

**JUST BEFORE BRETTON WOODS:
THE ATLANTIC CITY CONFERENCE,
JUNE 1944**

**Just Before Bretton Woods:
The Atlantic City Conference,
June 1944**

Edited by

**Kurt Schuler
and
Gabrielle Canning**

CENTER FOR FINANCIAL STABILITY

NEW YORK

Copyright 2019 by Kurt Schuler and Gabrielle Canning. All rights reserved. Until 2030, no part of this book may be reproduced or transmitted in any form without written permission from the authors. Send requests to Kurt Schuler, <kschuler@the-cfs.org>. Starting in 2030, the authors permit anyone to reproduce the electronic edition of the book and the online companion files, provided that there is no alteration to the original content and that distribution to readers is free. The authors continue to reserve all other rights, including the rights to the print edition and translation rights.

E-book and print editions published 2019 by the Center for Financial Stability, 1120 Avenue of the Americas, 4th floor, New York, NY 10036

Cover by Laneen Wells, Sublation Studio; front cover design inspired by the Claridge Hotel, Atlantic City

Online companion files to this book are available at the Web site of the Center for Financial Stability, <www.centerforfinancialstability.org>

Cataloging data will be available from the Library of Congress

ISBN 978-1-941801-04-8 (e-book), 978-1-941801-05-5 (hardcover)

The Center for Financial Stability (CFS) is a private, nonprofit institution focusing on global finance and markets. Its research is nonpartisan. This publication reflects the judgments of the authors. It does not necessarily represent the views of members of the Center's Advisory Board or Trustees, or their affiliated organizations.

Contents

About the Editors.....	ix
1 Introduction.....	1

PART I: PRECONFERENCE DOCUMENTS

2 Joint Statement on an International Monetary Fund.....	59
3 Proposal for a Bank for Reconstruction and Development.....	67

PART II: AMERICAN MEETINGS

4 American Technical Group, first meeting, June 8.....	79
5 American Technical Group, second meeting, June 15.....	82
6 American Technical Group, third meeting, June 16, morning.....	85
7 American Technical Group, fourth meeting, June 16, afternoon.....	89
8 American Technical Group, fifth meeting, June 17.....	91
9 American Technical Group, sixth meeting, June 18.....	102
10 American Technical Group, seventh meeting, June 19.....	110
11 American Technical Group, eighth meeting, June 20.....	114
12 American Technical Group, ninth meeting, June 21.....	116
13 American Technical Group, tenth meeting, June 22.....	119
14 American Technical Group, eleventh meeting, June 23.....	122
15 American Technical Group, twelfth meeting, June 24.....	126
16 American Technical Group, thirteenth meeting, June 25.....	127
17 American Technical Group, fourteenth meeting, June 26.....	130
18 American Technical Group, fifteenth meeting, June 27.....	133
19 American Technical Group, sixteenth meeting, June 28.....	135

PART III: BRITISH AND ALLIED MEETINGS

20 British delegation, first meeting, June 19, morning.....	141
21 British delegation, second meeting, June 19, afternoon.....	148
22 British delegation, third meeting, June 20, morning.....	151
23 British delegation, fourth meeting, June 20, afternoon.....	153
24 British delegation, fifth meeting, June 21, morning.....	155
25 British delegation, sixth meeting, June 21, afternoon.....	158
26 British delegation, seventh meeting, June 22.....	161

CONTENTS

27 British delegation, eighth meeting, June 25.....	163
28 First Anglo-American meeting, June 24.....	165
29 Second Anglo-American meeting, June 26.....	169
30 British Commonwealth delegations, second meeting, June 25.....	176
31 Allied delegations, first meeting, June 19.....	181
32 Allied delegations, second meeting, June 20.....	183
33 Allied delegations, third meeting, June 21, 12:15 p.m.....	187
34 Allied delegations, fourth meeting, June 21, 4:30 p.m.....	193
35 Allied delegations, fifth meeting, June 22, morning.....	197
36 Amendments to fifth Allied meeting, June 24.....	203
37 Allied delegations, sixth meeting, June 22, afternoon.....	209

PART IV: CONFERENCE: AGENDA COMMITTEE

38 Agenda Committee, first meeting, June 19.....	211
39 Agenda Committee, second meeting, June 20.....	216
40 Agenda Committee, third meeting, June 21.....	221
41 Agenda Committee, fourth meeting, June 22.....	227
42 Agenda Committee, fifth meeting, June 23.....	234
43 Formal Agenda Committee, first meeting, June 24.....	236
44 Formal Agenda Committee, second meeting, June 26, morning.....	238
45 Formal Agenda Committee, third meeting, June 26, afternoon.....	240
46 Formal Agenda Committee, fourth meeting, June 27, morning.....	261
47 Formal Agenda Committee, fifth meeting, June 27, afternoon.....	264
48 Formal Agenda Committee, sixth meeting, June 28, morning.....	268
49 Formal Agenda Committee, seventh meeting, June 28, afternoon.....	279
50 Formal Agenda Committee, eighth meeting, June 29, morning.....	292
51 Formal Agenda Committee, ninth meeting, June 29, afternoon.....	305
52 Formal Agenda Committee, tenth meeting, June 30.....	309

PART V: CONFERENCE: SUBCOMMITTEES

53 Subcommittee 1 (Purposes, Policies and Subscriptions of the Fund), first meeting, June 20.....	317
54 Subcommittee 1, second meeting, June 21.....	320
55 Subcommittee 1, third meeting, June 22.....	322
56 Subcommittee 1, fourth meeting, June 23.....	324
57 Subcommittee 2 (Operations of the Fund), first meeting, June 20.....	327
58 Subcommittee 2, second meeting, June 21.....	329

CONTENTS

59 Subcommittee 2, third meeting, June 22.....	332
60 Subcommittee 2, fourth meeting, June 23.....	334
61 Subcommittee 3 (Organization and Management of the Fund), first meeting, June 20.....	336
62 Subcommittee 3, second meeting, June 21.....	339
63 Subcommittee 3, third meeting, June 22.....	341
64 Subcommittee 3, fourth meeting, June 23.....	343
65 Subcommittee 4 (Establishment of the Fund), first meeting, June 20.....	345
66 Subcommittee 4, second meeting, June 21.....	348
67 Subcommittee 4, third meeting, June 22.....	351
68 Subcommittee 4, fourth meeting, June 23.....	353
69 Steering Committee, second? meeting, June 26.....	355
70 Subcommittee on Management, fourth meeting, June 27.....	357
71 Subcommittee on Management, fifth meeting, June 28.....	364
72 Special Committee on Information, only meeting, June 28.....	366
73 Other subcommittees, editors' note.....	368

PART VI: CONFERENCE DOCUMENTS

74 Document F-1: Preliminary Draft, International Monetary Fund.....	371
75 Document F-2: Mexico's Memorandum on Silver.....	440
76 Document F-3: Brazil's Amendment [on investment].....	441
77 Document F-4: Minimum Percentage Charges.....	442
78 Document F-5: [British] Note on Certain Definitions.....	443
79 Document F-6: Report of the Committee on Management.....	444
80 Document B-1: The Reconstruction Bank [British proposal].....	448
81 Report of the Special Committee on Furnishing Information.....	457
82 British Report on the International Monetary Fund.....	460
83 Proposal for a Bank for Reconstruction and Development.....	480

APPENDICES

Appendix A: Conference participants.....	505
Appendix B: Schedule of meetings.....	517
Appendix C: Glossary.....	521
Appendix D: Table of alternatives to IMF Articles.....	525

INDEX	533
--------------------	-----

About the Editors

Kurt Schuler is an economist in the Office of International Affairs at the U.S. Department of the Treasury in Washington, D.C. In his spare time he is Senior Fellow in Financial History at the Center for Financial Stability. He is the editor of the Center's Historical Financial Statistics, a free online database. His previous books include *The Bretton Woods Transcripts*, edited with Andrew Rosenberg and published by the Center in 2012.

Gabrielle Canning is a recent graduate of the College of William and Mary, where she earned her B.A. in history and theatre. She did part of her work on this book as a senior independent study under the mentorship of Professor Michael Butler.

The views here are ours alone and should not be attributed to the institutions we are connected with.

Introduction

Background to the conference • The presuppositions of Bretton Woods • The Bretton Woods conference and the Atlantic City preconference • American goals and preparations • British goals and preparations • Conference organization and schedule • Meetings of the partial conference • Meetings of the full conference • What the conference accomplished • The documents • Our editorial changes • Online companion files • Acknowledgments • References • Sources of chapters

During and shortly after World War II, the Allied nations created a number of institutions aimed at promoting international cooperation and preventing a World War III. Of these, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD or World Bank) are the most influential and successful, arguably surpassing the United Nations. Now 75 years old, they remain important in the world financial system, for their own ability to lend to countries in distress; their role in catalyzing other official and private funding for such countries; and their authority as promoters of best practices in many areas of finance and economic development.

The durability of the IMF and the World Bank has made the process that created them a subject of persistent fascination. Some parts of the process have received far more attention than others. The rival monetary proposals of the U.S. Treasury official Harry Dexter White and the British Treasury adviser John Maynard Keynes have been discussed in hundreds of publications. The July 1944 conference in Bretton Woods, New Hampshire that created the IMF and the World Bank is so well known that the IMF and World Bank are nicknamed the Bretton Woods institutions. Periodically, proposals arise for a “new Bretton Woods,” trying to borrow the luster of the original to promote some would-be present-day policy to reform the world economy. The Bretton Woods conference and its effects have been the subject of a number of books and thousands of articles.

INDEX

Table. Chronology

September 1, 1939	World War II begins in Europe; United States enters the war on December 7, 1941
1940-1941	Harry Dexter White (U.S.) and John Maynard Keynes (UK) begin thinking about postwar world finance
January 1942	United States informally presents proposal for an international stabilization fund at inter-American conference in Rio de Janeiro
April-July 1943	Keynes, White, French, and Canadian plans for an international monetary organization released; Chinese and Norwegian plans not publicly released; informal multinational conference in Washington, June 15-17
April 21, 1944	Joint Statement by Experts on the Establishment of an International Monetary Fund (IMF)
May 26, 1944	United States invites 43 countries to international conference on IMF and Bank for Reconstruction and Development
June 6, 1944	D-Day: Allied liberation of mainland France begins
June 10, 1944	U.S. telegram invites select countries to Atlantic City
June 14, 1944	American delegation arrives in Atlantic City
June 16, 1944	British and other European delegations leave London to board <i>Queen Mary</i> bound for New York
June 19, 1944	Many foreign delegations arrive in Atlantic City; informal deliberations begin
June 23, 1944	<i>Queen Mary</i> arrives in New York City and the delegations aboard travel to Atlantic City
June 24, 1944	More formal conference deliberations begin
June 30, 1944	Atlantic City conference ends, having developed draft agreements on the IMF and the Bank for Reconstruction and Development; delegates leave for Bretton Woods
July 1, 1944	Bretton Woods conference begins
July 22, 1944	Bretton Woods conference ends with signature of Articles of Agreement for the IMF and the International Bank for Reconstruction and Development (World Bank)

INDEX

Far less known is the Atlantic City, New Jersey conference in June 1944 that immediately preceded Bretton Woods and established the draft agreements from which Bretton Woods started. A few short summaries of the Atlantic City conference are the total of previous serious writing on the subject.¹ One reason for the lack of attention to Atlantic City has been the lack of published material from the conference. This book fills in a previously sketchy part of the story of the origins of the Bretton Woods institutions. It contains an extensive set of documents from the Atlantic City conference, as well as some relevant preconference documents. Online files contain photographs of the source documents and ancillary material.

Background to the conference

Many accounts exist of British and American planning for the post-World War II international monetary system, with, as we have said, a notable gap concerning the Atlantic City conference. We will just briefly summarize events before mid 1944.

The historical backdrop to the postwar planning of 1944 was a generation of political and financial tumult resulting from World War I (1914-1918) and its aftermath. The war proved devastatingly costly. The countries that fought financed their war spending partly by inflation, whose effects they suppressed through controls on prices of domestic goods. Most had been on some type of gold standard before the war, and during the war most suspended adherence to the gold standard and imposed exchange controls, preventing people from buying or selling foreign currencies without government permission. The money they created to finance their war spending presented them with an unpleasant choice afterwards: devaluing and letting suppressed inflation come out

¹ Horsefield (1969, v. 1: 79-88); Bittermann (1971: 68-69); Van Dormael (1978: 156-167), Steil (2013: 192-199); Conway (2014: 183-198). Reinertsen (2017) focuses on the voyage of British and other delegations to the United States aboard the *Queen Mary*, discussed more below. For accounts of some incidents at the conference, see Beyen (1949: 169); Black (1991: 42-43); George Bolton diary; Alice Bourneuf papers; Harrod (1951: 577-584); Harry S. Truman Library and Museum [2012]; Howson (2011: 519-524); Keynes (1980b: 59-71); Mikesell (1994: 33-34; 2000: 39-40); Morgenthau Diaries; Robbins and Meade (1981: 156-166); Skidelsky (2001: 343-346); World Bank Archives Oral History Program (1961: 5-8); and Young (1950: 786). Lionel Robbins's diary is notable for its blunt assessments of people. We have not seen George Bolton's diary.

INDEX

into the open, possibly generating politically uncontrollable pressures leading to further inflation, or deflating to return to prewar gold parities (exchange rates), which would choke growth. Germany suffered hyperinflation that made its currency worthless and wiped out the savings of millions; at the opposite pole, the United States never officially suspended its prewar gold parity and experienced a severe but short deflationary postwar recession. Britain experienced several years of deflation and sluggish growth on the way to eventually restoring its prewar gold parity in 1925, part of a substantial restoration of the gold standard worldwide. Then, from December 1926 to June 1932, France absorbed all of the increase to the world supply of monetary gold plus some more, raising its share of world monetary holdings from 8 percent to 28 percent. Gold flowed in to buy French francs because changes in policy by the French government and the Bank of France (central bank) gave investors confidence that the franc was now cheap compared to other major currencies. Contrary to standard profit-seeking practice, the Bank of France “sterilized” most of the additional gold, in effect locking it up rather than letting it feed through to higher prices. In the key years of 1929 and 1930 the U.S. Federal Reserve System likewise sterilized increases to its gold reserves.² These policies created strong deflationary pressure on prices in gold-standard currencies. The Great Depression that began in 1929 created a downward spiral of distress and default. The countries that recovered fastest were those that ended deflation earliest by devaluing or floating their exchange rates against gold.³

The Great Depression shrank world trade. Governments responded with “competitive devaluations” of their exchange rate, higher tariffs, and preferential trade agreements with favored countries. The more open trading system before the Depression was more efficient, but proved unable to withstand political pressure for protectionism.

The monetary and trade mistakes of the late 1920s and early 1930s created political turmoil that led to the rise of Nazism in Germany and intensified Japanese militarism. Then came a second world war, more gigantic and destructive than the first.

To prevent a repeat of the mistakes of the interwar period, the

² Calculations from Center for Financial Stability, Historical Financial Statistics data set, based on Federal Reserve data on gold holdings and balance sheets of the Banque de France and the Federal Reserve System; Irwin (2012).

³ Eichengreen (1992), currently the standard history of the interwar monetary system, emphasizes this point.

INDEX

organizers of framework for the post-World War II global economy developed an array of institutions and policies. On the political side, the United Nations would replace the League of Nations. On the economic side there were to be three major institutions. The International Monetary Fund would restrain competitive devaluations by helping countries experiencing temporary currency problems, but would allow more flexibility in exchange rates than the old gold standard so as to avoid harmful deflations. The International Bank for Reconstruction and Development would speed recovery from war damage and foster economic development in poor countries. And the International Trade Organization would promote reductions in trade barriers. Opposition in the U.S. Senate killed the proposed International Trade Organization. The less ambitious General Agreement on Trade and Tariffs substituted for it until 1995, when the World Trade Organization began.⁴

The two outstanding figures who shaped the Fund and the Bank were the English economist John Maynard Keynes (1883-1946) and his American counterpart Harry Dexter White (1892-1948). Keynes's economist father John Neville Keynes was a lecturer at the University of Cambridge, and his mother was a prominent social reformer who became mayor of Cambridge. Keynes attended England's most prestigious boarding school, Eton College, and returned to Cambridge as a student. He mainly studied mathematics, but read widely in economics on his own. After graduating, he joined the British government's London bureaucracy governing India, but it soon bored him, so he returned to the University of Cambridge as a lecturer in economics. In 1915, he went to work in the British Treasury, where his abilities soon made him pre-eminent in international financial matters. After the war he attended the 1919 Paris peace conference as a member of the British delegation, but resigned in disgust at what he saw as the counterproductive terms that the conference imposed on Germany. He became an international celebrity by writing a best-seller critical of the conference, *The Economic Consequences of the Peace*. Keynes later resumed his connection to the Treasury, as an unpaid adviser. He took no salary because his writing and financial speculations had made him independently wealthy, and because being unpaid left him free to express his views without the strictures that applied to civil

⁴ The United Nations Relief and Rehabilitation Administration, established in 1943, was important at the time but not intended to last long beyond the war; it closed in 1947. There were also ideas about establishing an international commodity council to regulate buffer stocks of key raw materials, but they gained no traction.

INDEX

servants. His official title was adviser to the Treasury, but in truth during World War II he was the British government's one-man brain trust for wartime finance. In 1942, he was granted a peerage, becoming Baron Keynes of Tilton (the name of the country house he leased near the English Channel). He had long had a lordly manner; now he was officially a lord. Keynes moved across academic, government, business, and artistic circles with ease, having great influence in all as a writer, adviser, or financier. He was renowned for quicksilver intellect and his ability to turn a phrase.

While at the 1919 Paris conference, Keynes wrote a memorandum on a "Scheme for the Rehabilitation of European Credit and for Financing Relief and Reconstruction." The memo proposed multilateral guarantees for bonds that Germany would issue to help pay reparations for World War I.⁵ The guarantee principle was an antecedent to the World Bank. Years later, Keynes's 1930 *Treatise on Money* proposed a Supernational Bank issuing Supernational Bank Money (S.B.M.) analogous to what are now the IMF's Special Drawing Rights (SDRs).⁶ (Curiously, an international monetary and financial angle is absent from the book that cemented Keynes's status as the world's most famous economist, 1936's *The General Theory of Employment, Interest and Money*.)

Harry Dexter White came from far humbler circumstances than Keynes. He was the son of Lithuanian Jewish immigrants, part of the first generation in his family to attend college. Although he earned a Ph.D. in economics from Harvard University and won its prize for the best publishable work in economics by a student, he lacked the bent for high theory that academics esteem. He was teaching at a small college in Wisconsin in 1934 when he got an opportunity to work at the Department of the Treasury. He seized it and never returned to academia. White worked mainly on domestic and international monetary matters, and showed industry and intelligence. He first crossed paths with Keynes when the Treasury sent him to Europe in 1935 to assess the views of important people on exchange rate issues. He became involved with efforts to stabilize exchange rates informally among the major currencies. In 1938, U.S. Secretary of the Treasury Henry Morgenthau, Jr., made White director of the new Division of Monetary Research. In that job, White was involved in 1939 and 1940 in a proposal for an Inter-American

⁵ Baker (1923: 336-346) has the memo, its endorsement by British prime minister David Lloyd George, and its rejection by American president Woodrow Wilson.

⁶ Keynes (1930, v. 2: ch. 38, sec. 2, p. 400).

INDEX

Bank, which died because of opposition in the U.S. Senate. Sometime from February to June 1940 he apparently also wrote memos on “Establishment of a bank to permit substantial aid in the post-war reconstruction” and “Payments assistance to the Allies.”⁷ When the United States entered World War II in December 1941, Morgenthau quickly put White in charge of all of the Treasury’s international affairs.⁸

Besides his influence on the IMF and the World Bank, White is best known today for having passed classified information to American Communists who were spying for the Soviet Union. We can discern no advantage that might have arisen to the Soviet Union had he passed information concerning the Atlantic City conference, though.⁹

World War II stimulated Keynes and White to revisit and elaborate on their earlier ideas for international financial cooperation. On July 25, 1940, a month after the German conquest of France, the German minister of the economy, Walther Funk, gave a speech on the economic reorganization of Europe under Nazi rule. Among other things, Funk envisioned the German Reichsmark becoming the basis of a pan-European currency, with a monetary policy independent to any connection with gold. Funk’s speech received wide publicity, and it criticized not only Britain, but the United States, which was not yet in the war.¹⁰

In 1941, Keynes and White independently wrote plans for a body to coordinate the postwar international financial system. Keynes called his ambitious vision the International Clearing Union. It would have been a global bank for clearing trade among nations, and it would have issued its own unit of account, the *bancor* (from the French *banque or*, “bank gold”), which would have functioned as a global reserve currency accepted by

⁷ For the proposed agreement for the Inter-American Bank, see the *Federal Reserve Bulletin*, June 1940: 517-525; see also Rees (1973: 138). We have not seen the 1940 memos, which are listed in the Harry Dexter White Papers, Box 4, Folder 13, “Division Memoranda and Reports from February to July 1940”: 14. “Division” is the Division of Monetary Research.

⁸ Rees (1973: 58-60, 138); U.S. Department of the Treasury (1939: xvi); U.S. Treasury Department Press Service (press release) No. 29-18, December 20, 1941.

⁹ Boughton and Sandilands (2003) and Craig (2004: 83-112) make the case for White’s innocence or at least naivety. Haynes and Klehr (1999: 129-145) and Haynes and others (2009: 260) make the, to us, more convincing opposite case.

¹⁰ Funk (1940). During the war, Berlin became the clearing center for many transactions among German-occupied countries (BIS 1942: 30).

INDEX

national central banks. The rules of the Clearing Union would have penalized countries that accumulated large trade and financial surpluses as well as those that ran large deficits. White called his more modest vision the International Stabilization Fund. It would act a kind of credit union for member countries, but would not issue its own unit of account and would not have rules penalizing countries with large surpluses, since the United States was the chief such country. It would also likely involve less expense to the United States than the Clearing Union. The United States informally presented White's idea at an inter-American conference of foreign ministers in Rio de Janeiro in January 1942.

White and Keynes first saw each other's plans in mid 1942. After further changes, both plans were published in April 1943. The Free French and Canadian governments also issued plans. China and Norway wrote plans but did not publish plans. Because none of these plans were proposed by the world's top two financial powers, they received far less consideration.¹¹ A year of further negotiation and consultation with other World War II Allied governments followed, including a conference in Washington from June 15-17, 1943.¹² On April 21, 1944, a Joint Statement by Experts on the Establishment of an International Monetary Fund (reproduced in chapter 2) was published simultaneously in the United States, Britain, and other countries. It would serve at the starting-point for most discussion at the Atlantic City conference. The Joint Statement mainly reflected White's vision, because the United States was the world's largest and richest economy; the only major belligerent country that had not suffered extensive damage to its territory; the creditor to the rest of the world; the holder of most of the world's reserves of monetary gold; and therefore the only country that could afford to finance the planned agency. Britain had little choice but to acquiesce, especially given that it was seeking further wartime loans from the United States, termed Lend-Lease, in negotiations that would not conclude until after Bretton Woods.

¹¹ For the Keynes, White, French, and Canadian plans, see Horsefield (1969, v. 3: 3-118). The Chinese and Norwegian plans are in the Harry Dexter White Papers, Box 8, Folders 1 and 2, respectively. For commentary on the Chinese plan, see Helleiner (2014: 192-197). John Parke Young, an American adviser who attended the Atlantic City conference, took the lead in drafting the Chinese plan.

¹² The conference was announced in U.S. Department of the Treasury, Press Service (press release) No. 36-3, April 6, 1943. The United States invited 37 countries; 19 attended.

The presuppositions of Bretton Woods

Keynes, White, and their colleagues operated within an intellectual framework that foreclosed some options that previous or later experience has shown to be economically feasible, and it is worth noting them.

It is a commonplace among economists and historians that in the several decades before World War I, the international monetary system worked more smoothly than it did between World War I and World War II.¹³ Changes in gold parities were rare compared to later years. Exchange controls were rarer still. An important reason that the system operated smoothly is, we think, that central banks were far fewer before World War I. Most countries outside of Europe did not have them. Among those that did not, for example, were three of the largest and most populous economies, the United States, China, and India. Competitive issue of currency by commercial banks, without any central bank, was widespread.¹⁴ Where central banks existed, many were privately owned and operated more on a strictly commercial basis than they do today. Day-to-day government involvement in monetary policy was rarer.

Economists and policy makers of the time viewed central banking as the most advanced arrangement and did not fully appreciate its possible shortcomings either on a theoretical level or in political practice. Monetary conferences sponsored by the League of Nations in Brussels in 1920 and Genoa in 1922 called for nations that did not yet have central banks to establish them. Central banking was hence one of the presuppositions of Bretton Woods. Not until the 1970s did economists even begin to reconsider whether central banking was in fact better than what it replaced.¹⁵ Today, cryptocurrencies are bringing the question in more immediate form from academic analysis into practice.

Another presupposition of Bretton Woods was that exchange rates should be pegged. Many countries had had individual experience with floating exchange rates, but there was no experience of all the major currencies floating simultaneously.¹⁶ Under the gold standard, floating was

¹³ Keynes (1919: 9-10) himself wrote an eloquent lament for that bygone era.

¹⁴ Schuler (1992).

¹⁵ For an academic summary, see Selgin and White (1994); for up to date discussion on the subject, see the Alt-M Web site, <www.alt-m.org>.

¹⁶ During World War I, most belligerents suspended the gold standard but imposed exchange controls that prevented trading at floating exchange rates. Between World War I and World War II there were periods when among the

INDEX

usually associated with currency depreciation and inflation because countries abandoned the gold standard when they lacked the gold reserves or the resolve to maintain the existing pegged parity. The experience of the interwar period was even worse: Germany and some of its neighbors suffered hyperinflations. The Great Depression showed the other side of the coin, the costs of deflation under pegged exchange rates. So, the designers of the Bretton Woods system wanted exchange rates to be adjustable, unlike the expectation for them before World War I, but generally stable. They tended to think in terms of nominal exchange rates rather than in terms of real (inflation-adjusted) exchange rates.

A final important presupposition of Bretton Woods, related to views on exchange rates, was the desirability of capital controls — exchange controls restricting cross-border investment in deposits, stocks, and bonds. The designers of the Bretton Woods system thought that current-account transactions, involving payment for goods and services, should if possible be unrestricted, to promote efficient patterns of international trade. They saw no similar urgency for capital movements, involving the buying and selling of stocks, bonds, deposits, and the like, because they had seen how speculative flows of capital had aggravated the difficulty of preserving pegged exchange rates in the interwar period. Much of the difficulty arose because, as we have mentioned, in the early interwar years the exchange rates in question were not devalued or at least not devalued enough to balance supply and demand; later, French monetary policy put deflationary pressure on other countries and their currencies. The IMF agreement encouraged members to make current transactions free of exchange controls, but did not and still does not do the same for capital transactions.

The result of these presuppositions was what the political scientist John Ruggie later termed embedded liberalism.¹⁷ The pre-World War I era of *laissez faire* seemed politically infeasible. The interwar practice of every country for itself had been economically disastrous. The Bretton Woods institutions liberalized trade and financial flows compared to the interwar period, but embedded them in a framework that condoned government economic policies far more activist than was typical before World War I.

The system of pegged exchange rates among member currencies that the IMF⁷ agreement established at Bretton Woods lasted only a

three leading currencies — the U.S. dollar, pound sterling, and French franc — two were floating, but never all three.

¹⁷ Ruggie (1982).

INDEX

generation. The United States, the key country of the system, was unwilling to restrain monetary policy sufficiently to preserve the exchange rate of the dollar with gold. Starting in 1961, the Federal Reserve System began policies that eroded its gold reserves over the next decade from approximately 500 million troy ounces to 300 million over a decade,¹⁸ even as the world gold supply and the U.S. money supply increased. The United States in effect abandoned the gold standard on August 15, 1971, and all other countries followed. Some currencies continue to have pegged exchange rates to others, but the currencies of the large, rich economies have generally floated.¹⁹ The resulting “nonsystem,” as it has been termed, has lasted longer than the Bretton Woods monetary system did, proving to be politically as well as economically durable. Moreover, it has seen a relaxation of capital controls. Full freedom from exchange controls, for capital transactions as well as for current transactions, has spread from the handful of countries where it existed under the Bretton Woods monetary system to many more countries. Without the need to defend a particular exchange rate, it has been easier for governments to relax exchange controls.

Whatever criticisms one might make of the Bretton Woods monetary system today, it was a big improvement over the interwar system. It coincided with rapid, widely shared economic growth; high growth in international trade; and lower volatility in financial systems than its predecessors or successors.²⁰ Its good record accounts for the continuing interest in it.

The Bretton Woods conference and the Atlantic City preconference

A telegram from U.S. president Franklin Roosevelt to British prime minister Winston Churchill on February 23, 1944 had mentioned “a possible convocation of an United Nations Monetary Conference.”²¹ (“United Nations” was originally a term for the World War II Allies.) By

¹⁸ Bao and others (2018, spreadsheet).

¹⁹ Many European countries have joined in a single currency, the euro. They have fixed exchange rates internally but the euro floats against the U.S. dollar.

²⁰ Bordo and others (2001: 59). The Great Recession that the North Atlantic economies experienced in 2008-09 strengthens the claim of the Bretton Woods era as the least financially volatile.

²¹ Telegram no. 476, Roosevelt to Churchill, February 23, 1944, in U.S. Department of State (1967: Document 9).

INDEX

March, the U.S. Treasury was already planning for a conference.²² Roosevelt approved a conference on April 4, in the lead-up to publication of the Joint Statement on the IMF.²³ The next day, U.S. Secretary of the Treasury Henry J. Morgenthau, Jr. sent a telegram to his British counterpart, Chancellor of the Exchequer Sir John Anderson. Morgenthau proposed to convene an international conference on the International Monetary Fund and the Bank for Reconstruction and Development during May.²⁴ In a follow-up telegram of April 20, Morgenthau specified that he planned to call the conference to begin in the last week of May and that he hoped that the chief financial officer (in Britain's case, Anderson) would head each delegation. Morgenthau also mentioned "a drafting committee to begin work as soon as a conference is officially called." The idea of a drafting committee was not new; it had been broached at least as early as 1943.²⁵

The Bank had received less attention than the Fund. Keynes's

²² Telephone call from Henry Morgenthau, Jr. (U.S. Secretary of the Treasury) to William Adams Brown, Jr. (Department of State), March 31, 1944, in Morgenthau Diaries (v. 716: 309). American plans for a conference were of long standing. A memo of May 16, 1942 written by White for Morgenthau to send to President Roosevelt, contained a tentative proposal for an international monetary conference lasting 22 days, which turned out to be the length of the Bretton Woods conference. See Harry Dexter White papers, Box 7, Folder 2; also Morgenthau Diaries (v. 526: 111-153).

²³ Letter, Morgenthau to Cordell Hull (U.S. Secretary of State), April 5, 1944, in Morgenthau Diaries (v. 717: 185).

²⁴ Telegram no. 2651, Morgenthau to Anderson via Cordell Hull (U.S. Secretary of State) and John Winant (U.S. ambassador in London), April 5, 1944, in U.S. Department of State (1967: Document 77). The standard procedure was for communications from the U.S. Treasury to the British Treasury to go through the U.S. Department of State to the U.S. embassy in London, and for communications from the British Treasury to the U.S. Treasury to go through the British Foreign Office to the British embassy in Washington. Messages between cabinet officials were almost always written by and often intended mainly for lower-level officials working most directly with the issues discussed. So, a message from Morgenthau to Anderson would have been written by White or one of his subordinates for Keynes or someone in effect working for Keynes.

²⁵ Telegram no. 3175, Morgenthau to Anderson via Hull and Winant, April 20, 1944, in U.S. Department of State (1967: Document 91). A British message of the same day from Anderson for Morgenthau made the same suggestion (referred to in telegram no. 3821, Anderson to Washington [British embassy], May 2, 1944, UK National Archives, T 231/359. For the 1943 mention of a drafting committee, see Keynes (1980a: 374).

INDEX

proposed International Clearing Union would have been about three times as big as the IMF initially was. Its scale and scope of functions would have made a Reconstruction Bank-type organization superfluous. The United States had published a Bank proposal on November 24, 1943 (chapter 3). Like the proposal for the Fund, it was the work of Harry Dexter White. The Chinese government had commented on it privately.²⁶ There seems to have been no other foreign commentary until April 13, 1944, when British experts had sent their comments on it to the British embassy in Washington for transmission to American experts. Because it was sent by “snail mail” rather than by telegram, it did not reach the embassy until April 20.²⁷ Meanwhile, the Americans had prepared a draft statement on the Bank — not a proposed draft agreement, but a less detailed statement of some important points — that Morgenthau had sent to Anderson by telegram on April 17, 1944.²⁸ Keynes’s reaction to the draft statement and to a document sent with it “Questions and Answers on the Bank” (which would undergo further revisions before the Atlantic City conference) was that

A serious attempt has been made, without actually altering the text of the Scripture, to give it a slant in the direction we desire. In the aggregate the glosses of the Talmudist bring the proposal within striking distance of what we want.²⁹

In a telegram of April 26, Morgenthau proposed to Anderson that on May 1 the U.S. government as host should send formal invitations to a

²⁶ Helleiner (2014: 196-198).

²⁷ Note from Redvers Opie (counselor, British embassy in Washington) to Harry Dexter White, April 20, 1944, in U.S. Department of State (1967: Document 88). Keep in mind how much costlier and slower communications were then. Transatlantic telephone calls were very expensive, hence rare. Diplomatic telegrams had to be written by the sender, delivered by hand to a transmitting office, encoded, transmitted after possibly waiting in a queue, decoded at the receiving end, and delivered by hand to the recipient. The process might take from a couple of hours to a couple of days depending on the volume of telegraph traffic and the urgency of the message. “Snail mail” might be carried by air or by ship.

²⁸ Telegram no. 3076, Morgenthau to Anderson via Hull and Winant, April 17, 1944, in U.S. Department of State (1967: Document 86).

²⁹ Memo from Keynes to Sir (Sigisimund) David Waley and Sir Wilfrid Eady (two of Keynes’s nominal superiors), May 30, 1944, T 247/32.

INDEX

conference on “the establishment of a monetary fund, and I hope a bank as well”; that a drafting committee of eight to ten countries meet in Washington about May 10 to prepare a conference agenda and drafts; and that the conference begin about May 26.³⁰

The proposed schedule was too tight for the British given their need to achieve support for the Joint Statement in Parliament; to consult with the British Dominions; and to arrange transportation, including for European governments in exile they hoped to bring with them. Transatlantic passenger transportation at the time was by ship, and involved logistical and security considerations that were considerably more complex than in peacetime. Transport into and out of Britain remained far riskier than for other free Allied countries because of Britain’s location on the front line of the war. Moreover, especially on such short notice, it was unlikely that Anderson himself would be able to attend the conference, as the Americans wished. On May 2, Anderson sent a telegram to the British embassy in Washington explaining these objections. He did say that a conference might be possible in early June. The tone of the message was one of concern that the Americans were racing ahead to reach an agreement without adequate time for Britain and other countries to voice objections or propose amendments.³¹

Further telegrams and conversations about the conference schedule and organization followed. The back-and-forth provoked one of Keynes’s most biting private outbursts. Keynes was critical of American plans that would assure attendance at the full conference by many countries whose role in the prewar international financial system had been minor, while seeming more casual about attendance by a number of European governments in exile. He remarked to senior British Treasury officials,

21 countries have been invited which clearly have nothing to contribute and will merely encumber the ground, namely Columbia, Costa Rica, Dominica [Dominican Republic], Ecuador, [E] Salvador, Guatemala, Haiti, Honduras, Liberia, Nicaragua, Panama, Paraguay, Philippines, Venezuela, Peru, Uruguay, Ethiopia

³⁰ Telegram no. 3288, Morgenthau to Anderson via Hull and Winant, April 25, 1944, in Morgenthau Diaries (v. 724: 142-143).

³¹ Telegram no. 3821, Anderson to Washington, May 2, 1944, UK National Archives, T 231/359. On April 28, Winant had already sent Morgenthau a telegram anticipating the British objections. Telegram no. 3507, Winant to Morgenthau, April 28, 1944, paraphrased in Morgenthau Diaries (v. 725: 47-49).

INDEX

Iceland, Iran, Iraq, Luxemburg. The most monstrous monkey-house assembled for years.³²

Keynes preferred a less multilateral style of negotiation, preferably with himself as one of the negotiators. (His second draft for the International Clearing Union proposed that it be founded, and by implication dominated, by the United States and the United Kingdom.³³) On May 13, apparently, he expressed hope to a U.S. embassy official in London that Anglo-American talks on the Bank in parallel with the monetary conference might make sufficient progress that the Bank might be included as a subject at the conference before it ended.³⁴

We omit a detailed review of Anglo-American wrangling about the conference schedule.³⁵ The conclusion was that on May 26, about five weeks after the Joint Statement had been issued, the U.S. government issued an invitation to “a conference of the United Nations and the nations associated with them, for the purpose of formulating definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development.” This invitation was to what would be the Bretton Woods conference, though the location was not yet set.³⁶ The United States invited 43 countries; all accepted. Several were under German or Japanese occupation; the invitation was to their governments in exile rather than the governments established by the occupation powers.³⁷

³² Memo from Keynes to Sir David Waley and Sir Wilfrid Eady, May 30, 1944, p. 2, T 247/35, in Keynes (1980b: 42).

³³ Keynes (1980a: 61).

³⁴ Telegram from Howard Bucknell, Jr. (U.S. embassy, London) to Hull, May 13, 1944, in U.S. Department of State (1967: Document 32).

³⁵ For details, see U.S. Department of State (1967: Documents 91, 96-98); Morgenthau Diaries (v. 727: 143-146); UK National Archives, T 231/359.

³⁶ Circular telegram from Hull, May 25, 1944, in U.S. Department of State (1967: Document 99); see also UNMFC (1948, v. 1: 3-5). A circular telegram of June 3 gave Bretton Woods as the conference location and contained detailed information on arrangements.

³⁷ Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippine Commonwealth, Poland, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, Uruguay, Venezuela, Yugoslavia. Observers sympathetic to the Allies attended from

INDEX

Two days before, Redvers Opie, the economic counselor in Washington at the British embassy in Washington, had met with Harry Dexter White and representatives of the Soviet Union to discuss the composition of the drafting committee and how to disclose its existence to countries not represented.³⁸ On June 1, Opie reported that White had telephoned him that morning to say that he was thinking of June 15 as the starting date for the drafting committee.³⁹ During late May and early June there was further Anglo-American wrangling, now about the composition of the drafting committee. The British, for instance, got India (then still a British colony) and Greece included in the invitation list; the United States got the Philippines (then still an American colony). On June 6, Edward Wood, Viscount Halifax, the British ambassador in Washington, reported that Morgenthau and White now wanted to have preliminary informal conversations with foreign representatives from June 19 and formal meetings of the drafting committee, which the Americans were now calling the Agenda Committee, starting June 24.⁴⁰

Initially, the plan was for both the drafting committee “preconference” and the full conference to meet at Bretton Woods.⁴¹ The Mount Washington Hotel, the site of the Bretton Woods conference, was being prepared for reopening after having being closed since 1942, and repairs would turn out to be not quite complete even by July 1, when the full

Denmark, which was occupied but had no government in exile. The United States was of course present as the host. The French delegation at Atlantic City and Bretton Woods was that of the Comité français de la Libération nationale (French Committee of National Liberation), or Free France. By late 1943 it controlled Corsica and all French overseas possessions except Indochina. The Free French government declared itself the provisional government of mainland France on June 3, 1944, but the other major Allies continued to recognize the rival, German-aligned Vichy government until October 1944.

³⁸ Telegram no. 391 Remac, Opie via Viscount Halifax to Foreign Office, May 27, 1944, UK National Archives, T 231/359.

³⁹ Telegram no. 410 Remac, Opie via Viscount Halifax to Foreign Office, June 1, 1944, T 231/359.

⁴⁰ As an example of the wrangling, see telegram no. 414 Remac, Opie via Viscount Halifax to Foreign Office, June 1, 1944, T 231/359. On India, see telegram no. 3048, Viscount Halifax to Foreign Office, June 6, 1944, T 231/359. The Indian delegation, though mainly Britons, showed surprising independence at Atlantic City and Bretton Woods. On dates, see telegram no. 394 Remac, Opie via Viscount Halifax to Foreign Office, May 24, 1944, T 231/359.

⁴¹ Telegram no. 3048, Viscount Halifax to Foreign Office, June 6, 1944, T 231/359.

INDEX

conference began. The disrepair of the Mount Washington Hotel made another location imperative for the drafting committee. The first mention we have seen that the drafting committee meeting would be at Atlantic City dates from June 6.⁴²

Besides the availability of rooms, Atlantic City had other important advantages. Because of its location on the ocean, it was cooler than Washington, where the American delegation worked, or New York, where travelers from London arrived. Keynes suffered from an infection in his heart valves, which in those days before antibiotics was incurable and would to the heart attack that would kill him in 1946. Great heat would have taxed Keynes's health. On May 24, he wrote to Harry Dexter White, "For God's sake do not take us to Washington in July, which would surely be a most unfriendly act."⁴³ Atlantic City was far better suited to Keynes's health: in a letter he dictated on his last day there, he described the weather during his stay as "most comfortable and endurable." Keynes's wife, Lydia Lopokova, accompanied him to Atlantic City and Bretton Woods to tend to his health.⁴⁴

Also, Atlantic City was accessible from Washington and New York but, in those days long before e-mail, distant enough to enable the American delegates to put their other work aside and concentrate on the conference.⁴⁵ White was able to operate with minimal oversight from Secretary of the Treasury Henry Morgenthau, Jr. and from the

⁴² "Pre-Conference Plans," transcript of U.S. Treasury internal meeting, June 6, 1944, in Morgenthau Diaries (v. 740: 84-85).

⁴³ Keynes (1980: 27). President Roosevelt, who was quite familiar with Washington summers, suggested Portsmouth, New Hampshire as a possible location for what would become the Bretton Woods conference. Harry Dexter White, "Memorandum of a Conference at the White House, May 18, 1944, 12:30 P.M.," in Morgenthau Presidential Diaries (v. 5: 1369); see also "Date of Monetary Conference," U.S. Treasury internal meeting, May 18, 1944, in Morgenthau Diaries (v. 733: 25).

⁴⁴ Letter, Keynes to Sir Richard Hopkins ("Hoppy"; Permanent Secretary of the UK Treasury), June 30, 1944, T 231/365, in Keynes (1980b: 70); letter from H.E. Brooks (UK Treasury) to Lauren Casaday (U.S. Treasury attaché in London), June 8, 1944, T 231/365. Telegram no. 435 Remac, Viscount Halifax to Foreign Office (marked "Special (Treasury)," probably from Opie) indicates that "I understand it is particularly to suit Keynes that the Agenda Committee should meet in Atlantic City and not in Washington."

⁴⁵ The first two points came up in "Arrangements for Monetary Conference," transcript of a meeting of U.S. Treasury and State Department officials, June 1, 1944, Morgenthau Diaries (v. 738: 52-56).

INDEX

Department of State — a point of contention, as we will see.

Finally, the Claridge Hotel, the site of the conference, had recently hosted another international conference, so the U.S. government could be confident that it could handle the meetings. The United Nations Relief and Rehabilitation Administration (UNRRA) had held its inaugural conference at the hotel in November 1943. The 44 countries that signed the UNRRA agreement in Washington, D.C. just before UNRRA's Atlantic City conference were the same countries that sent delegations to Bretton Woods. The first time that group of countries had met was the United Nations Conference on Food and Agriculture at Hot Springs, Virginia conference in June 1943; the culmination of their efforts would be the United Nations Conference on International Organization in San Francisco from April to June 1945 to establish the United Nations.

Atlantic City and the Claridge Hotel were accustomed to hosting conferences for a wide variety of groups. During the monetary conference the Claridge also hosted a conference for practitioners of homeopathic medicine. The monetary conference meetings were at the Claridge, and most of the attendees roomed there, but the conference directories show that some stayed at the nearby Shelburne Hotel, Hotel Brighton, Madison Hotel, and Marlborough-Blenheim Hotel.⁴⁶

On June 10 the U.S. government sent a telegram officially inviting to Atlantic City most of the countries that would attend. It was merely a formality, since they had already been notified informally. The telegram read:

In connection with the United Nations Monetary and Financial Conference to be held in the United States beginning July 1, the American technical experts in consultation with those of the United Kingdom, the U.S.S.R. and China are inviting the technical experts of a number of other countries to cooperate with them in the preparation of a draft agenda which will be submitted to the United Nations Monetary and Financial Conference for its consideration.

⁴⁶ "Homeopaths Meet Here," *Atlantic City Press*, June 26, 1944; Beyen (1949: 169); room directory of foreign delegates as of June 20, U.S. National Archives RG 56, Box 1, Folder A-3; room directory of U.S. delegates as of June 24, RG 82, Box 42, Folder "Atlantic City Drafting Committee"; room directory of foreign delegates as of June 26, same folder; and "List of Those Present at the Meeting of the Pre-Conference Agenda Committee at Atlantic City, June 24-June 30, 1944," RG 82, Box 1, Folder A-9.

INDEX

The countries invited are the following:
Australia, Belgium, Brazil, Canada, Cuba, Czechoslovakia, India,
Mexico, Netherlands, the Philippines, and the French Committee
of National Liberation.⁴⁷

The Philippines did not attend the Atlantic City conference, while Chile, Greece, and Norway, not mentioned in the telegram, did. The conference thus had 17 countries.

Some readers may wonder at this point why it took thousands of hours of work over three and a half years and multiple meetings, including at Atlantic City, to produce the Bretton Woods agreements, which are only the length of a couple of average book chapters. The answer is that achieving international agreement on important matters requires much thinking, writing, discussing, arguing, and amending to satisfy everybody. One of us has been on the periphery of international economic negotiations for some years in his job in Harry Dexter White's old haunts, and has seen that it is still the case that delegates to an international gathering will agonize for hours over a sentence or even a single word that they consider important. Even after the agreements were signed at Bretton Woods, questions about their interpretation persisted.⁴⁸

American goals and preparations

Historians have often emphasized the differences between American and British goals leading up to the Bretton Woods agreements — particularly, American determination to displace Britain as the world's leading financial power. We think it at least as important to emphasize the goals the two countries had in common. Both wanted to steer a middle course between what they saw as the defects of pre-World War I *laissez faire* and those of interwar policies that had fragmented the world economy into sometimes hostile blocs. We also think it is important to remember that although the United States and Britain played the largest roles in establishing the Bretton Woods institutions, they were not the only parties involved. The Bretton Woods institutions would not have had legitimacy had they been simply an Anglo-American or, even more narrowly, a purely American arrangement dictated to other countries.

⁴⁷ U.S. Department of State, outgoing circular telegram, June 10, 1944, in Morgenthau Diaries (v. 742: 108).

⁴⁸ See for instance Keynes (1980b: 140-195).

INDEX

China and the Soviet Union were proud enough that they would have refused to sign agreements that failed to give them what they considered a proper degree of influence, and the Soviet Union wound up not ratifying the agreements after it had signed them at Bretton Woods. Latin American countries suffered no wartime attacks and therefore had no need to supplicate for funds for postwar reconstruction, though they did want loans for economic development. And, as we will discuss later, it is evident from the minute that delegates besides those of the United States and Britain also made important contributions to the Atlantic City conference.

The American Technical Group (or Committee), as the American delegation called itself, was an assemblage of experts spanning a number of departments and agencies. It first met on May 28, 1942.⁴⁹ As the Atlantic City conference approached, it met with Secretary of the Treasury Henry J. Morgenthau, Jr. in Washington on June 8, 1944 for what seems to have been a perfunctory initial meeting (chapter 4). The group arrived in Atlantic City on June 14.⁵⁰ Because the Atlantic City conference would make no final proposals, most countries that attended, including the United States, refrained from sending high-level political figures, reserving them for Bretton Woods.

The American Technical Group was 27 members strong at Atlantic City. Its core was staff from the Treasury's Division of Monetary Research, which Harry Dexter White directed. The division covered domestic and international monetary matters, which the war had fused to an unusual degree. White was also the chairman of the American Technical Group. He took with him so many key Treasury staff on international affairs that back in Washington, Morgenthau on June 22 asked White's deputy Harold Glasser, only half in jest, "You are staying here, aren't you? You are not going to this Conference, are you?...Because we have to have someone here."⁵¹ The American Technical Group also included representatives of the Federal Reserve System, both the Board of Governors in Washington and the regional Federal Reserve Banks; the Department of State; Department of Commerce; Securities and Exchange Commission; Export-Import Bank; the Foreign Economic

⁴⁹ Young (1950: 779).

⁵⁰ "To Map Monetary Parley Agenda," *New York Times*, June 15, 1944: 28; memorandum for the Secretary from Harry Dexter White, June 22, 1944, in Morgenthau Diaries (v. 746: 139b).

⁵¹ Meeting in Morgenthau's office, June 22, 1944, in Morgenthau Diaries (v. 746: 97).

INDEX

Administration, which ceased operations soon after the war ended; and the private sector, in the form of a prominent Chicago banker who belonged to a Federal Reserve advisory council. A number of the American delegation were lawyers — a profession that Keynes disliked for what he saw as its narrow spirit. At Bretton Woods he grumbled that the United States was “a lawyer-ridden land.”⁵²

For White, Atlantic City was the opportunity to forge the American technicians into a close-knit team. White stressed to Morgenthau, “What we are doing is whipping the draft into shape.”⁵³ Atlantic City functioned as a two-week training camp. Even though the Americans had the first days of the conference to themselves, their meetings were dense and arduous, usually spanning roughly fourteen hours and consisting largely of drafting sessions. The understanding was that once the negotiations at Bretton Woods began, opportunities would be scarce for the Americans to consult with one another. Therefore, unless drilled in precisely what they — or more realistically, White — wanted at Bretton Woods, the Americans faced being thrown off course by other delegations. Nevertheless, despite their taxing schedule, the Americans were able to enjoy some pleasure in spending two weeks of the summer on the Jersey Shore — even if only briefly. With the Claridge Hotel sitting just a block away from the boardwalk, members of the American secretariat had the inspiration to insist that White host the first meeting outdoors on the beach. After initial hesitations White ultimately relented.⁵⁴

The Americans used their time away from the office routine of Washington to work intensively on many details of the draft IMF agreement and on the American proposal for the Bank. (The Bank at this stage was called the Bank for Reconstruction and Development; the Bretton Woods conference attached “International” to the front of its name; the moniker “World Bank” was used privately even before the Bank came into existence and was used publicly as early as 1946.⁵⁵) The

⁵² UNMFC (1948, v. 1: 1109); Acheson (1969: 83-84).

⁵³ Telephone conversation between Morgenthau and White, June 22, 1944, in Morgenthau Diaries (v. 746: 134).

⁵⁴ Conway (2014: 183).

⁵⁵ A memo of May 16, 1942 written by White for Morgenthau to send to President Roosevelt, contains the first use we have seen of the term World Bank, calling the organization “a World Bank for Reconstruction and Development.” See Harry Dexter White papers, Box 7, Folder 2. From the inaugural meeting of the Bank and the Fund at Savannah, Georgia in March 1946, there is a photo of Keynes holding a document headed “World Fund and Bank” (Skidelsky 2001:

INDEX

American Technical Group divided itself into working groups to prepare material for the consideration of other delegations when they arrived or for internal use as position papers. Only days before arriving in Atlantic City, the group had completed two long background documents that it later distributed to the other delegations, *Questions and Answers on the International Monetary Fund* and *Questions and Answers on the Bank for Reconstruction and Development*.⁵⁶

The paper blizzard that the Americans generated was in the service of certain goals. One was to do considerable work on the drafts for the Fund and possibly the Bank, but to avoid reaching any final agreement, which required the approval of at least Morgenthau and possibly even Roosevelt. Another goal was to beat away British attempts to use the British Commonwealth or alliances with like-minded European countries to outmaneuver the United States on questions of governance. Although the Atlantic City conference did not discuss quotas (capital subscriptions to the IMF), the United States wanted a quota larger than the combined Commonwealth quota. Such a large quota would also give the United States greater voting power than the Commonwealth, since voting power was to depend mainly on quotas.⁵⁷ Finally, as the only major participant in the war that had not suffered extensive damage to its productive capacity, the United States was going to be the major net lender to other countries through the Bank and the Fund. To the Americans it was vital to ensure that the Bank and the Fund did not have blank checks on the U.S. Treasury.

Morgenthau relinquished to White the responsibility for planning the Atlantic City and Bretton Woods conferences. Morgenthau had no technical expertise in international monetary matters. Morgenthau could thereby spend the weeks of Atlantic City in Washington, where he was focused on an entirely different matter of importance: helping President Roosevelt prepare for the upcoming re-election campaign.⁵⁸ The only real

second illustration following 392; the caption for the photo, placing it at Atlantic City, is in error).

⁵⁶ U.S. Department of the Treasury (1944a, b). These documents should not be conflated with two memos that circulated only to American officials, "Questions at Issue on the Fund" and "Questions at Issue on the Bank," for which see Morgenthau Diaries (v. 747: 232-249).

⁵⁷ The British had accepted that Commonwealth votes should not exceed American votes. Telegram, Treasury to Opie via Foreign Office and British embassy Washington, Camer no. 304, April 15, 1944, T 247/29.

⁵⁸ Connway (2014: 197).

INDEX

oversight that White received during the final planning stages and early days of Atlantic City was from the State Department. It insisted on participating in draft plans, negotiating independently with other countries, and constantly demanding updates from the Treasury — all within its rights, but an annoyance for White, who desired full control over the conference. White successfully kept Dean Acheson, assistant secretary of state, away from Atlantic City, but Acheson sent the economist John Parke Young to monitor the conference.⁵⁹ Ultimately, however, White was in control of the proceedings at Atlantic City. Therefore, in addition to developing a clear American position, White had the position to push his vision of the Fund without resistance from other high American officials.

Since no real negotiations were being concluded at Atlantic City, White did not see the urgency of frequent contact with Morgenthau.⁶⁰ He gave Morgenthau no updates the whole first week that the American Technical Group was in Atlantic City. On June 22, the same day Morgenthau griped to Harold Glasser about the absence of key Treasury international staff in Washington, he chided White by telephone:

Morgenthau: I don't know what's going on other than I hear when you're short or bath towels or something like that...

White: (Laughs) Well, I didn't know we were.

Morgenthau: But other than that, I don't — I haven't the faintest idea. I don't know...

White: Well, I can tell you very briefly.

Morgenthau: Well, now, I mean — at any time, am I going to be informed between now and the first [of July, when the Bretton Woods conference starts] of what's going on and what I'm supposed to...

White: I'll send you a memorandum.

...

Morgenthau: Yeah, but look; Harry, you're leaving me completely high and dry and all the rest of the American delegates, and then you expect us to come up there and sign on the dotted line, and it won't work. It just won't..."

⁵⁹ Conway (2014: 185). Acheson (1969: 82), who had briefly been under secretary of the Treasury, remarked of White years later that "I have often differed, sometimes violently, with his policies."

⁶⁰ Conway (2014: 187).

INDEX

White: “Well, I was going to suggest that....”

Morgenthau: “I mean it just won’t work. It’s very nice, I mean, I know you are working your head off, but you’re leaving all the rest of us completely high and dry.”⁶¹

White sent a long memo that very day to mollify Morgenthau.⁶² It worked: Morgenthau did not go to Atlantic City or send anyone in his place. White sent further memos to Morgenthau on June 25, 26, and 27. He also returned to Washington so as to be present at a meeting in Morgenthau’s office at 9:30 a.m. on June 30, the last day of the conference.⁶³

British goals and preparations

The Americans were puzzled by what they saw as British delays in the months leading up to the release of the Joint Statement. The U.S. ambassador in London, John Winant, offered an explanation: “a majority of the directors of the Bank of England [the British central bank] are opposed to the program” because they were afraid that it would result in the pound sterling losing its international prominence. The directors were members of leading British financial firms and hence represented one of Britain’s most powerful interest groups. On the other side, Sir John Anderson (to repeat, the Chancellor of the Exchequer), Keynes, and Thomas Catto, the new governor of the Bank of England, all favored the proposal.⁶⁴

Under the rules of the British political system, release of the Joint Statement as an official government pronouncement made it subject to debate in Parliament. The British War Cabinet on May 5, 1944 discussed what line to take both in response to the American invitation to a conference and to a motion in the House of Commons scheduled for

⁶¹ Telephone call between Morgenthau and White, June 22, in Morgenthau Diaries (v. 746: 133-134).

⁶² Memorandum for the Secretary from Harry Dexter White, June 22, 1944, in Morgenthau Diaries (v. 746: 139b-139gg).

⁶³ Memorandum for the Secretary from Harry Dexter White, June 25, 1944, in Morgenthau Diaries (v. 747: 60a-60hh); Morgenthau (v. 747, 100a-100qqq, 141a-141v; v. 748: 226).

⁶⁴ Telegram no. 2990, Winant to Morgenthau via Hull, April 12, 1944, in U.S. Department of State (1967: Document 81); see also Moggridge (1992: 734).

INDEX

May 10 that the Joint Statement provided a suitable foundation for further international consultation. The Cabinet concluded that the Parliamentary motion was sufficiently vague that the government could accept it and that Britain would be willing to send delegates to a conference but that they would not have the power to commit the government.⁶⁵

The motion the House of Commons debated on May 10 was, “That this House considers that the Statement of Principles contained in CMD. 6519 provides a suitable foundation for further international consultation with a view to improved monetary co-operation after the war.” Members expressed concern about possible curtailment of British monetary sovereignty, but approved the motion.⁶⁶ There was also a parallel but less important debate in the House of Lords on May 23, in which Keynes participated.⁶⁷

In a telegram the next day summarizing the debate, Anderson told Morgenthau that if the Americans issued an invitation to the conference, Britain would gladly follow at the earliest date that security concerns permitted.⁶⁸ Those “security concerns” included preparations for D-Day, the Allied landings in Normandy to begin the liberation of mainland France, which would occur on June 6.

For the British government, the IMF and the Bank were important, but not urgent. The urgent thing was to secure sufficient financing during the last phase of the war to avoid the kind of financial collapse that so many belligerents had suffered in World War I. Victory was within sight, but achieving it would still be costly. The British government was already heavily indebted to governments and subjects within its empire and sphere of influence, notably India and Egypt. The United States was the only plausible source of further large-scale finance. Britain had already

⁶⁵ “Conclusions of a Meeting of the War Cabinet held at 10 Downing St., S.W.1, on Friday, 5th May, 1944, at 3 p.m.,” UK National Archives, CAB 65/42/20; W.M. (44), 62nd Conclusions, Minute 1, Confidential Annex, CAB 65/46.

⁶⁶ The proposer of the motion was Walter Elliott of the Unionist Party. The British government at the time was a coalition that included all parties. *Hansard*, House of Commons, 5th series, v. 399, columns 1935-2046. Cmd. (Command paper) 6519 was a publication by the government for Parliament containing the Joint Statement and a preface explaining its major differences with the Keynes plan. Horsefield (1969, v. 3: 128-135) reprints it.

⁶⁷ *Hansard*, House of Lords, 5th series, v. 131, columns 834-883.

⁶⁸ Message from the Chancellor of the Exchequer [Anderson] to Mr. Morgenthau, May 11, 1944, UK National Archives, T 231/359.

INDEX

lost the contest between the Keynes and the White plans because of its weak financial position. It was willing to sacrifice influence in the IMF and the Bank if necessary to have access to continued financing from the United States, which was occurring through the provisions of the Lend-Lease so-called program. The Atlantic City and Bretton Woods conferences would however give Britain an opportunity to bend the framework of the IMF more to its liking, and advance an alternative to the American proposal on the Bank.

Keynes identified the benefits of developing European solidarity as a strategy for conference negotiations. The British thus began planning to make collaboration a possibility as early as possible. On May 12, Keynes suggested a shared transport to the conference:

If the Washington party comes off, I suggest that on this occasion we might go out of our way to facilitate the travelling arrangements of the Allies, making all the necessary facilities for them so far as they are made on this side and it depends on us. I believe that this would be much appreciated and there might be some further useful discussion on the ship.⁶⁹

Once Keynes had proposed joint travel, other officials moved quickly to implement the suggestion. Transatlantic commercial airplane flights had begun shortly before World War II but were suspended during the war. Transatlantic passenger travel other than for very important individual persons who could hitch rides on military aircraft was therefore by ship. Civilian passengers had to compete with military needs for space, and scheduling was at the mercy of the vagaries of war, so securing transport would take some weeks.

On June 8, Sir John Anderson had a meeting with key members of the British delegation to Atlantic City and Bretton Woods to give them instructions on important points. Uppermost in the participants' minds was to secure for Britain and other member countries the ability to devalue without the IMF's approval when necessary. Article IV, Section 4 of the Joint Statement made devaluations beyond the first 10 percentage points from the original parity (exchange rate) when a member joined the IMF valid only with the IMF's approval. Lord Catto of the Bank of

⁶⁹ Memo from Keynes to Sir (Sigisimund) David Waley (Principal Assistant Secretary of the Treasury), May 12, 1944, T 231/359. Keynes was assuming that the conference would be in Washington.

INDEX

England had been particularly emphatic that national governments should retain sovereignty in exchange rate matters.⁷⁰ The participants in the meeting also wanted to the IMF agreement to include an ample transition period before members would be obliged to remove restrictions on current transactions. The British delegates agreed to press for a transition period of five years from the end of the war in Europe rather than three years from the inauguration of the IMF. The delegates also agreed to push to revise certain language in the Joint Statement that might imply a British obligation to allow countries that had acquired assets in pounds sterling (“sterling balances”) to convert those assets into U.S. dollars on demand. Britain’s financial position was too weak to allow mass conversion at the existing official exchange rate of \$4.03 per pound sterling.

The participants in the meeting agreed that the IMF should begin operations no earlier than August 1, 1945. They also stressed that the British delegates would if necessary remind the American delegation that they were not negotiating with power to bind the British government, and that the Fund and Bank agreements would be subject to approval by the British Parliament.⁷¹

Also on June 8, the British government announced that Keynes would lead the British delegation to the international monetary conference. As we have said, security concerns prevented Anderson from attending. In the delegation, Sir Wilfrid Eady held the second-highest career position in the Treasury and outranked Keynes, but he allowed Keynes to lead.⁷²

For some months there had been Anglo-American discussion about the Bank, but neither the British government nor any other government had issued a rival proposal on the Bank to the American proposal of November 1943 comparable to the rival proposals on the IMF. On June 9, however, Keynes sent a memo to Anderson, presumably circulated to other British Treasury officials, proposing principles for British negotiations with the Americans on the Bank. The memo stressed that the “essential features” it proposed were to limit the amount of capital

⁷⁰ International Monetary Fund, memorandum by Lord Catto, May 3, 1944, T 247/28. The memo reiterated a position Catto had staked out in February.

⁷¹ “Conference on International Monetary Fund, Meeting in the Chancellor’s Room on Thursday, 8th June,” T 231/359.

⁷² Note from Sir Richard Hopkins (Permanent Secretary to the Treasury) to Anderson, apparently June 5, 1944, T 231/365, that “Sir Wilfrid Eady is perfectly happy that Lord Keynes should be the Head of the Delegation”; *Hansard*, 5th series, v. 400, column 1517, June 8, 1944.

INDEX

countries would need to pay in (as opposed to pledge); to give the Bank wide freedom in making loans; and to give creditor countries a substantial vote, in effect limiting American power, although Keynes did not explicitly say so. Despite these differences with the American position, Keynes expressed optimism to a U.S. embassy official in London that Britain and the United States could find common ground on the Bank, which could then serve as the basis for agreement by other countries. On June 16, Anderson approved that the British delegation should proceed along the lines Keynes had proposed for the Bank.⁷³

The same day, British delegates and delegates from other countries traveling with them left London to begin their trip to Atlantic City. The party was given the code name “Snakebite party.” They took a train from Liverpool Street Station to Scotland, where they joined the *Queen Mary* at Gourock, which is downstream from Glasgow.⁷⁴ The *Queen Mary* had been the world’s grandest ocean liner when she first sailed in 1936. After World War II began in 1939 she had been converted into a troop transport, painted gray for camouflage and stripped of her luxurious amenities. She often carried more than 10,000 passengers, versus around 2,000 in peacetime. She sailed from Gourock rather than from her prewar port of Southampton, England because Gourock was less exposed to German air attack. Her departure on this voyage, which occurred on June 17, had been delayed by “regulations imposed by the highest military authorities.”⁷⁵ D-Day had been only ten days earlier. The passengers included thousands of German prisoners of war who had been captured in the Allied landings in Normandy and were being sent to America to keep them far from the battlefield.⁷⁶

Besides the British delegation, the *Queen Mary* also carried delegates from Belgium, China, Czechoslovakia, Greece, India, Norway, the Netherlands, and Poland, as well as the U.S. Treasury attaché in London (see the list facing the first page of chapter 20). The two Indian delegates

⁷³ Telegram from Winant to Hull, June 15, 1944, in U.S. Department of State (1967: Document 35); Keynes (1980b: 49-54). The embassy official Keynes spoke to was perhaps Lauren Casaday, the U.S. Treasury attaché in London, who would travel with British delegates to Atlantic City.

⁷⁴ “Delegation Arrangements,” note signed by “JACR,” June 16, 1944, T 231/365; letter, General Secretary, Snakebite Party, to Officer in Charge, Police Duty Room, Home Office, June 12, 1944, T 231/365; Beyen (1949: 168); Harding (1982: 79).

⁷⁵ Harding (1982: 76-81); Conway 2015: 197).

⁷⁶ Beyen (1949: 169). Reinertsen (2017) has details of the *Queen Mary*’s trip.

INDEX

and their secretary were in fact British subjects. Poland participated in the shipboard meetings even though it had had been invited only to Bretton Woods and not Atlantic City. The European ally notably absent aboard ship was France, whose government in exile had by then moved from London to Algiers. All the delegations onboard except Norway also already had delegates in the United States who could attend the Atlantic City conference before the *Queen Mary* arrived.

As the largest and most respected delegation onboard, Britain was in a position of major negotiating power in developing firm arguments and alliances to counter the Americans where there was disagreement. The British delegation met privately — often more than once a day — to discuss grievances concerning clauses of the Joint Statement. Afterwards, all allied delegations on board would meet and consider proposed British amendments to the draft. In similar vein, the British and other delegations onboard the *Queen Mary* had the opportunity to develop a detailed response on the Bank of Reconstruction and Development. The Bank was a higher priority for the Europeans than for the United States because their countries had been ravaged by the war and it had not.

At 10:30 a.m. on Monday June 19, the British onboard the *Queen Mary* had their first formal meeting, followed by a meeting of all the Allied delegations at noon.⁷⁷ Many of the meetings were in Cabin 10, which before the war had been part of the first-class deck. Gathered with the other delegations, Keynes explained that since the time at Atlantic City and Bretton Woods would be short, it would be useful to get as far ahead as possible in discussions and negotiations in advance to the larger meetings. The sequence of meetings was usually that the British delegation would meet privately to discuss amendments to the Fund and drafts on the Bank of Reconstruction. After preliminary redrafting among Keynes and his colleagues, the British would host a meeting with the other delegations at which they would distribute their suggested amendments for general review and discussion.

Below we will discuss in more detail the two major products of the voyage: British documents on the Fund and the Bank that presented counterpoints to the American drafts. For now, suffice it to say that the minutes of the meetings onboard the *Queen Mary* reveal that the most prominently discussed topic was Article IV of the Joint Statement, “Par Values of Member Currencies,” particularly the extent to which member

⁷⁷ See chapters 20 and 31. There had been an informal meeting of the British delegates on June 17, recorded by George Bolton (Reinertsen 2017: Lørdag).

INDEX

Table. Atlantic City Daily Highlights, June 1944

8	American Technical Group (ATG) meets in Washington, D.C.
10	American <i>Questions and Answers</i> documents on the Fund and Bank
14	ATG arrives in Atlantic City
15	ATG: Subcommittee assignments
16	ATG: Scarce currencies; Fund and Bank legal matters British, other European delegations leave London for <i>Queen Mary</i>
17	ATG: Assignments; capital movements; Bank guarantees
18	ATG: Bank guarantees; withdrawal from Bank
19	ATG: Foreign delegates; Fund quotas; Fund gold depositories Agenda Committee: Welcome to foreign delegations <i>Queen Mary</i> (UK): Views on Fund Article IV and Bank; convertibility <i>Queen Mary</i> (Allies): Organization of shipboard meetings
20	Agenda Committee: Depositories; repurchases; governance <i>Queen Mary</i> (UK): Sterling rate; transition period; IMF withdrawal <i>Queen Mary</i> (Allies): Exchange variations; convertibility
21	Agenda Committee: Member obligations; voting; scarce currencies <i>Queen Mary</i> (UK): IMF directors; Keynes on the Bank <i>Queen Mary</i> (Allies): Transition period; Fund management
22	Agenda Committee: Fund: purchase of currencies; obligations <i>Queen Mary</i> (UK): Proposed new clauses on the IMF <i>Queen Mary</i> (Allies): Keynes's view on the Bank
23	Agenda Committee: Fund immunities and voting for directors <i>Queen Mary</i> docks in New York City; delegates arrive in Atlantic City
24	Formal Agenda Committee begins; election of top officers
25	Sunday; no formal conference meetings
26	IMF: Articles I-III
27	IMF: Article III continued
28	IMF: Articles III-VII (morning); Articles VII-X (end) (afternoon)
29	IMF: Subcommittee reports; par values (morning) Bank: British proposal, Articles I-IV (afternoon)
30	Bank: British proposal, Articles IV-V (end) Delegates leave for Bretton Woods

Notes: Numbers are days in June 1944; ATG = American Technical Group; (UK) = British delegation meetings; (Allies) = Allied meetings; Agenda Committee = Atlantic City meetings before all foreign delegates arrived; Formal Agenda Committee = meetings with all delegates present.

INDEX

countries of the IMF would have the right to change par values and how much power the IMF would have to refuse or sanction them. At the first Allied meeting, Keynes requested that given the short length of the journey, discussions regarding the Bank begin within two days.⁷⁸ The meetings onboard the *Queen Mary* were undeniably productive and boosted Keynes' optimism. He remarked, "we got down on paper every point we wanted to raise with White, and discussed nearly all of them with our Allied friends."⁷⁹

The *Queen Mary* arrived in New York City in the morning on Friday, June 23. The passage had taken six days, about two days longer than fast prewar passenger service because of the need to follow a zig-zag course to avoid detection by German submarines. After disembarking, the British delegates met with Robert Brand, a British Treasury representative in the United States. The delegations then proceeded to Atlantic City, arriving there at about 6 p.m. the same day.⁸⁰

Conference organization and schedule

The Atlantic City conference was sometimes called the preconference, to emphasize that it was a prelude to the Bretton Woods conference. The whole group of delegates at the conference was called the Agenda Committee before the delegates onboard the *Queen Mary* arrived, then then Formal Agenda Committee. The name indicated that its job was to set the agenda for Bretton Woods.

The Steering Committee, a small group of the leading countries at Atlantic City, determined certain matters connected with managing that conference. Four numbered subcommittees handled aspects of the IMF agreement: 1. Purposes, Policies and Subscriptions of the Fund; 2. Operations of the Fund; 3. Organization and Management of the Fund; and 4. Establishment of the Fund. They were the nearly the same as the committees of Commission I at the Bretton Woods conference, which dealt with the IMF. There were also several other ad hoc subcommittees on other aspects of the IMF agreement, not envisioned when the Atlantic

⁷⁸ See chapter 31.

⁷⁹ Letter from Keynes to Sir Richard Hopkins, June 25, 1944, T 231/365, in Keynes (1980: 59).

⁸⁰ Robbins and Meade (1981: 157); letter from Alice Bourneuf to Burke Knapp, June 24, 1944, p. 1, U.S. National Archives, RG 82, Box 42, Atlantic City 2nd folder, "Drafting Committee."

INDEX

City conference began but established as perceived needs arose. They covered management; the provision of information to the IMF; immunities of the IMF; and certain technical matters. There was also an agenda subcommittee. We have only found records for some meetings of the ad hoc subcommittees. The conference often called all these groups committees, but we refer to most as subcommittees to make clear their place within the conference structure.

The United States and United Kingdom were represented on all committees; the other major Allied powers (the Soviet Union, China, and France), as well as Canada, were represented on most committees; and other countries were only represented on some committees. At Bretton Woods, the committees corresponding to subcommittees 1-4 at Atlantic City were open to all delegations. We surmise that the practice at Atlantic City was different because all delegations would have chances to discuss matters in the Agenda Committee and then at Bretton Woods along with the countries that had not been invited to Atlantic City.

Appendix B shows the schedule of meetings at the conference, insofar as we found records or could make solid inferences from conference minutes. Before the delegates onboard the *Queen Mary* arrived, subcommittees typically met in the morning and the Agenda Committee met in the afternoon. Once all delegates had arrived, the numbered subcommittees ceased meeting. Instead, the Formal Agenda Committee typically met in the morning and again in the afternoon.

All the secretariat staff at Atlantic City and at Bretton Woods were American. Hosting the conference gave the Americans the tactical benefit of having the greatest influence over the agenda.

Meetings of the partial conference

On June 19, delegates arrived at Atlantic City representing all countries except Greece, and Norway. However, Belgium, Czechoslovakia, India, the Netherlands, and the United Kingdom were lacking their most important members, who were on the *Queen Mary*.

While waiting for those delegates to arrive, the delegations present conducted some preliminary work. The Agenda Committee met five times, and each of the four subcommittees on aspects of the IMF agreement met four times. (There was no discussion of the Bank.) To emphasize that at this stage they were not presuming to speak for all 17 countries that would attend the conference, the committee of the whole called itself the Agenda Committee before the arrival of all delegates, whereas afterwards it called itself the Formal Agenda Committee.

INDEX

We consider four points that the Agenda Committee and the subcommittees discussed to be major, substantially affecting how the IMF or the international financial system would operate. (1) The United States proposed a procedure for choosing Executive Directors such that the biggest economies, which would be the largest contributors, would appoint their own directors and smaller economies would form coalitions to elect the remaining directors. Though complex, the proposal adroitly balanced the interests of larger and smaller economies. (2) For the elected directors, whose alternates might be from a different country, Subcommittee 3 recommended that the alternates not vote unless the directors were absent; doing so prevented splits within directorships. The Agenda Committee touched on but did not really discuss the contentious issue of the voting power allocated to various countries. (3) The Agenda Committee debated the length of the transition period for retaining controls on current-account transactions but did not come to a firm conclusion about it. The Bretton Woods conference would allow the transition period to be indefinite. A few IMF members have retained controls on current-account transactions for decades, and the IMF agreement was designed to allow member countries to maintain permanent controls on capital movements if they wished. (4) The Agenda Committee also accepted Subcommittee 2's conclusion that the IMF agreement did not override previously existing treaties among members.

We consider the other points that the Agenda Committee and the subcommittees discussed before the delegations on the *Queen Mary* arrived to be less important. They included which national agency should be the counterpart for financial transactions with the IMF; rules for a country repurchasing its currency from the IMF with gold; certain legal considerations in establishing the IMF; calling special meetings of the Executive Directors; reductions in financial obligations for heavily war damaged countries; where the IMF should hold its gold; exempting the IMF from taxation by members; and protecting the value of the IMF's assets from depreciations of members' currencies.

In the days before the other delegations arrived, the Americans had prepared a substantial elaboration of the Joint Statement. By June 22, they had presented to the other delegations a detailed though not quite comprehensive draft agreement for the IMF.⁸¹ If they were trying to present the British with a *fait accompli*, though, they failed. The British, the only delegation that could challenge the Americans in number of good

⁸¹ In Morgenthau Diaries (v. 746: 139e-139gg).

brains, was about to do so.

Meetings of the full conference

As we noted, the delegations on board the *Queen Mary* arrived in Atlantic City at about 6 p.m. on Friday, June 23. Saturday there was brief meeting of the Formal Agenda Committee to select its officers. Keynes nominated White as chairman and White selected Keynes as one of the vice chairmen. The conference now officially had the power to arrive at the drafts that would be the foundation for Bretton Woods.

More substantively, there was also a meeting on Saturday between the American and British delegations to discuss the Bank. The British emphasized the points they had developed on the voyage.⁸² They wanted to allow guarantees up to the amount of subscribed capital, rather than just paid-in capital (the November 1943 American proposal was silent on this point — the effect of the British proposal was to allow the Bank to begin with much lower paid-in capital than the Americans had envisioned); to charge uniform rates to members even though they would not all be of equal creditworthiness; to allow for loans for general economic stabilization rather than only, as the American proposal envisioned, for particular projects; and to allow the Bank into the gray area where the private sector was willing to lend but charged high interest rates. The American response was generally conciliatory.

Sunday was a day of rest, without formal meetings of the conference. Keynes and White apparently met one-on-one, though, because in the late afternoon Keynes gave a summary of their meeting to the British Commonwealth delegations. Most of the points would be covered at the meeting between the American and British delegations the next day, but two other matters are worth mentioning. One is that White did not want the Atlantic City conference to discuss quotas, presumably because it was a contentious issue that would consume time but could not be settled without the presence of the remaining countries that would sign the final IMF agreement. Also interesting are a few lines about conference procedure at Bretton Woods. White favored formal voting; Keynes was afraid that it would lead to deadlocks and wanted the chairman to resolve problems. The procedure the Bretton Woods conference ended up following was that the chairmen would shepherd commissions or committees to consensus, avoiding formal votes listing country names.

⁸² See chapter 80.

INDEX

Hectic activity followed from Monday, June 26 to up to final morning of the conference, Friday, June 30. The Formal Agenda Committee met each morning and the afternoon. In between were meetings of certain subcommittees. The four numbered subcommittees on the IMF ceased meeting because the Formal Agenda Committee was covering that ground, but there were subcommittees on IMF management, furnishing information to the IMF, and the organization of the Atlantic City or Bretton Woods conferences. On Monday there was a second meeting between the American and British delegations, this time on the IMF. As with the meeting on the Bank, the British worked from a document they had developed on the voyage to New York.⁸³ The British favored more latitude than the Americans for changes in par values (exchange rate parities); a transition period of five years rather than three; easier ability for members to draw on the IMF's resources up to certain limits; probation rather than immediate expulsion for countries that had breached their obligations to the IMF; and language clarifying that the IMF agreement did not supersede existing arrangements, such as certain preferential exchange controls in place in the British Commonwealth. As we have mentioned, the exchange rate clause was a priority for the British. They were also critical the American concept of a gold convertible currency, saying that as they understood the term, no such currency existed at the moment. (The United States remained on the gold standard during World War II officially, but wartime trading regulations and the dangers of ocean shipping in wartime meant that in practice, foreigners could not freely convert U.S. dollars for gold and ship the gold abroad as they had been able to do before the war.)

The second meeting of the Formal Agenda Committee was to distribute the draft of the IMF agreement adding alternatives by the United States and some other countries to the Joint Statement. Many of the alternatives incorporated language from subcommittees 1-4. The committee then had six meetings at which it covered the draft IMF agreement from start to finish.

John Maynard Keynes took over from White in the chair for the last two meetings of the Formal Agenda Committee, covering the Bank. In the five days since the Anglo-American meeting on the Bank, the British delegation had devised a document that showed where its proposals differed from the American proposals. It became Document B-1 of the conference. The British counterproposal was detailed, except that it had

⁸³ See chapter 82.

INDEX

nothing to say about the management of the bank. The “Proposal for a Bank for Reconstruction and Development” that was the starting document of the Bretton Woods conference on the Bank (chapter 83) melded the American and British ideas where they were close and left the British proposals as alternatives where the American delegation had strong reservations about them. These were provisions proposing to allow stabilization loans; giving the Bank more leeway to shift expenditures that would drain foreign exchange reserves from countries where they were low; allowing countries with low foreign exchange reserves; and allowing countries that had ceased to be members of the IMF to continue to be members of the World Bank with the approval of other members, rather than dropping them automatically. The final Bank agreement signed at Bretton Woods had compromise provisions on all those points that were between the original American and British provision. For example, the agreement allowed the Bank some room to make stabilization loans, though the language was not as expansive as in the British proposal.⁸⁴

The final week of the conference also saw meetings by two ad hoc subcommittees. The Steering Committee appointed a Special Committee on Furnishing Information to develop a list of the kinds of economic data that members would submit to the IMF. Keynes was among those who thought that better statistics would deepen understanding of the world economy. The Soviet Union, however, treated many statistics on its centrally planned economy as state secrets. To placate the Soviet Union, one of its delegates was appointed chairman of the subcommittee. The subcommittee seems to have met only once. Its report to the Formal Agenda Committee contained a recommendation that the IMF agreement include a clause that “In requesting information the Fund shall, however, take into consideration the ability of individual countries to furnish the data asked for” (see chapter 81).

The Subcommittee on Management held five meetings. It largely accepted American ideas about a three-tier management structure for the IMF, consisting of a Board of Governors including all countries to make constitutional-type changes, a small number of Executive Directors to supervise operations, and a General Manager and staff to execute policies. The British preferred for Executive Directors to be persons acting as international civil servants rather than for the governments that would

⁸⁴ UNMFC (1948, v. 1: 984-1014), Article I; Article III, Section IV, Subsection (vii); Article IV, Section 2; Article VI, Section 3.

INDEX

choose them and thought that the Executive Directors should not be in continuous session, instead acting more like a typical corporation board of directors that meets, say, quarterly. The report that the Subcommittee on Management submitted to the Formal Agenda Committee did not try to resolve those matters, but the British were in the minority and were unable to carry their preferences into the final IMF agreement.

On the afternoon of June 30 most of the delegates left to meet a special train from Washington to Bretton Woods, which stopped in Philadelphia to pick them up and in New York City to pick up other delegates.⁸⁵ The Bretton Woods conference would begin the next day.

What the conference accomplished

In our view, the major accomplishment of the Atlantic City conference was arriving at a draft agreement for the Bank for Reconstruction and Development (chapter 83). When Harry Dexter White started work on the Fund and the Bank in December 1941 he conceived them as coordinate institutions, but in international discussions the Fund took priority. As we have seen, the invitation the United States extended for the Bretton Woods conference stated that its purpose was to formulate definite proposals for the Fund “and possibly” the Bank. A World Bank staff member who interviewed participants in Bretton Woods some years later summarized their composite view as considering the Fund spinach and the Bank dessert.⁸⁶ The Fund involved potentially difficult adherence to pegged exchange rates, while the Bank for most countries was a prospective source of loans. The requirement that members of the Bank be members of the Fund made them eat the spinach first. Atlantic City closed most of the gap between the Fund and the Bank proposals regarding their suitability to be considered at Bretton Woods. Before Atlantic City there was an international agreement on the principles for the Fund, the Joint Statement, whereas for the Bank there was only an American proposal that lacked any other country’s assent. By the end of the Atlantic City conference there was a draft agreement on the Bank to go with the draft agreement on the Fund. The draft agreement on the Bank was less detailed, but it provided what turned out to be a successful

⁸⁵ Telegram no. 433 Remac, Viscount Halifax to Foreign Office, June 7, 1944, T 231/359.

⁸⁶ Rees (1973: 137-138); Boskey (1957: 2). See also World Bank Archives Oral History Program (1961: 6-8).

INDEX

basis for the Bretton Woods conference to develop a final agreement.

John Maynard Keynes's role in establishing the Bank is, we think, underappreciated because it must vie for attention with his many other achievements. Keynes took the lead in developing the British draft on the Bank and in gaining support for it from the other delegations aboard the *Queen Mary*. Except for the portion of the document on management, where the British had developed no comments, it offered a complete alternative to the American proposal, although incorporating portions of the American proposal unchanged where they agreed with British views. At Atlantic City, Keynes chaired the sessions of the conference that discussed the Bank and enabled the melding of the American and British proposals in to a draft acceptable to a wider group of countries. At Bretton Woods, he was the chairman of Commission II, which developed the draft Bank agreement into a final agreement. There were some complaints about his methods, but he got results.⁸⁷ It is easy to conceive of the Fund agreement occurring even without Keynes; less so for the Bank agreement.

At Atlantic City, the British and the Allied delegations that agreed with them got some concessions from the Americans, but the Americans preserved their most important positions. On both the Fund and the Bank, the United States would have primacy, holding voting power such that the British Commonwealth would be unable to outvote it, although the precise numbers of votes would not be determined until the Bretton Woods conference. Also for both institutions, the combination of the legal framework and the high voting power of the United States went far to ensure that they would limit their demands on American resources to levels that would be politically acceptable to the U.S. government. And despite British objections that according to their understanding, no currency was gold convertible at the moment, at Bretton Woods the British would agree to put the dollar on a nearly equal footing with gold — a consequential decision that would make the Bretton Woods version of the gold standard to a large extent a U.S. dollar standard, causing problems when the United States failed to pursue policies to ensure that the dollar would remain as good as gold.

For the British, the most important concession they received from the Americans on the Fund was making the IMF much less of a supervisor and more of just an adviser on exchange rates. On the Bank, the most important concession the British and the Allied delegations that agreed

⁸⁷ Bittermann (1971: 69).

INDEX

with them received was to reduce the amount of paid-in capital the Bank could operate with. Doing so reduced the Bank's demand on the resources of the war-torn countries, but also reduced its capacity to lend to them. To partly offset the reduction in lending capacity, the British proposed, and the Americans agreed to, a number of measures to expand the field for the Bank's loans and guarantees beyond what the Americans had originally envisioned.

Anglo-American relations at the conference were sometimes testy, as usually happens when countries disagree on important points. In a letter of June 25 after an Anglo-American meeting, Keynes wrote, "Harry White...seems extremely fit and happy, and inclined to agree with almost anything, which is said to him. Heaven grant that it continues but it seems too much to hope for."⁸⁸ It was of course too much to hope for. The Americans found the British suggestions "extremely complicated. They redefine most of the terms and revise so many of the provisions that it will take long and careful study to figure out what their suggestions amount to."⁸⁹ To the Americans, certain British proposals "make it appear that the main function of the Fund would be to provide countries with additional assets, whereas in American eyes stability was conceived to be the main objective."⁹⁰ Keynes considered the American position a misunderstanding: if their primary concern was stabilization, Keynes believed that access to additional assets was a way to promote it. His efforts to persuade White, however, were to no avail. Later in the week the British delegate George Bolton remarked,

White, in a raging heat, has bluntly refused to accept any change whatsoever in the exchange and convertibility clauses in which the question of sovereignty arises [in other words, precisely the aspect the UK Treasury and Bank of England were most adamant about]. As expected, he says that the political position makes it impossible for him to retract any further.

Keynes threatened to walk out of the meeting.⁹¹

⁸⁸ Letter from Keynes to Hopkins, June 25, 1944, T 231/365, in Keynes (1980b: 64).

⁸⁹ Letter from Alice Bourneuf to J. Burke Knapp, June 24, 1944, U.S. National Archives, RG 56, Box 59.

⁹⁰ See chapter 29.

⁹¹ Conway (2014: 191).

INDEX

The Anglo-American relationship was the most important at Atlantic City because the United States and Britain were the world's two leading financial powers. Only Britain had the depth of talent to challenge the United States across the board in the negotiations on the Fund and the Bank. It would be a mistake, though, to depict Atlantic City as simply an Anglo-American deal. Other countries had, and used, opportunities to debate the provisions of the Joint Statement on the Fund and to propose alternatives that the Bretton Woods conference would consider. On the Bank, as we said, the discussions aboard the *Queen Mary* gave the delegations there the opportunity to influence the British draft. As Keynes acknowledged, they persuaded him on the importance of the Bank to them,⁹² which perhaps he had not fully appreciated before because Britain did not expect to borrow from the Bank.

As would also be the case at Bretton Woods, a number of delegates from other countries exercised influence because of the importance of their countries or the force of their intellect. Antonio Espinosa de los Monteros (Mexico), Ervin Hexner (Czechoslovakia), André Istel (France) Louis Rasminsky (Canada), and Tingfu Tsiang (China) were chairmen or reporter of committees. Several other delegates, including Wim Beyen (Netherlands), Wilhelm Keilhau (Norway), and Felipe Pazos (Cuba) raised important issues that the conference had to acknowledge.

Atlantic City was the first gathering of a group fairly representative of the global economy to address what postwar global economic order would be. Before the conference, fact-to-face collaboration had taken place only across small groups of countries, such as Anglo-American discussions (sometimes also with Russian and Chinese participation) in Washington and British Commonwealth meetings in London. The Atlantic City conference was in a way a predecessor of today's Group of 20 (G20) nations, including economies both sufficiently important and sufficiently diverse that it had a plausible claim to set an agenda for other countries to consider.

The Atlantic City conference accomplished all these things while keeping a low profile. Short items about the conference did appear in local and big-city newspapers, but contained little of substance. In the Atlantic City papers, the conference of homeopaths at the Claridge Hotel received about as much attention as the monetary conference. We have seen only one newspaper article that was prominently placed, fairly long, and perceptive. In its June 29 issue, the *Commercial and Financial Chronicle*, a

⁹² See chapter 28, appendix.

INDEX

weekly New York newspaper with a small though influential readership, published an article that asked, “Has the Bretton Woods Conference Begun?” During the conference, the *New York Times* published a series of editorials criticizing the Joint Statement, but said next to nothing about the doings in Atlantic City.⁹³

The documents

So much, then, concerning analysis of the conference. Now for a brief description of the provenance of the documents in this book.

The U.S. Department of the Treasury was the host of the Atlantic City conference.⁹⁴ Harry Dexter White noted that some of the delegates wanted no minutes to be kept of the conference, to preserve confidentiality.⁹⁵ Even so, the Treasury did keep minutes, as did the British delegation for some meetings. Henry Bittermann, a member of the American delegation who was one of the note takers, remarked years later, perhaps when the files were being prepared to be sent to the U.S. National Archives, that the American minutes were “not official and were not affirmed by any one as far as I remember.”⁹⁶ The minutes were never intended to be public, but after 75 years, all the participants are dead, and the minutes contain nothing discreditable. Secretaries appointed by committees or members of the American Technical Group took handwritten minutes, which were later typed up. The British delegation also took minutes of some meetings. The original handwritten notes do note seems to have survived.

Besides the minutes that the U.S. Treasury and British delegation took, staff of the Board of Governors of the Federal Reserve System, especially Alice Bourneuf, took notes. They were written as aids to memory rather than as easily readable narratives, so we have not reproduced them here

⁹³ “Delegates Here for Money Study,” *Atlantic City Press*, June 16, 1944: 1; “Homeopaths Meet Here,” *Atlantic City Press*, June 26, 1944; Bratter (1944). The *New York Times* editorials were anonymous but later revealed to have been by Henry Hazlitt (1984), now best known for his book *Economics in One Lesson*.

⁹⁴ At Bretton Woods, the Department of State was the co-host, supplying for instance the secretary-general of the conference. At Atlantic City, we assume that it was nominally the co-host, although we have found no official mention. Whatever the case, Treasury staff filled all the most important roles.

⁹⁵ See chapter 39.

⁹⁶ Notes from Henry J. Bittermann to H. Patricia Scott, September 11, 1969 and July 16, 1970, U.S. National Archives, RG 56, Box 1, Folder A-9.

INDEX

except in chapter 15, for which no other source was available. Sometimes they have useful additional details, though, and scholars doing original research related to the Atlantic City conference will want to consult them. They are included in the online companion files described below.⁹⁷

The most comprehensive version of the conference minutes and other documents exists at the U.S. National Archives in College Park, Maryland. The UK National Archives in Kew (a neighborhood of London) contain documents of the British delegation and minutes of some meetings at Atlantic City. Where differing American and British versions of minutes exist, we have reproduced them both. For some meetings there were multiple versions of minutes by U.S. Treasury staff, and we have likewise reproduced them. The IMF Archives contain many of the conference documents, including a bit of material not found elsewhere. The IMF Archives documents have been available online for several years, but as is typical for archival documents, they contain a number of duplicate documents and are not organized to tell a coherent story as this book does. Consequently, they have been little used.

In the transcripts, delegates often make remarks that assume knowledge of the conference's system for organizing documents. Each document had a combination number and letter code. Documents F-1 to F-6 concerned the Fund (IMF), while document B-1 concerned the Bank for Reconstruction and Development. Document F-1 was the most scrutinized document, the preliminary draft for the IMF. It contained the Joint Statement plus "alternatives" (amendments) proposed by various delegations. It, and the draft Bank agreement, were divided into articles (the British often called them "clauses"), denoted by roman numerals; sections, denoted by Arabic numerals; and in some cases subsections, usually denoted by lower-case letters. Alternatives were denoted by capital letters. The copies of alternatives distributed to delegates did not explicitly identify the proposing country. It is however usually possible to identify who proposed what from a document of the American delegation and from the minutes (see Appendix D). Almost always, the delegation proposing an alternative was the first to speak about it. Also, Alternative A was typically the American alternative and B was typically the British alternative. Subsequent letters were the alternatives proposed by other delegations, with no letter consistently associated with a particular delegation.

⁹⁷ The source is U.S. National Archives, RG 82, Box 42, Atlantic City 1st folder and 2nd folder, both labeled "Drafting Committee."

INDEX

The page numbering of the preliminary draft for the IMF also had a particular order. Main page numbers contained an article or a section of the Joint Statement and sometimes an alternative, while page numbers that included letters, such as 12a, typically only contained alternatives.

Besides the conference minutes and important conference documents themselves, this book includes minutes of the meetings of the American Technical Group at Atlantic City; minutes of meetings of the British and Allied delegations aboard the *Queen Mary*; and some other documents relevant to the conference. The whole collection enables readers to see how the American and British delegations developed their negotiating positions and how the other delegations at Atlantic City reacted.

To avoid making a long book still longer, the text excludes certain documents that are already in print. Among them are two documents by the U.S. Treasury, *Questions and Answers on the International Monetary Fund* and *Questions and Answers on the Bank for Reconstruction and Development*, both dated June 10, 1944. They were issued to the delegates at Atlantic City and Bretton Woods and years later were published.⁹⁸ We also excluded the “flimsies” that the conference subcommittees considered because much of their content found its way into alternatives incorporated into the draft IMF agreement. The excluded material is available among the companion files or in links provided there.

Our editorial changes

In editing the documents reproduced in the book, we have tried to preserve all the important content but have made certain changes in formatting to make the documents easier to read.

Our general rule has been to make unimportant changes silently but to identify important changes by brackets or footnotes. We have corrected obvious errors of punctuation and spelling; changed punctuation from the original where necessary for clarity; written in full some words abbreviated in the original typescripts; and modernized capitalization and spelling slightly. We have also generally converted British spelling and punctuation to their American equivalents.

In some cases, we have inserted paragraph breaks to make a new speaker or new point more apparent. We have adopted a uniform style for identifying conference meetings, delegations, participants, documents, and parts of documents.

⁹⁸ U.S. Department of the Treasury (1944a, b).

INDEX

We have added several kinds of text to the conference proceedings and documents:

- (1) Chapter titles, which are often ours rather than those of the original documents.
- (2) Headline summaries of chapter content, in bold italics.
- (3) Short narrative summaries of many meetings, identifying the key issues and speakers, in italics at the start of chapters.
- (4) Material in single square brackets, indicating places where we have made insertions to clarify the text.
- (5) Material in double square brackets, indicating insertions to clarify the text where we are less certain of our additions. In particular, for easier reference to the Joint Statement on the IMF and to the American and British draft proposals for the Bank, we have inserted names of our own invention to identify articles and sections only identified by number in the original.
- (6) Footnotes. On the first pages of many chapters where the original text begins with a list of attendees, we have relegated the list to the footnotes for more efficient reading. Other footnotes contain our remarks to clarify the original text.

Online companion files, <www.centerforfinancialstability.org>

The Web site of the Center for Financial Stability contains PDF files containing photographs of or links to the original versions of all of the documents printed in this book. It also includes many documents not reproduced in the book, such as telegrams and memoranda. The documents are from the UK National Archives, the U.S. National Archives, and the U.S. Library of Congress, and are in the public domain.⁹⁹

The IMF Archives contain many files that duplicate what we have, plus a bit of different content. They are available for free online.

As an aid to other researchers, we have compiled an extensive index to archival files and posted it among the online companion files. The index has item-by-item listings of the contents of the folders from these

⁹⁹ United Kingdom, Open Government License v3.0 for public sector information under section 163 of the Copyright, Designs and Patents Act 1988; United States Code, Title 17, Section 105; U.S. Library of Congress, Leo Pasvolosky Papers, online Finding Aid > Using This Collection > Access and Use > Copyright Status; all as of July 2019.

INDEX

sources: U.S. National Archives; UK National Archives; IMF Archives; other archives we used in our research; and archives that we consulted but that turned out to have no material we used. The degree of detail in the index is far beyond what was previously available from online catalogs and should save researchers time in deciding whether to consult the material we list and in locating it.

Although the source documents for this book are not copyrighted, our edited version of the documents *is* copyrighted, as are our photographs in the electronic companion files just described. Persons who wish to make copies of the content in the electronic companion files may lawfully do so by seeking out and photographing the original documents, as we did, but may not copy our files without our permission.

To ensure that the material in the book will be free of the copyright problems that keep some important scholarly books out of print for decades before they pass into the public domain, we have limited our claim of copyright for the electronic edition to ten years.

Acknowledgments

For help obtaining archival documents of or related to the conference, we thank Selwyn Cornish, Julia Costet, Sam Kanson-Benonav, Noah Naparst, and Dylan Schuler. Gabrielle Canning thanks Prof. Michael Butler for advising her on a senior year research paper at the College of William and Mary that provided part of the material for this chapter. James Boughton, Eric Helleiner, Gail Makinen, and Robert Yee made helpful comments on a draft. For assistance with bringing the book to publication and with the online companion files to the book, we thank Rosa Tibau and, at the Center for Financial Stability, Jeff van den Noort, Lawrence Goodman, and Marshall Wilen.

INDEX

References

For references focusing on the Bretton Woods conference rather than on Atlantic City, see Schuler and Rosenberg (2012/2013). Hyperlinks below were valid as of July 2019.

A. Archival material

Reference numbers of files are those in the archives, but the short titles that follow are ours. For item-by-item descriptions of the files below and of files that we ended up not using in our research, see the index in the companion files to this book at <www.centerforfinancialstability.org>. A source that apparently would have been useful but that we have not seen is the diary of George Bolton.

Diaries of George Bolton, Bank of England Archive, London, OV 38/8-10.

Alice Bourneuf papers. Letters and notes in the Bretton Woods Conference Collection, Ref. 8391, and in the U.S. National Archives, RG 82, Box 42.

Bretton Woods Conference Collection, International Monetary Fund Archives, Washington, D.C. and online, <archivescatalog.imf.org>

(“Ref.” = reference number) (Search electronically for “Atlantic City”)

Bretton Woods Conference files, Ref. 8391, especially those headed “Atlantic City Conference.”

Ansel F. Luxford Papers, Ref. 2563

Edward M. Bernstein Papers, Ref. 2121

Richard B. Brenner Papers, Ref. 8394

Diaries of Henry Morgenthau, Jr., April 27, 1933-July 27, 1945, Franklin D. Roosevelt Presidential Library and Museum, Hyde Park, New York, and online, <<http://www.fdrlibrary.org>> (While he was Secretary of the U.S. Treasury, Morgenthau was a compulsive keeper of records. He had many of his conversations tape recorded or stenographed, and later typed. The conversations plus the memos and other documents he kept have been a mine of detail for historians. These are the full records; three published volumes called *From the Morgenthau Diaries* contain a small selection.)

Morgenthau Diaries, 1933-1945, 864 vols.

Presidential Diaries, 1938-1945, 7 vols.

Leo Pasvolosky Papers, 1937-1953, U.S. Library of Congress

Box 1, Folder “International Economic Relations, 1944”

United Kingdom National Archives (formerly Public Record Office), Kew, London

Some material is online at <<http://www.nationalarchives.gov.uk>>. In the

INDEX

folder numbers below, CAB stands for Cabinet, FO for Foreign Office, and T for Treasury.

CAB 65/42/20, War Cabinet conclusions, May 5, 1944

CAB 65/46, Confidential annex to War Cabinet conclusions, May 5, 1944

FO 371/40916, Bretton Woods, July-August 1944.pdf

FO 371/40948, Article VII talks, July-September 1944.pdf

T 231/359, Conference related, May-June 1944

T 231/360, International Monetary Fund, June 1944

T 231/361, *Queen Mary* and Atlantic City, June 1944

T 231/362, Preconference papers for Atlantic City and Bretton Woods, June 1944

T 231/363, Preconference papers for Atlantic City and Bretton Woods circulated to Allied delegations, June 1944

T 231/364, Shipboard and Atlantic City minutes, June 1944

T 231/365, Atlantic City and Bretton Woods instructions and comments June/August 1944

T 247/21 Article VII, Bank, March-June 1944

T 247/22, Keynes, Bank for Reconstruction and Development, March 1944

T 247/28, Keynes, March-June 1944

T 247/29, Keynes, March-August 1944

T 247/32, Keynes, Bank for Reconstruction and Development, May/June 1944

T 247/32, Keynes, Bank for Reconstruction and Development, October 1943/July 1944

T 247/35, Keynes, International Monetary Fund, March/June 1944

T 247/55, Keynes, UK external finance in the transition to peace, May/June 1944

T 247/64, Keynes, correspondence including Atlantic City, June / August 1944

T 247/65, Keynes, external finance including Atlantic City, May/November 1944

United States National Archives, College Park, Maryland

In the identification system of the U.S. National Archives, RG means Record Group. RG 43 is records of international conferences; RG 56 is the general records of the Department of the Treasury, RG 59 is the general records of the Department of State; and RG 82 is the records of the Federal Reserve System.

RG 43, Box 1, Atlantic City and Bretton Woods conference arrangements, jacket 2

RG 43, Box 2, contains Mexican preconference silver promotion

INDEX

- RG 56, Boxes 1-2, Atlantic City documents
RG 56, Box 11, Harry Dexter White Atlantic City material
RG 56, Box 20, Atlantic City documents and Harry Dexter White correspondence
RG 56, Box 59, Atlantic City minutes of meetings and other material
RG 59.800.515, material on Bretton Woods agreements¹⁰⁰
RG 82, Box 42, Atlantic City American and general meetings
Harry Dexter White Papers, Seeley G. Mudd Manuscript Library, Princeton University
Box 4, Folder 13, Administrative files
Box 7, Folder 2, Proposal for International Stabilization Fund
Box 7, Folder 4, Expert analysis
Box 7, Folder 5, Expert analysis and revised drafts of proposal for International Stabilization Fund
Box 8, Folders 1-2, Foreign comments on International Stabilization Fund
Box 8, Folders 3-4, Bank for Reconstruction and Development
Box 8, Folder 6, British comments on International Stabilization Fund
Box 8, Folder 1, Chinese comments on International Stabilization Fund

B. Other sources

- Acheson, Dean. 1969. *Present at the Creation: My Years in the State Department*. New York: W.W. Norton and Company.
Atlantic City Daily Press.
Atlantic City Evening Union.
Baker, Ray Stannard. 1922. *Woodrow Wilson and World Settlement: Written from His Unpublished and Personal Material. Original Documents of the Peace Conference*, v. 3. Garden City, New York: Doubleday, Page and Company.
Bank of England. 1968. "The Exchange Equalisation Account: Its Origins and Development." *Bank of England Quarterly Bulletin*, December: 377-390.
Bank for International Settlements. 1937. *Seventh Annual Report, 1st April 1936-31st March 1937*. Basle: Bank for International Settlements.

¹⁰⁰ Eckes (1975: 298-199 nn. 31, 36, 38, 29) and Van Dormael (1978: 314 n. 314) cite RG 59.800.515—BWA-6—2444 and RG 59.800.515/6—2844, which we were unable to find even with the help of an archivist. The numbers after the decimals refer to the Department of State classification system of material rather than to box numbers, the typical second-level specification for the location of records at the U.S. National Archives.

INDEX

- Bao, Cecilia, Justin Chen, Nicholas Fries, Andrew Gibson, Emma Paine, and Kurt Schuler. 2018. "The Federal Reserve System's Weekly Balance Sheet since 1914." Johns Hopkins University Institute for Applied Economics, Global Health, and the Study of Business Enterprise, Studies in Applied Economics (working paper series), no. 115, July. At <<https://sites.krieger.jhu.edu/iae/working-papers/studies-in-applied-economics/>>.
- Beyen, Johan W[illem]. 1949. *Money in a Maelstrom*. New York: Macmillan.
- BIS. 1942. Bank for International Settlements. *Twelfth Annual Report, 1st April 1941-31st March 1942*. Basle: Bank for International Settlements.
- Bisset, James. 1962. *Commodore: War, Peace and Big Ships*. With P. R. Stephensen. New York: Criterion Books.
- Bittermann, Henry J. 1971. "Negotiation of the Articles of Agreement of the International Bank for Reconstruction and Development." *International Lawyer*, v. 5, no. 1: 59-88.
- Black, Stanley W. 1991. *A Levite Among the Priests: Edward Bernstein and the Origins of the Bretton Woods System*. Boulder, Colorado: Westview Press. (Interviews with Bernstein.)
- Bordo, Michael, Barry Eichengreen, Daniela Klingebiel, Maria Soledad Martinez-Peria, and Andrew K. Rose. 2001. "Is the Crisis Problem Growing More Severe?" *Economic Policy*, v. 16, no. 32, April: 53-82.
- Bratter, Herbert M. 1944. "Has the Bretton Woods Conference Begun?" *Commercial and Financial Chronicle* (New York), June 29, Section 2: 2713 (front page), 2718.
- Boskey, Shirley. 1957. "Bretton Woods Recalled." *International Bank Notes* (World Bank), July.
- Boughton, James, and Roger J. Sandilands. 2003. "Politics and the Attack on FDR's Economists: From the Grand Alliance to the Cold War," *Intelligence and National Security*, v. 18, no. 3, Autumn: 73-99.
- Bratter, Herbert M. 1944. "Has the Bretton Woods Conference Begun?" *Commercial and Financial Chronicle*, June 29: 2713, 2718.
- Center for Financial Stability. Historical Financial Statistics (data set). <<http://www.centerforfinancialstability.org/hfs.php>>.
- Conway, Edmund. 2014. *The Summit: Bretton Woods, 1944: J. M. Keynes and the Reshaping of the Global Economy*. New York: Pegasus Books.
- Cornish, Selwyn, and Kurt Schuler. 2019. "Australia's Full-Employment Proposals at Bretton Woods: A Road Only Partly Taken." In Naomi Lamoreaux and Ian Shapiro, editors, *The Bretton Woods Agreements: Together with Scholarly Commentaries and Essential Historical Documents: 173-194*. New Haven: Yale University Press.
- Craig, R. Bruce. 2004. *Treasonable Doubt: The Harry Dexter White Spy Case*. Lawrence, Kansas: University Press of Kansas.

INDEX

- Dormael, Armand van. 1978. *Bretton Woods: Birth of a Monetary System*. London: Macmillan.
- Eckes, Alfred E. 1975. *A Search for Solvency: Bretton Woods and the International Monetary System*. Austin: University of Texas Press.
- Eichengreen, Barry. 1992. *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939*. New York: Oxford University Press.
- Federal Reserve. 1943. United States. Board of Governors of the Federal Reserve System. "Postwar International Monetary Stabilization," *Federal Reserve Bulletin*, v. 29, no. 6, June: 501-521.
- Funk, Walther. 1940. "Die wirtschaftliche Neuordnung Europas." July 25.
- Harding, Stephen. 1982. *Gray Ghost: The R.M.S. Queen Mary at War*. Missoula, Montana: Pictorial Histories Publishing Company.
- Harrod, Roy [Forbes]. 1951. *The Life of John Maynard Keynes*. New York: Harcourt, Brace and Company.
- Haynes, John Earl, and Harvey Klehr. 1999. *Venona: Decoding Soviet Espionage in America*. New Haven: Yale University Press.
- Haynes, John Earl, Harvey Klehr, and Alexander Vassiliev. 2009. *Spies: The Rise and Fall of the KGB in America*. New Haven: Yale University Press.
- Hazlitt, Henry. 1984. *From Bretton Woods to World Inflation: A Study of Causes and Consequences*. Chicago: Regnery Gateway.
- Helleiner, Eric. 2014. *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. Ithaca, New York: Cornell University Press.
- Horsefield, J[ohn] Keith. 1969. *The International Monetary Fund 1945-1965: Twenty Years of International Monetary Cooperation*, 3 v. *Volume I: Chronicle; Volume II: Analysis*, by Margaret G[arritsen] de Vries and J[ohn] Keith Horsefield; *Volume III: Documents*. Washington, D.C.: International Monetary Fund.
- Irwin, Douglas A. 2012. "The French Gold Sink and the Great Deflation of 1929-32." *Cato Papers on Public Policy*, v. 2: 1-41.
- Jin, Zhongxia. 2015. "The Chinese Delegation at the 1944 Bretton Woods Conference: Reflections for 2015." Official Monetary and Financial Institutions Forum, July. <<https://www.omfif.org/analysis/reports/reports/the-chinese-delegation-at-the-1944-bretton-woods-conference-reflections-for-2015/>>
- Howson, Susan. 2011. *Lionel Robbins*. Cambridge: Cambridge University Press.
- Keynes, John Maynard. 1919. *The Economic Consequences of the Peace*. London: Macmillan.
- Keynes, John Maynard. 1930. *Treatise on Money*, 2 v. London: Macmillan.
- Keynes, John Maynard. 1980a. *Activities 1940-1944: Shaping the Post-War World: The Clearing Union. The Collected Writings of John Maynard Keynes*, v. 25. Edited

INDEX

- by Donald Moggridge. London: Macmillan / New York: Cambridge University Press.
- Keynes, John Maynard. 1980b. *Activities 1941-1946: Shaping the Post-War World: Bretton Woods and Reparations. The Collected Writings of John Maynard Keynes*, v. 26. Edited by Donald Moggridge. London: Macmillan / New York: Cambridge University Press.
- Mason, Edward S[agendorph], and Robert E. Asher. 1973. *The World Bank Since Bretton Woods*. Washington, D.C.: Brookings Institution.
- Mikesell, Raymond F[rench]. 1994. *The Bretton Woods Debates: A Memoir*. Essays in International Finance No. 192, March. Princeton, New Jersey: International Finance Section, Department of Economics, Princeton University.
- Mikesell, Raymond F[rench]. 2000. *Foreign Adventures of an Economist*. Eugene, Oregon: University of Oregon Press.
- Oliver, Robert W[arner]. 1975, 1996. *International Economic Co-Operation and the World Bank*, original edition, revised edition. London: Macmillan.
- Rees, David. 1973. *Harry Dexter White: A Study in Paradox*. New York: Coward, McCann and Geoghegan.
- Reinertsen, Maria Berg. 2017. *Reisen til Bretton Woods*. Oslo: Cappelen Damm.
- Robbins, Lionel, and James [Edward] Meade. 1981. *The Wartime Diaries of Lionel Robbins and James Meade, 1943-45*. Edited by Susan Howson and Donald Moggridge. New York: St. Martin's Press.
- Schuler, Kurt. 1992. "The World History of Free Banking." In Kevin Dowd, editor, *The Experience of Free Banking*: 7-47. London: Routledge.
- Schuler, Kurt, and Mark Bernkopf. 2014. "Who Was at Bretton Woods?" Center for Financial Stability, Paper in Financial History, July 1.
- Schuler, Kurt, and Andrew Rosenberg. 2012/2013. *The Bretton Woods Transcripts*, electronic edition / print edition. New York: Center for Financial Stability.
- Selgin, George A., and Lawrence H. White. 1994. "How Would the Invisible Hand Handle Money?" *Journal of Economic Literature*, v. 32, no. 4: 1718-1749.
- Skidelsky, Robert [Jacob Alexander]. 2001. *John Maynard Keynes. Volume 3: Fighting for Freedom, 1937-1946*. New York: Viking Penguin.
- Steil, Benn. 2013. *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*. Princeton, New Jersey: Princeton University Press.
- United States. Department of State. 1967. *Foreign Relations of the United States: Diplomatic Papers, 1944, General: Economic and Social Matters, Volume II*. Edited by E. Ralph Perkins, S. Everett Gleason, and Fredrick Aandahl. Washington, D.C.: Government Printing Office.
- United States. Department of the Treasury. 1939. *Annual Report of the Secretary*

INDEX

- of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1938.* Washington, D.C.: Government Printing Office.
- United States. Department of the Treasury. 1943. "Preliminary Draft Outline of a Proposal for an International Stabilization Fund of the United and Associated Nations," June 10. Washington, D.C.: U.S. Treasury.
- United States. Department of the Treasury. 1944a. "Questions and Answers on the International Monetary Fund," June 10. Available in *Horsefield* 1969, v. 3: 136-182.
- United States. Department of the Treasury. 1944b. "Questions and Answers on the Bank for Reconstruction and Development," June 10. For an easily readable version see Kurt Schuler and Dylan Schuler, editors, *Center for Financial Stability Paper in Financial History*, August 14, 1973. <http://www.centerforfinancialstability.org/bw/Q_A_08142013.pdf>.
- UNMFC. 1948. United Nations Monetary and Financial Conference (1944: Bretton Woods, New Hampshire). *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1-22, 1944*, 2 v. United States, Department of State, Office of Public Affairs, Division of Publications, publication no. 2866, International Organization and Conference Series I, 3. Washington, D.C.: Government Printing Office. (Page numbers in volumes are consecutive.) Also on FRASER (Federal Reserve Archival System for Economic Research, Federal Reserve Bank of St. Louis), <<http://fraser.stlouisfed.org/publication/?pid=430>>.
- van Dormael. *See* Dormael.
- Wintour, Timothy W. 2013. "The Buck Starts Here: The Federal Reserve and Monetary Politics from World War to Cold War, 1941-1951." Ph.D. dissertation, Kent State University, <https://etd.ohiolink.edu/rws_etd/document/get/kent1383927017/inline>.
- World Bank Archives. Oral History Program. 1961. "Transcript of Interview with Ansel F. Luxford." July 13. <http://siteresources.worldbank.org/EXTARCHIVES/Resources/Ansel_Luxford_Oral_History_Transcript_44_01.pdf>.
- Young, John Parke. 1950. "Developing Plans for an International Monetary Fund and a World Bank." *Department of State Bulletin*, November 13: 778-790.

INDEX

Sources of chapters

Here is a list of the original sources for each chapter. Many of the documents also appear in other files, because multiple copies exist.

Source codes: RG = record group in U.S. National Archives in College Park, Maryland; T = Treasury files in UK National Archives in Kew (London); I.M.C. = British records of the 1944 International Monetary Conference, also at Kew.

The secretary here means the person who took the source notes, who may not be the same as the secretary appointed the Atlantic City conference to be an official of a committee.

Chapter	Source	Secretary
1	Not applicable	Not applicable
2-3	Published by U.S. Treasury	Not applicable
4	RG 56, Box 1, Folder A-9	Edward M. Bernstein
5-13	RG 56, Box 1, Folder A-9	Janet R. Sundelson
14	RG 56, Box 59	Dorothy F. Richardson
15	RG 82, Box 42, Atlantic City, first folder	Alice Bourneuf
16-19	RG 56, Box 1, Folder A-9	Dorothy F. Richardson
20-24	T 231/361, I.M.C. (44) (DEL) 1st-5th Meetings	H.E. Brooks & A.W. Snelling
25-26	T 231/361, I.M.C. (44) (DEL) 6th-7th Meetings	H.E. Brooks
27	T 231/361, I.M.C. (44) (DEL) 8th Meeting	H.E. Brooks & A.W. Snelling
28	RG 56, Box 1, Folder A-9 Pasvolsky Papers, Box 1	Dorothy F. Richardson Leo Pasvolsky
29	RG 56, Box 59, Folder "Minutes of Meetings" RG 56, Box 1, Folder A-9 T 231/361, I.M.C. (44) (DEL) 9th Meeting	Dorothy F. Richardson No attribution A.W. Snelling
30	T 231/364, I.M.C. (44) (Com.) 2nd meeting	H.E. Brooks & A.W. Snelling
31	T 231/364, I.M.C. (44) (General) 1st-2nd Meetings	H.E. Brooks & A.W. Snelling

INDEX

Chapter	Source	Secretary
33-37	T 231/364, I.M.C. (44) (General) 3rd-6th Meetings and 5th Meeting Corrigendum	H.E. Brooks & A W. Snelling
38-40	RG 56, Box 1, Folder A-9	Janet R. Sundelson
41	RG 56, Box 1, Folder A-9	Henry J. Bittermann Dorothy F. Richardson
42	RG 56, Box 1, Folder A-9	Janet R. Sundelson
43	RG 56, Box 1, Folder A-9	Dorothy F. Richardson
44	RG 56, Box 1, Folder A-9 T 231/364, I.M.C. (Prelim.) 2nd Meeting	Dorothy F. Richardson H.E. Brooks
45	RG 56, Box 1, Folder A-9 RG 56, Box 1, Folder A-9 T 231/364, I.M.C. (Prelim.) 3rd Meeting	Dorothy F. Richardson Janet R. Sundelson No attribution
46-47	RG 56, Box 1, Folder A-9	Raymond F. Mikesell
48-49	RG 56, Box 1, Folder A-9	Henry J. Bittermann Dorothy F. Richardson
50	RG 56, Box 1, Folder A-9	Dorothy F. Richardson Henry J. Bittermann
51	RG 56, Box 1, Folder A-9	Henry J. Bittermann
52	RG 56, Box 1, Folder A-9	Dorothy F. Richardson
53-56	RG 56, Box 1, Folder A-9	Emanuel E. Minskoff
57-60	RG 56, Box 1, Folder A-9	Raymond F. Mikesell
61-64	RG 56, Box 1, Folder A-9	Karl R. Bopp
65-68	RG 56, Box 1, Folder A-9	Richard H. Brenner
69	RG 56, Box 1, Folder A-9	H.E. Brooks
70	RG 56, Box 1, Folder A-9 T 231/364, I.M.C. (Prelim) 4th meeting	Richard H. Brenner No attribution
71	RG 56, Box 1, Folder A-9	Richard H. Brenner
72	RG 56, Box 1, Folder A-9	August W. Maffry
73	Not applicable	Not applicable
74	RG 56, Box 1, Folder A-3 UNMFC (1948, v. 1: 21-60)	No attribution Not applicable

INDEX

Chapter	Source	Secretary
75-78	RG 56, Box 1, Folder A-3	No attribution
79	RG 56, Box 20, Folder A-11	Sir Wilfrid Eady
80	RG 56, Box 20, Folder A-11, I.M.C. (44) (B) 5	No attribution
81	RG 56, Box 59 UNMFC (1948, v. 1: 141-143)	August W. Maffry
82	RG 56, Box 1, Folder A-4, I.M.C. (44) (F) 11	H.E. Brooks [& A.W. Snelling?]
83	UNMFC (1948, v. 1: 191-215)	Not applicable
Appendices		
A	RG 56, Box 1, Folder A-3	No attribution
	RG 82, Box 1, Folder A-9	No attribution
	RG 82, Box 42, 2nd Folder “Atlantic City Drafting Committee”	No attribution
B	Various	Data collected by editors
C	Not applicable	Not applicable
D	RG 56, Box 20, Folder A-11	No attribution