The 1944 Bretton Woods Conference

The framework decisions undertaken by the Great Powers at the end of World War II in respect of the organisation of the post-war order included numerous aspects of international relations, *inter alia* those relating to the security of the international currency and financial market. A common position on these matters was developed by the United Nations at a conference held in Bretton Woods in July 1944. In order to overcome susceptibility to dysfunction displayed by gold, which had served as the basis of international relations in this respect, a new system, based on a stabilisation fund, was created. A negotiating mechanism ensuring the stabilisation of rates of exchange and the universal convertibility of the member states’ currencies and managed by the governments of those states, came into being. Henceforth, the stability of exchange rates was to depend on credits contributed by the participants in the system, rather than on trading in gold. Two institutions served as the basis for the entire arrangement; the International Monetary Fund and the International Bank for Reconstruction, which supported it.

The solutions adopted in Bretton Woods enhanced the international position of the United States, which was by then emerging from its isolationist posture, because the dollar was ranged alongside gold the basis for the stabilisation of the world currency markets.

The Bretton Woods system operated with relative stability for around a quarter of a century. It performed its statutory role, from contributing to the orderliness and stabilisation of international trade to protecting the currencies of the member-states against speculative attacks and preventing an excessive concentration of power over the international currency trade in a handful of states.

**Tags:** United Nations. International Monetary Fund, World Bank, world currency, stabilisation fund, international financial system, currency convertibility, gold parity, currency relationships, world monetary market, post-war order, free circulation of money, post-war reconstruction