1. World economic governance

1.1: Reorganising the system

- American leadership → Europe-Japan disrupted by war
- US had leading economic power

Bretton Woods Conf (1944)

New monetary system: Bretton Woods

- System of rules, institutions, procedures to regulate inter. monetary system.
- IME (part of Intl. Bank for Reconstruction & development)

- Each country participating had to maintain exchange rate by tying its currency to US dollar
- US currency had dominant position → able to run a trade deficit without devaluation. (+ gained most voting rights)

2: Free trade oriented system

1947: GATT: multilateral agreements regulating international trade.

2.1: \[ \text{NEW ECONOMIC ORDER} \]

1947-79

3: Limits:

- USSR + Eastern Europe never joined
- Cold War (Marshall plan instead of IMF)
- Communist bloc: (3rd World countries) + De Gaulle
- By 1970s the US currency was under pressure

1971: Nixon went off gold standard

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