

[Conference Report: "The UN and Post-war Global Order: Bretton Woods in Perspective," Roosevelt Study Center, Middelburg, Netherlands](#)

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The UN and Post-war Global Order: Bretton Woods in Perspective

Roosevelt Study Center, Middelburg, Netherlands

On September 17 and 18, 2014 the Roosevelt Study Center hosted the "UN and the Post-war Global Order: Bretton Woods in Perspective" Conference in Middelburg, the Netherlands. The conference was organized by Giles Scott-Smith (Leiden University / Roosevelt Study Center) and started with a keynote lecture given by Eric Helleiner (University of Waterloo, Canada) on the historiography of the United Nations Monetary and Financial Conference, commonly known as the Bretton Woods Conference, which took place in July 1944 at the Mount Washington Hotel in Bretton Woods, New Hampshire in the United States. In addition, various papers were presented by all scholars invited to participate in the conference.

Keynote Lecture

The conference started with Helleiner's keynote lecture on the international history of the conference. Its main theme was to identify and counter the three different misconceptions about the history of Bretton Woods. The first misconception concerns its historiography, in which Bretton Woods is commonly depicted as a 'Big Bang' event, which means that the 1944 agreements were reached because the moment was seized by visionary, creative policymakers who managed to successfully redesign the global financial system. The second misconception concerns the depiction of Bretton Woods as an Anglo-American affair, which means that the agenda had been set by the delegates from the United States and the United Kingdom, thus marginalizing the input from the delegates from other countries. The third, and final, misconception is the idea that Bretton Woods had neglected international development issues, which would become an important subject in the debate on global economic governance in the postwar period.

Concerning the misconception of Bretton Woods as a Big Bang event, Helleiner focuses on the pre-history of the conference. Helleiner points out that the United States had already started to shift from isolationism towards multilateralism in the 1930s under President Franklin D. Roosevelt. This shift towards multilateralism had started with the US-Latin American attempt to establish the Inter-American Bank (IAB). While it was never established because the US Congress had blocked its creation, Helleiner stresses that it was a precursor to the later established Bretton Woods institutions, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). In other words, the United States was becoming internationalist or multilateralist.

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In terms of Bretton Woods being an Anglo-American affair, Helleiner focused on the discussions which took place between the American and British delegates during as well as before Bretton Woods. Arguing from the perspective of historical institutionalism, Helleiner argues that the earlier American internationalism concerning U.S. relations with Latin America transformed into global internationalism at Bretton Woods under the leadership of the chief American negotiator Harry Dexter White. This American multilateralism championed by White and Treasury Secretary Henry Morgenthau, Jr. would prevail over the bilateralism of John Maynard Keynes, the chief British negotiator. In addition to the American multilateralist approach, which was based on the will to democratize global finance, strengthen the wartime alliance, and weaken British influence, Helleiner points out that 42 other delegations were present at Bretton Woods next to the American and British delegates. For instance, the Chinese delegation, which was the second largest delegation, and Indian delegation had shown much interest in the Bretton Woods Conference. Furthermore, the Latin American delegations played an important part, because White had mobilized them to counter the proposals made by Great Britain.

Finally, the third misconception concerning development ignores some of the decisions made at Bretton Woods. First of all, Helleiner argues that Keynes was not interested in international development issues. Conversely, however, Morgenthau and White were interested. For instance, Morgenthau had argued that prosperity was indivisible and that poverty was a global problem, not just a regional issue. Moreover, the mandate of the IBRD was actually strengthened at Bretton Woods. Therefore, Helleiner concludes that scholars should focus more on the incremental origins of the Bretton Woods Conference as well as its pre-history when interpreting the deliberations which took place in 1944; the role of the other 42 governments at Bretton Woods warrants more attention; and the subject of international development has not been studied sufficiently.

Panel I: Pre-war and Post-war Order

The first panel's papers focus specifically on the pre-history of the Bretton Woods Conference, which counters the misconception that it had been a Big Bang event. J. Simon Rofe (SOAS) stressed the importance of the intellectual pre-history of the conference. Rofe focused specifically on the role of the US at Bretton Woods, with a special focus on individuals such as Roosevelt, and those officials tasked with formulating foreign policy, namely Secretary of State Cordell Hull and his undersecretary Benjamin Sumner Welles. Bretton Woods was seen as an opportunity to secure a role for the United States in international politics. The value of this economic diplomacy was supported by the State Department. Furthermore, White and the Treasury Department would only become important for Bretton Woods from 1943 onward. Before, the State Department had been the most influential. Thus, once again the idea of a Big Bang event created by individuals like White is contested if the role of the State Department pre-1943 is taken into account. Finally, Rofe also criticized the misconception that Bretton Woods had been an Anglo-American affair by pointing out that the idea for an international fund had already been suggested to the US by Belgium in 1938.

The paper by Michael Hopkins (University of Liverpool) also focused on the State Department, but in particular on the role of Dean Acheson. This paper stressed the importance of the pre-history as well, because Dean Acheson had not been present at the Bretton Woods negotiations, though his influence

in the State Department was important as well as his good relationship with Keynes. Preceding Bretton Woods, Acheson had been an important diplomat. His expertise in economic diplomacy was acknowledged. He was very active in public diplomacy and had a talent for public persuasion. Despite his rather minor role in formulating the Bretton Woods agreements, Acheson's diplomatic experience had helped in maintaining good relations with Great Britain and contributed to US-Latin American diplomacy. Furthermore, Acheson had not just been important for American foreign policy, but was influential in terms of domestic politics as well. Acheson's acumen as well as his experience were respected and even praised by American Congressmen. Thus, Acheson possessed the ability to persuade Congress to support decisions made by the US government. For this reason, Acheson's contribution to American foreign policy and, indirectly, to Bretton Woods should be valued, because, as Hopkins argued, he brought a geopolitical vision no other American politician would come close to.

The last paper by Michael Franczak (Boston College) focused on the role of the South. Franczak focused specifically on the cooperation between Australia, New Zealand, India, and China. For China and India the prospect of international development had sparked their interest in Bretton Woods. Therefore, India and China were mostly concerned with the establishment of quotas for the IMF. India, especially, argued that the fund could not continue to support countries with already high incomes. Because of these shared convictions, India and China would link their interests. Furthermore, Franczak points out that India and China also wanted to discuss institutional change in terms of labor and trade. Concerning the international division of labor, China and India pursued a more equal alternative to the contemporary order. Lastly, Franczak stresses that while an Indian proposal for a more equal division of labor and a revision of the quotas was dismissed by the US, the UK, and France, it is nevertheless significant, because it shows that countries from the so-called South did not simply attend Bretton Woods, they actively participated. As Franczak states, India and China saw Bretton Woods as an opportunity to alter their own state systems as well as the global economic system. Moreover, Australia and New Zealand in fact supported India's calls for a revision of the IMF quotas. This support India received from Australia and New Zealand could be interpreted as a case of Asian-Pacific regionalism, where these countries acted as a bloc to counter North American and European influence.

Panel II: Multinational Perspectives

The second day of the conference started with a panel focused on multinational perspectives. The first paper was presented by Thierry Grosbois (University of Luxembourg) on the role of Belgium and the Netherlands at Bretton Woods. Grosbois points out the value of the pre-history of the conference by mentioning J. W. Beyen, a Dutch banker who would become the leader of the Dutch delegation in 1944, and his endeavor to establish a Dutch-Belgian monetary agreement in December 1942. This idea already shows the importance of regional interests, which would continue in 1944, when the Belgian and Dutch delegations would become disappointed that Anglo-American negotiations had completely ignored European regional interests. Next to the linking of Belgian and Dutch interests, Grosbois argues that the Benelux political position at Bretton Woods was rather strong. For instance, the Belgian contribution to Commission II led by Keynes was noteworthy. The combined quota of the three Benelux countries was higher than the French quota. Moreover, the chief Belgian negotiator C. Gutt would later become the first director-general of the IMF. Thus, the roles of important individuals

such as Gutt and Beyen show the substantial influence of the Benelux at Bretton Woods, as well as the goals of the delegates to secure important agreements for their own national and regional interests.

The second paper presented by Archana Negi (Jawaharlal Nehru University, New Delhi) focused on the role of the Indian delegation at Bretton Woods. Negi argued that conventional history sees the presence of Southern countries at Bretton Woods as no more than a legitimation for the Bretton Woods agreements. The prescriptive definition of Bretton Woods is that of a conference based on furthering equality and unity among nations. The descriptive approach, however, is that of a Bretton Woods which was based on a draft written by the US and Great Britain. Therefore, Negi argues that the conference was undemocratic, considering that the most important details had been predetermined. In addition, the determination of the quota rates were not scientific, but political. A large and populous country such as India did not receive a quota commensurate with its size. In short, the powerful countries, the US, UK, France, and the Soviet Union, had predetermined the conference. Nevertheless, Negi states that the Indian delegation was interested in Bretton Woods because of future Indian independence as well as the long-term institutional changes it could create. In India the participation was defended, because it meant an increase in international status and prestige, especially because it was the only colony to attend the meetings. Thus, India tried to defend national interests as well as promote better conditions for the South. The problem with Bretton Woods was that an alternative design could not be discussed in 1944 as the major aspects had been predetermined.

The final paper was presented by Christy Thornton (New York University), which focused on the role of Mexico at Bretton Woods. Thornton argues that Mexico had an important role, by focusing on the pre-history. Conventional history recognizes Mexico's role only in its chairing of the conference's third commission in order to secure Latin American support for Bretton Woods. In fact, Thornton emphasizes the incremental development, which started with the Montevideo Inter-American Conference in 1933. This conference was not just focused on ending American military intervention in Latin America, but also focused on capital flows, as Latin American countries stressed their importance as capital importers in relation to the US as a capital exporter. After this important step in improving US-Latin American relations, Mexico would gradually envision itself as a leader of Latin America, which tried to promote its national interests as well as global interests. It did this by fighting for development issues, by opposing asymmetrical violations of economic sovereignty, meaning the protection of strong countries against weak countries, and by supporting more equal representation. Thus it shows that national interests were important for Mexico as well as its support for Southern countries.

Panel III: Multinational Perspectives

The third panel focused on multinational perspectives as well with the first paper presented by Vladimir Pechatnov (Moscow State Institute of International Relations) on the role of the Soviet Union. The conventional view on the role of the Soviet Union is that of a country with an abortive attitude towards the Bretton Woods Conference. Pechatnov counters this view through an analysis of the years preceding the conference. First of all, Pechatnov explains that Soviet analysts had made

good analyses of the American blueprints for Bretton Woods. Second of all, Stalin's role was crucial, but small, he was only involved at the very last stage of the decision-making process. In terms of the Bretton Woods institutions, the Soviet Union had misgivings about the IMF, in which it would have an insufficient role. It was mostly interested in the IBRD, because of the long-term credit it could provide, which would be useful for Soviet reconstruction after the end of World War II. In general, Soviet negotiators reporting to Moscow supported Soviet participation in the Bretton Woods institutions. The final decision not to ratify the agreements was the consequence of domestic political considerations. There was a significant split in the Soviet bureaucracy, with the ministries of Finance and Foreign Trade supporting ratification, while the State Planning commission opposed, because it feared foreign dependency. Thus, Stalin finally decided against ratification because the risks of giving up Soviet sovereignty were outweighing the benefits of Bretton Woods.

The second paper by Eric Monnet (Banque de France) focused on the role of France at Bretton Woods. While the paper focused on the pre-history, it also focused on the Bretton Woods system after 1944. Monnet argued that the conventional view overestimates French influence at Bretton Woods. Monnet points out that the French delegation was small and had no official plan for the negotiations. There had been one in 1943, but it had never been endorsed by the Provisional Government of the French Republic (PGFR). In addition, the PGFR led by general De Gaulle, was not recognized officially until Paris was liberated in October 1944. Thus, Monnet explains that the strategy of the French delegation was to secure higher quotas and a seat on the IMF board. This strategy was unsuccessful during the conference, but France managed to secure these demands in private from Morgenthau after Bretton Woods. Monnet explains, however, that France would start to issue reform proposals concerning the Bretton Woods institutions during the 1960s under President De Gaulle. Despite the belief that the Bretton Woods system functioned rather well, the French reform proposals were meant to counter American power within the system. For instance, France would continue to lobby for the strengthening of the Bank for International Settlements (BIS), because the US had very little power over this institution. Thus Eric Monnet shows that French influence on Bretton Woods started after the 1944 conference and that its critique was more political than economic.

Lastly, Roberto Duran (Catholic University of Chile) discussed his paper in which he stated that Bretton Woods was a milestone for the professionalization of Latin American diplomacy. The paper focused on the development of US-Latin American diplomacy since the nineteenth century, which started on the terms of pan-American continental security to counter possible Spanish recolonization attempts as well as wars between Latin American countries. Based on this hemispherical security framework for the Americas, bilateral diplomacy between the US and Latin America would continue to intensify into the twentieth century. By the 1930s, financial and economic cooperation would appear on the agenda. Furthermore, the input of Latin American lawyers, economists, and engineers was noteworthy in pre-1944 discussions on Bretton Woods as well as during the conference. In addition, Latin American countries advocated the inclusion of social and economic development as well as regional and global security issues into the mandate of the United Nations after 1944. This history of pan-American multilateral diplomacy counters the assumption that Bretton Woods was a Big Bang event as well as the notion that it was an Anglo-American affair. Moreover, the importance of development issues is reflected in the efforts of Latin American diplomacy pre-Bretton Woods.

Panel IV: The ITO and the GATT

The fourth panel focused more on international trade and its relation to the Bretton Woods agreements. While not created during Bretton Woods, the International Trade Organization (ITO) and the General Agreement on Trade and Tariffs (GATT) are important agreements that should be included in an analysis of the history of Bretton Woods.

The first paper by David Woolner (Roosevelt Institute / Bard College) focused on the role of Cordell Hull. As Woolner argues, Hull had played a fundamental role in altering American foreign economic policy and was dedicated to creating a global, liberal economic order. Indeed, Hull's vision had been shaping the State Department's stance on multilateralism from the 1930s on. During this decade, Hull opposed restrictive high American tariffs and repeatedly urged Congress to liberalize trade. His motivation was that freer trade would bring peace, while unfair trade would inevitably lead to war. In practice, Hull promoted reciprocal trade agreements as the solution to the protectionism which Congress usually sought. In addition, he proposed that the US would adhere to the most favored nation-status whenever it would sign trade agreements with other countries. Finally, Hull tried to empower the president by shifting tariff negotiations towards him, which would give him the power to make concessions and bypass the Senate, which usually blocked or altered tariff proposals. Thus the conventional view that he was an obstruction to Bretton Woods is unconvincing. As Woolner argues, the environment for Bretton Woods was shaped by the reciprocal trade agreements and the pursuit of trade liberalization, which were advocated by Hull.

The next paper by Francine McKenzie (University of Western Ontario) discussed the GATT from an international perspective which counters the conventional view that it was an Anglo-American affair. In fact, the US and UK seemed to be more at odds with each other than in agreement. For instance, in 1943 promising talks had taken place between the US and UK on trade. From that moment on, the UK stopped mentioning the issue of trade until late 1944 because it foresaw problems with its system of imperial preference. Moreover, the UK had to incorporate the views of members of its Commonwealth into its vision on trade liberalization. Another aspect of the GATT was its commitment to ensuring peace. A stable peace based on trade agreements could prevent a new devastating war from occurring in the future. Finally, the GATT's commitment to peace was a multilateral affair. It recognized that nation-states were important for peace but also a threat to it. Therefore, membership of the GATT would lead to a certain loss of national sovereignty. In addition, it caused an institutionalization of American power with an emphasis on liberalism. Indeed, US leadership was needed to make the GATT work, but liberalism was not the only factor. McKenzie points out that planning was important and, in fact, the Soviet model was used for this due to the rapid growth of the Soviet economy in the 1930s. Finally, while the multilateralism of the GATT could be seen as shallow, McKenzie points out that it reflects a long-term view, which was needed to make the system work.

The last paper by Ruth Jachertz (Jacobs University, Bremen) describes the discussions on the creation and eventual failure of the establishment of the ITO. In analyzing the pre-history of Bretton Woods, Jachertz shows that commodity agreements were an important topic of debate in the 1930s. Indeed, commodity agreements would be discussed during the first conference of the United Nations. Concerning commodity agreements, the debate was between the proponents of free trade and those who were more concerned with national interests and protectionism. In addition, the idea of the US as a supporter of free trade is contested considering the opposition of large groups in American

society to free trade as well as the lack of consensus of free trade even within the American government. These continuing debates would ultimately lead to the failure of the ITO in the late 1940s. Jachertz shows that commodity agreements as part of international trade regulation were an important topic before as well as during the Bretton Woods Conference, when non-industrialized as well as new industrialized countries would raise the subject of international trade. Therefore, trade should be seen as part of Bretton Woods, even though it was not the object of the conference. Finally, the importance of domestic politics is explained, while the multilateral discussions about international trade once again contest the idea that Bretton Woods was an Anglo-American affair.

Panel V: Private Sector Perspectives and the End of Bretton Woods

The last panel focused on the importance of non-state actors as well as the end of the Bretton Woods system in the early 1970s. The first paper by Ben Wubs (Erasmus University, Rotterdam) focused on the importance of transnationalism at Bretton Woods by focusing on the role of Dutch delegation leader Beyen. The transnational perspective offers a different layer of interpretation when looking at Bretton Woods by analyzing some of the backgrounds of the delegates, such as Beyen. A lawyer by profession, Beyen had worked for Philips, had been a board member of the BIS in 1935, and director of Unilever before 1944, thus reflecting his background in business and international finance. In addition, Beyen was closely related to Keynes, but more internationalist in terms of economic ideas. During the conference, Beyen remained informed about the American position, by discussing the 1943 White plan with the American delegates, as well as discussing the UK position with Keynes. Beyen's important role was reflected by his active lobbying at Bretton Woods, which seems to have helped prevent the liquidation of the BIS by Morgenthau and White. Thus the paper shows that the backgrounds of the delegates deserve more attention.

The second paper by Tim Wintour (Kent State University) investigates the role of the American Federal Reserve. Wintour argues that the conventional perspective identifies bankers as hostile or indifferent to Bretton Woods. However, the American banking community was not homogeneous, differences existed. In addition, Wintour points out that the Federal Reserve board of governors approached Bretton Woods from a gold standard perspective. It was convinced that an international economic system was needed to prevent both economic and political warfare, but it argued that a lender of last resort was necessary to make such a system work. The solution was that the US should facilitate an international economic order, where it would be the lender of last resort. Therefore, the Fed's conviction was that multilateralism would be inefficient. The Bretton Woods agreements should be negotiated by the largest, most powerful countries. These agreements would benefit all countries. These examples show that the Fed did not oppose Bretton Woods, instead it agreed that an international economic order was necessary to prevent future crises from occurring. However, it disagreed with the multilateral approach of Bretton Woods and felt that the system should be constructed by a small group of countries.

The final paper was presented by Kathleen Rasmussen (Office of the Historian, US Department of State) on the end of the Bretton Woods system in 1973. Conventional history usually considers the Big Bang event of President Nixon's August 1971 address, known as the 'Nixon Shock', as the collapse of Bretton Woods. Rasmussen, however, argues that the collapse of Bretton Woods was not a

Big Bang event, but rather a result of an incremental process which ended after the exchange crisis of March 1973. Furthermore, the Nixon shock undermined the matter of currency convertibility, but not the par value system, another important characteristic of the Bretton Woods system. In fact, through an agreement on a devalued dollar, the fixed exchange rate system was saved through the Smithsonian Agreement of December 1971 and preserved by the US until March 1973. The final abandonment of Bretton Woods was based on both economic as well as political considerations. Rasmussen argues that American leadership of the fixed rate system was abandoned because the US was not ideologically committed to maintaining the system. Indeed, President Nixon focused on political interests, while Treasury Secretary George Shultz was a supporter of floating exchange rates. Furthermore, the abandonment of Bretton Woods was not simply a unilateral American decision. Granted, American leadership was important and Nixon chose to give priority to political considerations, but many countries had started to float their currencies and Japan had refused to reevaluate the yen in the early 1970s. Thus, as Rasmussen argues, the abandonment of Bretton Woods was multilateral, resulting from international disenchantment with the fixed rate system.

Conclusion

The conference succeeded in addressing the three misconceptions of Bretton Woods. The papers presented paid considerable interest to the pre-history of the conference thus illuminating the roles of countries such as the Soviet Union, India, China, France, Mexico, Belgium, and the Netherlands. The analysis of the roles of these countries effectively counters both the misconception of Bretton Woods as a Big Bang event as well as the view that its inception was a strictly Anglo-American affair. Furthermore, the papers revealed national, regional, multilateral, and transnational interests as important factors both before and during the Bretton Woods Conference. Finally, it has been revealed that international development was an important issue in 1944, thus contesting the conventional view that it was ignored. Development was not only important for Latin American or Asian countries, but in fact was a multilateral issue shared by the United States in the interest of creating and preserving peace in the postwar world. In short, the international history discussed during the conference has provided new insights into the complex history of Bretton Woods.

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