

KIRKUS

THREE DAYS AT CAMP DAVID

How a Secret Meeting in 1971 Transformed the Global Economy

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A densely detailed and highly charged account of the Nixon administration's abandonment of the gold standard.

Scratch a certain kind of old-school conservative, and you'll hit a nerve that's still raw over the restructuring of U.S. currency to tie it to the open market and not to the fixed exchange rate linked to a government stockpile of gold. Even Nixon himself wasn't sold on the idea, though some of his economic advisers successfully argued that the fixed rate led to trade protectionism and discouraged international partners from developing the economic robustness that would allow them to shoulder their fair share of the burden of, say, maintaining NATO. By 1971, writes Garten, dean emeritus of the Yale School of Management, "the dollar-gold problem seemed too big and too complex, and no one was sure how to fix it without causing major global upheavals." Hence the weekend long secret meeting at Camp David that brought together economic strategists of varying ideological stripes. One was Arthur Burns, head of the Federal Reserve, once a strong Nixon ally who became dismayed by the president's politicization of the economy. Though Nixon resisted Keynesian wage and price controls that some of those advisers would propound, he eventually realized "that only mandatory regulations would suffice." While sometimes succumbing to the thick prose of the dismal science, Garten delivers incisive portraits of key players such as John Connally, secretary of the treasury; George Schultz, who "foreshadowed more than anyone else the Thatcher-Reagan revolution of extensive deregulation that was less than a decade away"; and Pete Peterson, who "captured Nixon's attention by focusing on the decline of U.S. competitiveness and the measures necessary to reverse the nation's deteriorating position." In the end, although it meant that the U.S. acknowledged that it was not the sole arbiter of the world economy and surrendered some political power as well, the Camp David meeting and restructuring of the economy was "an impressive achievement."

Fiscal and monetary policy wonks will admire Garten's skillful narrative and thorough research.