



Written by [Charles Scaliger](#) on November 4, 2009

India's Central Bank Buys 200 Tons of Gold

In yet another sign of eroding international confidence in the U.S. dollar, India's central bank has just purchased 200 tons of gold from the International Monetary Fund at \$1,045.00 an ounce, in a transaction valued at close to \$7 billion. Nor were Indian officials at all coy about their motives. As one senior official at the Indian central bank told the Wall Street Journal, "It makes sense to buy gold as it will appreciate more than the U.S. dollar."



Put otherwise, the Indian government, alarmed at the dollar's fall against gold, is now restructuring its investment portfolio to prepare for a world in which the U.S. dollar is no longer the dominant currency. The IMF is reputedly preparing to sell another 200 tons of gold in the near future to China, another government worried about the eroding value of its dollar-denominated assets.

News of this sort is bound to take a further toll on the dollar, even as the fiscal policies of the U.S. government and the Federal Reserve suggest that America is determined to print her way out of the current economic crisis. The collapse of the dollar would not only wreak economic and social havoc at home, but would provide political cover for the long-awaited institution of a truly global currency issued by an international authority.



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