

A Conversation with **PETER L. BERNSTEIN**

After chronicling the topic of risk so successfully in *Against the Gods*, what led you to gold?

Peter Bernstein: “One of my editors suggested the topic. My first reaction was, ‘Gold? How can anybody be interested in that today?’ Then I remembered how I had felt about gold during 1970s. At that time, there was a growing perception that gold, since it is ‘stateless,’ was the only safe asset. My gut rose against the very idea. Being a child of the New Deal, I saw it as an expression of lack of faith in government. Looking back on those days and what happened to the gold bugs in the end – they lost quite heavily – I thought, ‘Well, maybe writing about gold would be fun.’ As I began to dig into the history, I was fascinated by all the ways the world had been shaped by gold. I had always been impressed by the story of Moses finding the Jews worshipping the golden calf. So I went back to the Bible. After learning about Jehovah asking for the tabernacle to be made of pure gold, I thought, ‘This is big stuff!’ The more I got into the story of gold, the more I got turned on by it.”

THE POWER OF GOLD: The History of an Obsession goes well beyond matters of money. How would you describe your book?

Peter Bernstein: “**THE POWER OF GOLD** is a big dramatic story, with plenty of sermon material, as well as a lot of lively history and economics. The theme of the book is reflected in John Ruskin’s story, which I relate in the prologue, about whether people had the gold or the gold had them. In nearly every case where gold became the supreme possession, it drove the possessors into the ditch. From King Midas to the sixteenth-century Spaniards to the passionate and tragic devotion to the gold standard in the 1920s and 1930s, the book offers a morality tale.”

Your book covers a vast expanse of history and geography. What were the challenges of research and writing for such an ambitious project?

Peter Bernstein: “**THE POWER OF GOLD** required more extensive research than my previous books. I began the process, as I always do, by going to a public library. It seemed that every interesting resource had a bibliography that led to more interesting resources. The book took over three years to write.”

What revelations about gold most surprised you?

Peter Bernstein: “I was struck by how important gold had been for so long -- since the beginning of civilization. As I learned from the Croesus story – one of my favorite parts of the whole book – gold not only implied power and prestige, but became an internationally acceptable currency early in the world’s history. It’s amazing that the human response to gold is a universal phenomenon, common to people of every continent. Another aspect of gold I hadn’t really thought about is the aesthetic. Because gold is so malleable, as well as beautiful – a glimpse inside the Federal Reserve can really take your breath away – people can make wonderful works of art with it.”

What makes gold stand apart from other metals?

Peter Bernstein: “Gold has unique physical properties. Silver, its closest rival, oxidizes and tarnishes. You have to polish it up. But gold endures, untouched. Gold has truly magical qualities. There’s a suggestion of eternity in gold. I think that elusive distinction is at the heart of gold’s appeal.”

As you make clear, gold has a price. What would you like readers to learn from your book?

Peter Bernstein: “I hope the morality tale comes through. Money is only a means to an end. There’s something very unattractive and dangerous about hoarding. Perhaps the most important part of the book is the story of the gold standard in the 1920s and 1930s. Most people today have only a vague sense of what happened then – that mindsets were so strong that men of good will could make such horrendous errors, embracing policies that led us deeper into the Great Depression. We are not likely to repeat those same devastating mistakes.”

Does anything rival gold in today’s economy?

Peter Bernstein: “The dollar does – at the moment. It’s not necessarily a permanent state of affairs. Like the bezant, the ducat, and the pound sterling, the dollar will not survive forever. No system does. At the same time, it is foolhardy to say with certainty that gold will never regain importance. In the event of a major dollar crisis, with the yen and the euro not being altogether satisfactory alternatives, we could even see another gold panic.”

What is on the horizon for your next book?

Peter Bernstein: “The ink was barely dry on the final draft of *Capital Ideas* when I signed the contract for *Against the Gods*, and the ink was barely dry on the final draft of *Against the Gods* when I signed the contract for **THE POWER OF GOLD**. I need to breathe a little. I am going to write another book. I know that. I do have some ideas. But I don’t know when I’ll begin. For now, I’m still consumed by gold.”