

Volume 2

Number 065R

The Bretton Woods Conference

Lead: With the defeat of Germany and Japan expected if not guaranteed, Allied governments met in July, 1944 to give some order to the postwar economic world.

Intro.: *A Moment in Time* with Dan Roberts.

Content: Often war erupts when normal economic relations break down. When hunger, privation, or shortages threaten, nations are tempted to take by force what is denied them in the regular operation of the marketplace.

During three weeks in the summer of 1944, with the world in the middle of war, forty-four governments sent representatives to Bretton Woods, New Hampshire to attend the United Nations Monetary and Financial Conference. The host, President Franklin Roosevelt, saw the need to ensure a friendly postwar marketplace and wanted to prevent the development of closed economies which could develop into the closed economic and political blocs which helped pave the way for World War I which, in turn after a twenty year cease-fire, provoked World War II. The Allies wanted to design a world in which peaceful economic relations would secure prosperity for victors

and vanquished alike, thereby removing the temptation to send armies across borders in search of financial security.

After weeks of discussion, the Bretton Woods Conference created two organizations which remain today the principle agents of international finance. The World Bank made available long-term loans for nations seeking to rebuild their economies after the war, and development funds for future projects. The International Monetary Fund would hold billions of dollars to help stabilize currencies in order to smooth international trade which could be conducted without fear of sudden currency depreciation or fluctuations in exchange rates which

had helped create real problems in the 1930s.

Over and over in the postwar era, these two organizations, born of Bretton Woods cooperation, have helped developing nations establish the economic discipline to avoid bankruptcy and join the ever-expanding world market and its attending prosperity.

At the University of Richmond, this is Dan Roberts.

Resources

Moroan, Carlyle. *Bretton Woods: Clues to a Monetary Mystery*. Boston, MA: World Peace Foundation, 1945.

United Nations, *The Proceedings and Documents of the United Nations Monetary and Financial Conference, 1944*. Washington, DC: United States Government Printing Office, 1948.

Copyright by Dan Roberts Enterprises, Inc.