world in which we can have more true prosperity than would be the case if we continue to have an alignment which was inevitably doomed to fail because of the instability. And so congratulations, in this historic room, to these men for their achievement, for their service to the cause of financial stability in the world, for progress economically in the world, and, of course, in the long run, to a more peaceful world. Thank you.

NOTE : The President spoke [...] in the Commons Room at the Smithsonian Institution Building.

Source: *Public Papers of the Presidents, Richard Nixon, Containing the Public Messages, Speeches, and Statements of the President, 1971*, (Washington: Government Printing Office, 1972), pp. 1193-1194.