

Bretton Woods Reconsidered: The Dollar Standard and the Role of China

RonaldMcKinnon
Stanford University

Bretton Woods, NH
September 3, 2014

The US Dollar's Roles as International Money (1945 to 2014)

	<i>Private</i>	<i>Official</i>
<i>Medium of Exchange</i>	Vehicle	Intervention
<i>Store of Value</i>	Banking	Reserves
<i>Unit of Account</i>	Invoice	Peg
<i>Standard of Deferred Payment</i>	Private Bonds	Sovereign Bonds

Les Trente Glorieuses

Average Real GDP Growth Rates: 1946 – 1975

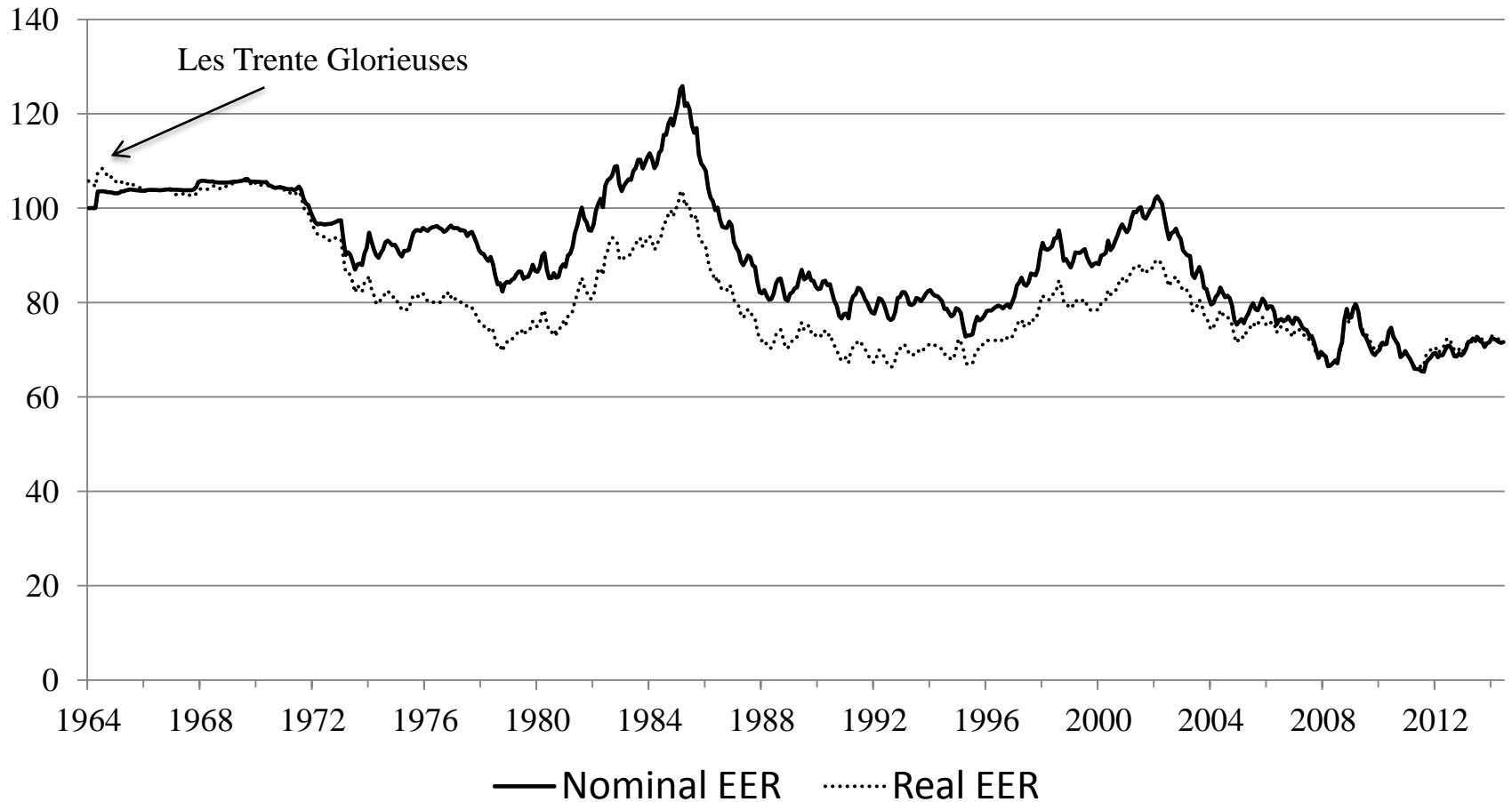
	1946-50	1951-54	1955-60	1961-65	1966-70	1971-75
France	17.76	4.46	4.70	5.79	5.36	3.50
Germany	2.81	8.93	6.54	4.47	3.97	2.23
Italy	13.94	6.63	5.49	5.90	5.73	2.97
Japan	9.46	9.13	8.58	9.38	11.56	4.37
U.K.	0.09	2.89	2.49	3.21	2.48	2.20
Canada	2.96	5.25	3.99	5.64	4.52	4.41
U.S.	-1.86	4.47	2.55	4.97	3.42	2.69

Source: Bolt, J. and J. L. van Zanden (2013). The First Update of the Maddison Project; Re-estimating Growth Before 1820. Maddison Project Working Paper 4

Note: 1990 International Geary-Khamis dollars

U.S. Effective Exchange Rate: 1964 – 2014

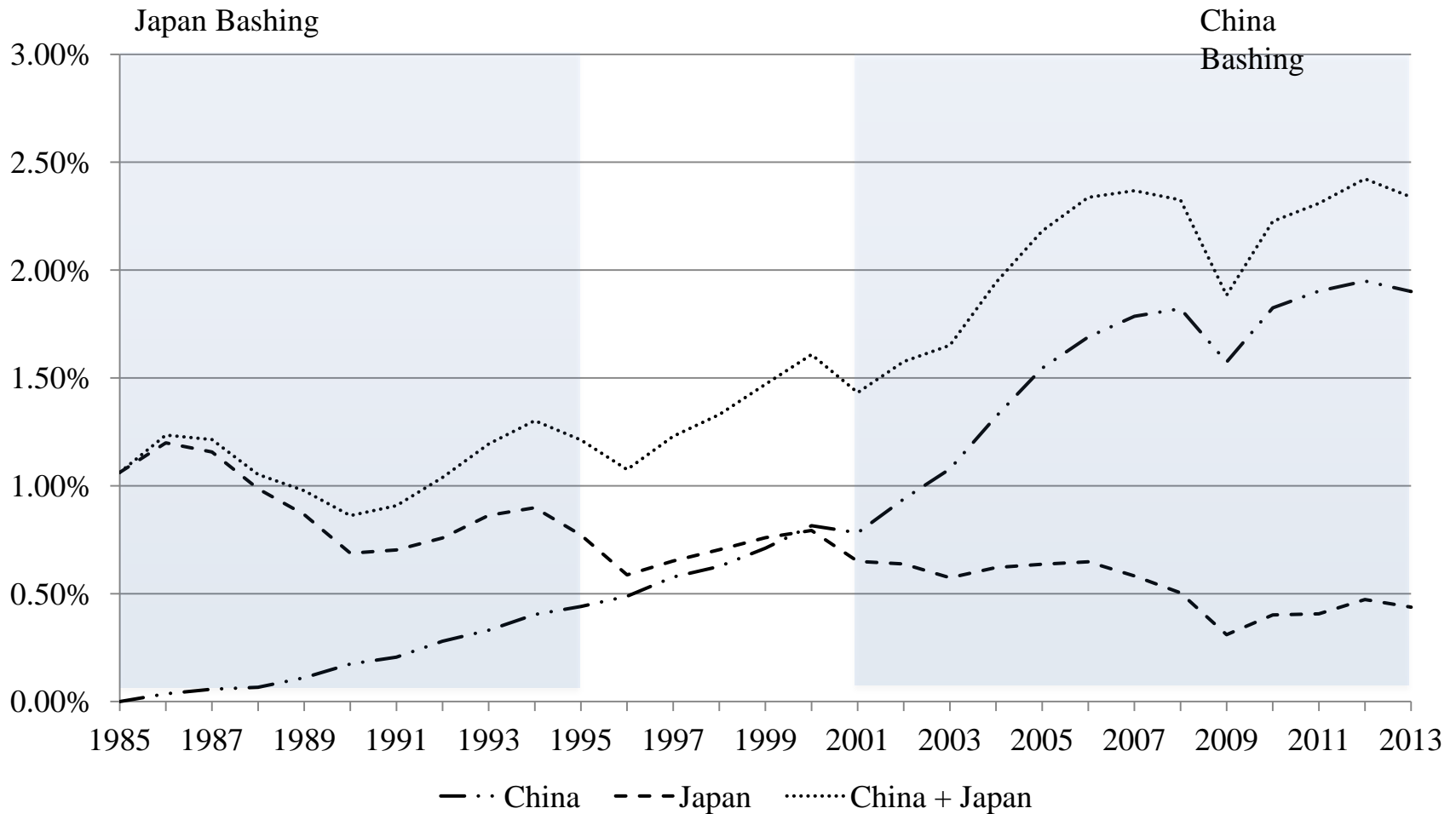
(1964 = 100)



Source: Bank of International Settlements

Bilateral Trade Balance of China & Japan vs. U.S.

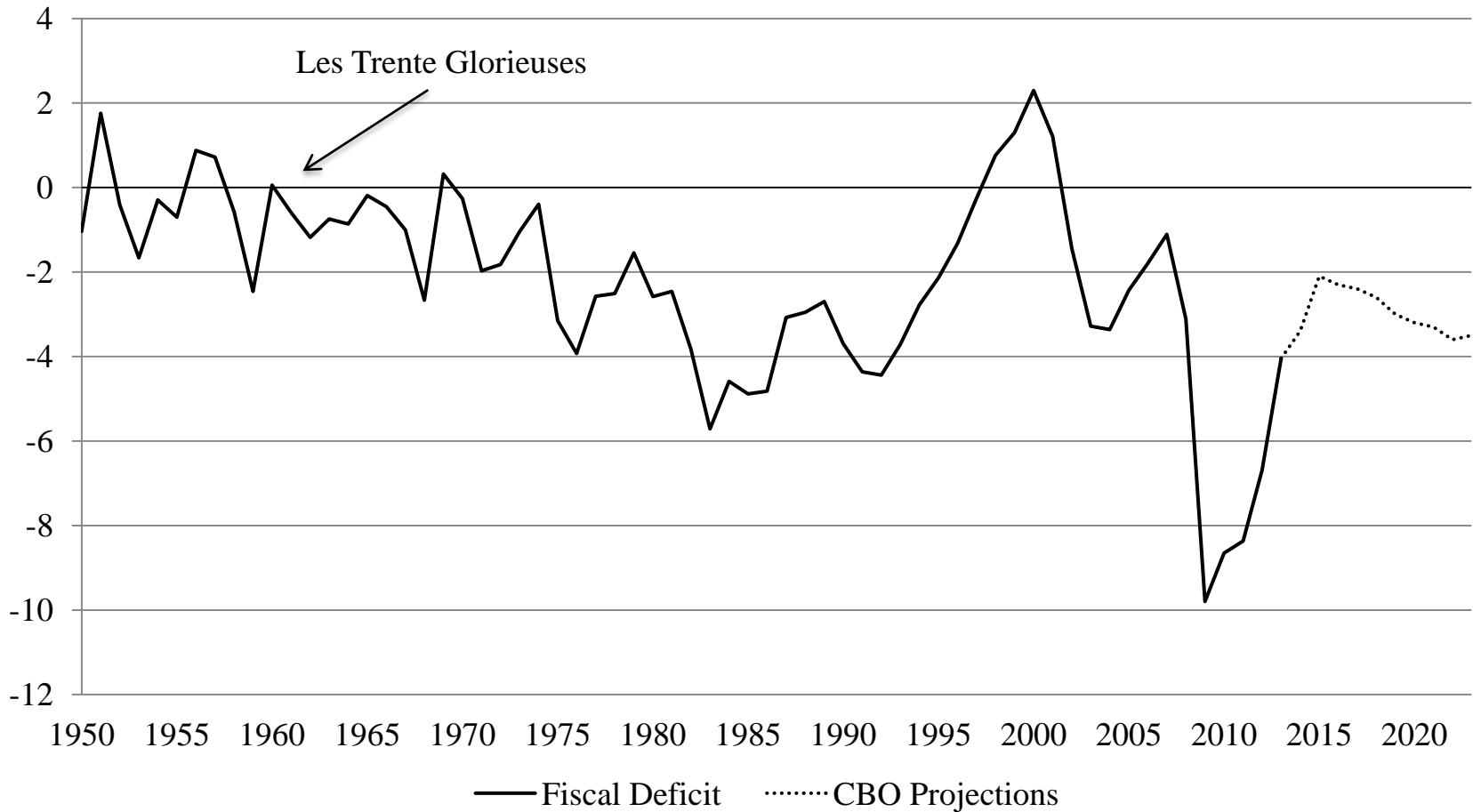
(Current Prices, % U.S. GDP)



Source: Bureau of Economic Analysis,
Census Bureau, International Monetary Fund

U.S. Fiscal Deficit/Surplus: 1950 – 2013

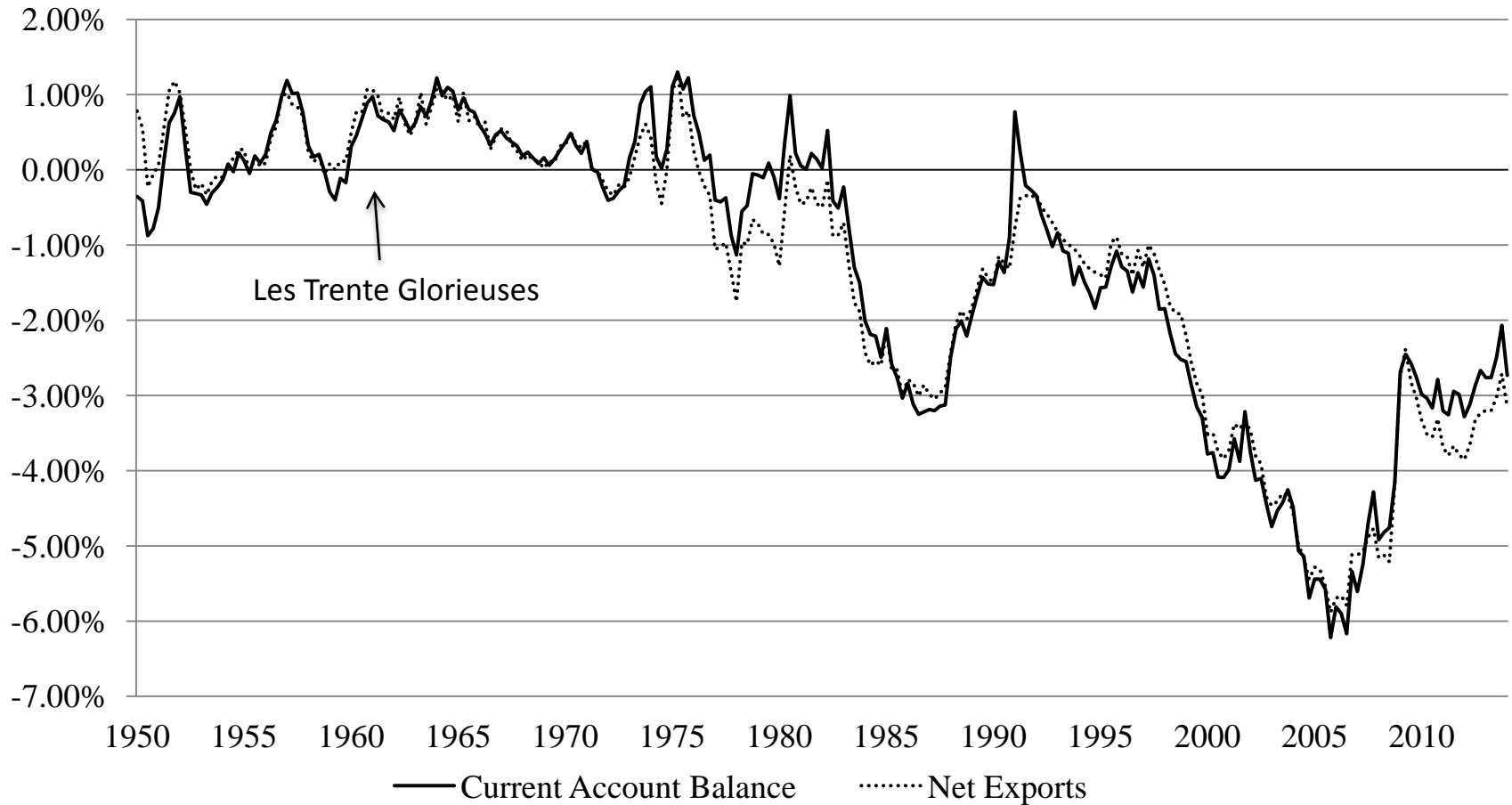
(CBO Projections 2014 – 2023, % GDP)



Source: Federal Reserve, Bureau of Economic Analysis,
Congressional Budget Office

U.S. Current Account & Trade Balance

(% GDP, 1950 – present)



Source: Federal Reserve, Bureau of Economic Analysis