



# The Bretton- woods conférence

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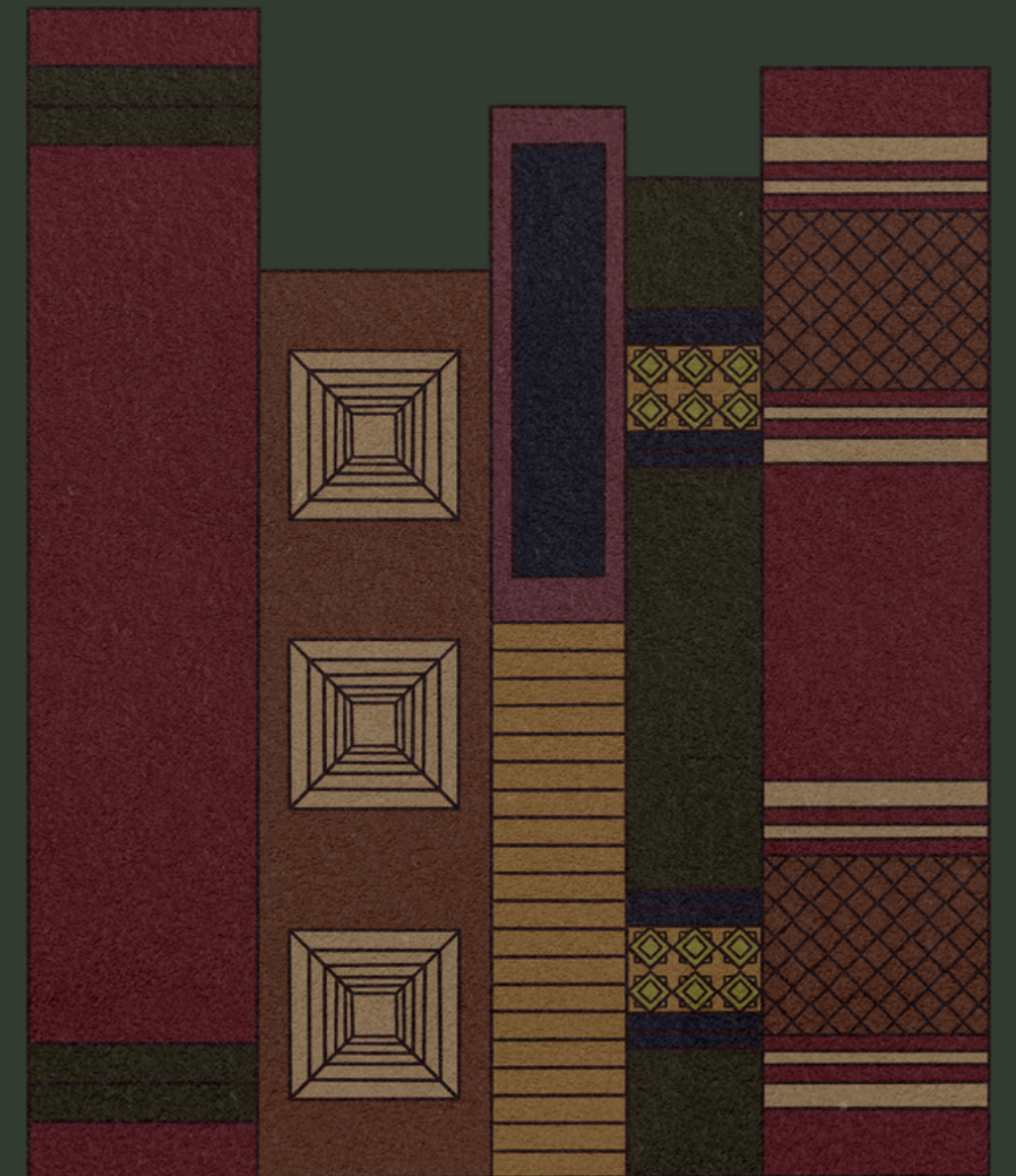




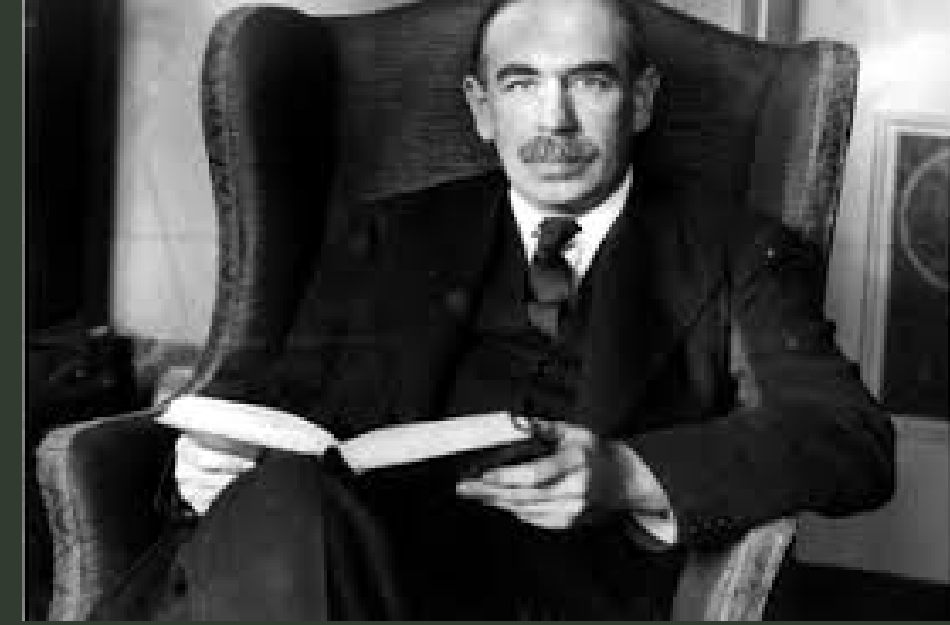


# Presentation of the subject

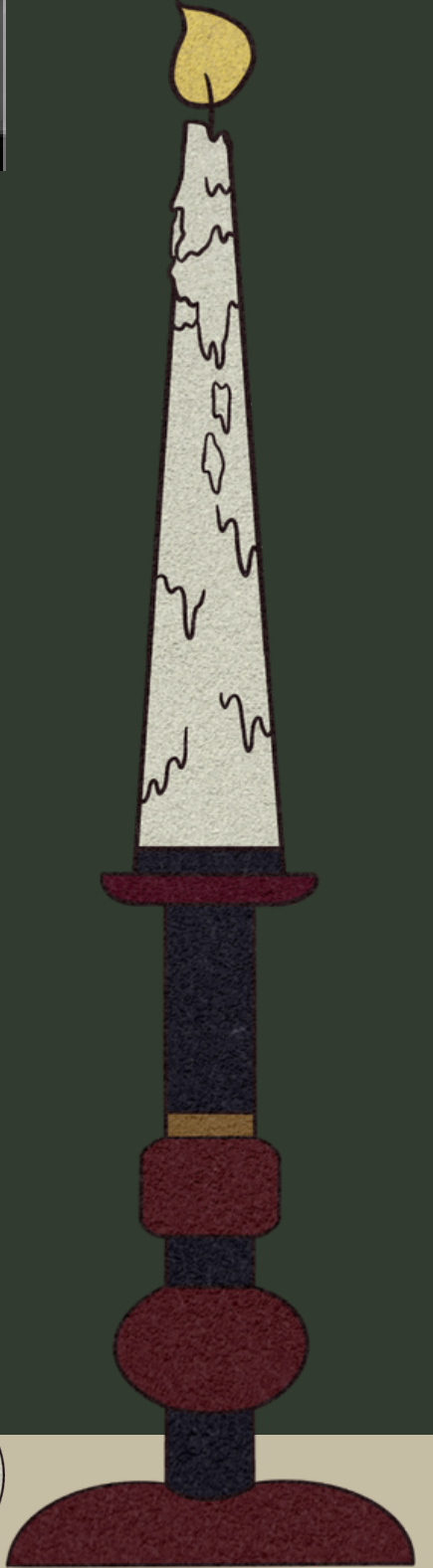
- The Bretton Woods Conference took place in July 1944 in Bretton Woods, New Hampshire, USA.
- Representatives from 44 allied nations attended the conference
- It was convened in response to the economic devastation caused by World War II and the lessons learned from the Great Depression.
- The primary objective was to establish a new framework for the international monetary system.
- The aim was to promote economic stability and prevent future crises.
- The conference lasted for three weeks, during which intense discussions and negotiations occurred.



# John Maynard Keynes



- Born in 1883 in Great Britain
- Studied mathematics at Cambridge University but later shifted focus to economics.
- Influenced by prominent economists like Alfred Marshall, his ideas began to take shape.
- Keynes challenged the classical view that markets naturally regulate themselves towards full employment.
- He argued that government spending and investment could boost demand during economic downturns. This concept is the basis of modern fiscal policy.
- Keynesian economics became dominant after the Great Depression





# Harold dexter



- Born in Boston in 1892 to Lithuanian immigrants.
- Graduated from Columbia University with a degree in economics.
- Continued his studies at George Washington University, earning a doctorate in economics.
- Joined the US Treasury Department in 1918, quickly rising through the ranks.
- Advocated for free trade and international cooperation to prevent future wars.
- Played a crucial role in financing the Allied effort during World War II, ensuring a steady flow of resources.
- Became the Assistant Secretary of the Treasury in 1943, wielding significant influence over US economic policy.





# Historical context

- Before World War II, the world faced economic problems like unstable money and trade issues.
- The Great Depression in the 1930s made things worse, causing issues in the international monetary system.
- Some countries stopped using the gold standard, which made the money system even less stable.
- Because of tough times, some countries got leaders who wanted total control, and this led to World War II.
- After the war, countries wanted to make sure things were better. They started planning for peace and fixing the economy.
- The United States was very powerful at this time and had a big influence in what happened.
- The main aim of the Bretton Woods meeting was to make sure the world economy was stable and that bad things like the Great Depression didn't happen again.





# Main differences

## **Economic Stability**

- Keynes: Advocated for a flexible and cooperative international monetary system.
- Believed in adjusting to changing economic conditions.
- Dexter: Emphasized stability and control.
- Favored fixed exchange rates and strict monetary policies.

## **Role of the U.S. Dollar**

- Keynes: Proposed creating a new global reserve currency, the "bancor."
- Envisioned multiple currencies for trade and reserves.
- White: Supported the U.S. dollar as the primary reserve currency.
- Backed by gold reserves, establishing it as central in the monetary system.





# Main differences

## **Mechanisms for Economic Cooperation**

- Keynes: Suggested an international clearing union to facilitate trade.
- Aimed to prevent economic imbalances.
- Dexter: Focused on institutions like the IMF for exchange rate stability.
- Provided financial assistance to member countries.

## **Role of Government Intervention**

- Keynes: Advocated for active government intervention during downturns.
- Supported using fiscal and monetary policies effectively.
- White: Preferred conservative monetary policies and limited intervention.
- Promoted a rules-based approach for discipline and stability.





# Main differences

## **Currency Convertibility**

- Keynes: Advocated for managed currency convertibility to promote trade and economic growth.
- White: Supported limited currency convertibility under strict conditions to maintain stability and prevent speculative attacks on currencies.

## **Gold in the Monetary System**

- Keynes: Sought to reduce reliance on gold and advocated for a system based on managed currencies to allow for more flexibility in monetary policy.
- White: Supported a system where the U.S. dollar was backed by gold reserves, viewing gold as a crucial anchor for maintaining confidence in the monetary system.





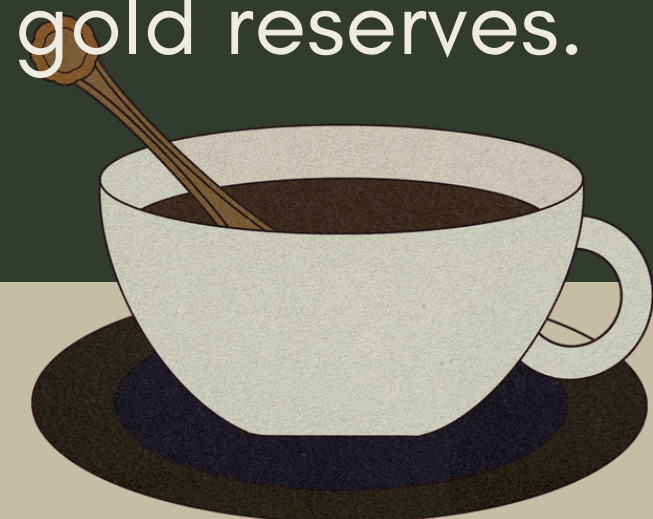
# Result of the conference

## **Creation of International Monetary Institutions:**

- Establishment of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD).
- IMF tasked with exchange rate stability, financial assistance, and international monetary cooperation.
- IBRD focused on reconstruction and development projects for war-torn countries.

## **Adoption of the Bretton Woods System**

- Introduction of a monetary framework pegging currencies to the U.S. dollar.
- Fixed but adjustable exchange rates to address economic imbalances.
- U.S. dollar became primary reserve currency, backed by gold reserves.



# Result of the conference

## **Establishment of Fixed Exchange Rates**

- Agreed-upon system to maintain exchange rates within specified ranges.
- IMF provided support and coordination to ensure compliance.

## **Gold Standard**

- System partially tied to gold standard; central banks could exchange dollars for gold at fixed rates.





# Conclusion

- The Bretton Woods Conference was a significant event after World War II.
- It happened because countries wanted to fix the world's money problems after the war and the Great Depression.
- At the conference, they made new organizations like the IMF and IBRD to help with money and development.
- These organizations helped create a new system to keep money stable and help countries work together.
- Even though things changed later, the ideas from Bretton Woods still matter today.
- They help countries deal with money issues and work together on global economic challenges.



# References

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