early 70s, the US was suffering from a massive **stagflation**: a condition of slow economic growth and relatively high unemployment (**decline in GDP**), accompanied with **inflation** (rising prices).

The President **Nixon** decided to deflate the dollar value to gold: to **1/38 of an ounce** of gold and then **1/42 of an ounce.** The unintended consequence was the run in US gold reserves as other currencies redeemed their devaluing dollars for gold. Nixon decided to **unhook the value of the dollar from the gold in 73** and without price controls, the **gold rose up to $120** per ounce in the **free market**, leading to the end of the Bretton Woods system. The irony behind, the US established the system, kept the controlling strings of it, aiming to **empower their hegemonial strategy.** This backfired, they suffered, the system ended.

Conclusion, the World Economy in the post-BW period:

The BW system was promoted for various advantages. With the fixed/pegged exchange rate regime, the currencies are expected to bring stabilization for the trade of goods/services, and financing activities. Currencies were required to monitor and maintain their currency pegs which, which they achieved primarily by using their currency to buy/sell the $US as needed. Minimization of the currency exchange rate volatility, helping international trade relations, and support of loans from the WB.

The post-BW period is characterised by **no single exchange rate**, most of them became floating and volatile, leasing to a new environment (with its pressures and choices) for **private businesses** and **macroeconomic policy.** The **Financial liberation (deregulation)**, lead to an incredible **volatility** (of the exchanges rates and therefore the financial system), leading to a serie of **bubbles and crashes.** The globally integrated finance was the end of capital controls and the freeing of international flows. The international monetary and macro-economic coordination attempts to tackle with limited success the new volatility and imbalances.The Prescription of the Neoliberal policy as the golden straightjacket (Thomas Friedman, 2000): the mission of the IMF was redefined from managing balances to emergency lender and economic discipline. The IMF campaigns for free capital, but it is had to admit the crisis