

Just before Bretton Woods: The Atlantic City Financial Conference, June 1944

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This is a presentation of work from a forthcoming book of conference minutes and commentary, to be published later this year by the Center for Financial Stability (New York). These are my personal views, not necessarily shared by the Treasury. The co-editor of the book is Gabrielle Canning, a recent graduate of the College of William and Mary. She did part of her work on the book as a senior-year independent study project.

Why is this important 75 years later?

- The IMF and World Bank have proved the most important organizations for international cooperation arising from World War II
- That they have been so durable and remained so influential has prompted much research into their origins for clues
- Most of the process leading to their establishment has been analyzed extensively – especially the Bretton Woods conference, which has become a touchstone for would-be latter-day reformers
- The Atlantic City conference is an exception, mainly for lack of an easily accessible, well organized book of conference minutes
- Atlantic City was a predecessor to the G20: a small group (15 countries) had some claim to be the steering committee for the whole.

The background: a disastrous generation, 1914-1944 – politics

1914-1918: World War I

1917: Russian Revolutions

1918-1920: Communist uprisings in Central and Western Europe

1919: Treaty of Versailles officially ending World War I

1922: Mussolini appointed prime minister of Italy

1929: Great Depression begins, causing accelerating political problems

1931: Japanese invasion of Manchuria

1933: Hitler appointed chancellor of Germany

1935: Italian invasion of Ethiopia

1936: German reoccupation of the Rhineland, contrary to treaty

1939: World War II starts

The background: a disastrous generation, 1914-1944 – economics

1914-1918: World War I: large loss of life and property; hidden inflation

1919-1923: Postwar slump; hyperinflations in Germany, Hungary, USSR

1925: Shaky return to the gold standard in Europe at overvalued rates

1927: Bank of France begins extreme accumulation of gold

1929: Great Depression begins with U.S. stock market crash

1931: Austrian, German bank runs; Britain goes off gold, starts recovery

1933: United States goes off gold; recovery begins, then falters

1936: France and other remaining important countries on gold go off it

1937-1938: U.S. “Depression within the Depression”

1939: Germany (and the Soviet Union) start World War II

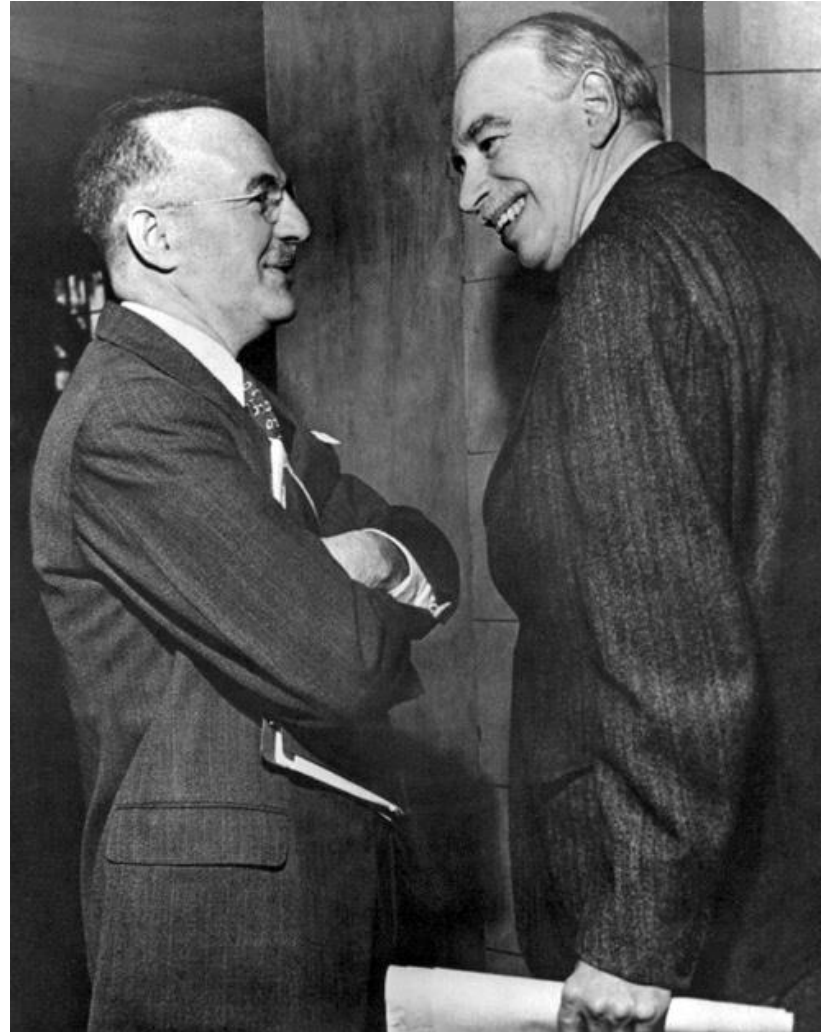
Two Treasury officials with ideas to prevent the next 30 years from being as bad as the last 30

Harry Dexter White

Assistant to the
Secretary

U.S. Treasury

(in charge of
Treasury
international affairs)



John Maynard Keynes

Adviser

UK Treasury

(the brains on Treasury
international affairs
and some British
Commonwealth
matters)

Roots of the IMF and World Bank

Keynes

1919: Credit guarantee proposal

1930: Supernational Bank

(1936: *General Theory*)

1941: International Clearing Union

White

1936: Tripartite Agreement

1938-1940: Inter-American Bank
(died in U.S. Congress)

1941: International Stabilization Fund;
Bank



1942: Anglo-American discussions

April 1943: Publication of Keynes, White, and other monetary plans

April 1944: Joint Statement by Experts on the Establishment of an
International Monetary Fund (more White-ish than Keynesian)

Conferences, conferences

- June 15-17, 1943: Informal 19-nation conference in Washington, D.C. on the IMF (the first ancestor to today's G20?)
- May 26, 1944: U.S. extends public invitations to Bretton Woods
- June 10, 1944: U.S. extends private invitations to Atlantic City
- June 15-30, 1944: 15-nation preliminary conference at Atlantic City, N.J. to draft agreements on the IMF and the Bank
- July 1-22, 1944: 44-nation conference at Bretton Woods, N.H. to reach final agreements on the IMF and the Bank
- (Additionally, formal bilateral Anglo-American meetings and frequent less formal contacts via embassies in London and Washington)
- March 8-18, 1946: Inaugural annual meetings of IMF and Bank

Why Atlantic City?

- Keynes's health
- Weather (Keynes: "For God's sake do not take us to Washington in July, which would surely be a most unfriendly act.")
- Fairly convenient to Washington and New York but far enough away to discourage reporters
- Mount Washington Hotel at Bretton Woods not ready
- Claridge Hotel (conference site, pictured, still much the same today) had capably hosted UNRRA conference in November 1943



Atlantic City conference schedule, June 1944

June 15: American delegates begin internal deliberations at Atlantic City

June 17: British and Allied delegates leave London for *Queen Mary*

June 19: First foreign delegates arrive in Atlantic City

June 23: *Queen Mary* docks in New York (AM); its delegates, including Keynes, arrive in Atlantic City (PM)

June 24: Full conference begins with White as chairman; focuses on IMF

June 29: First discussion of Bank, with Keynes in the chair

June 30: Conference ends; delegates travel by train to Bretton Woods

U.S. delegation at Atlantic City

- **Harry Dexter White, Treasury, Chairman**
- Hawthorne Arey, Export-Import Bank
- Elting Arnold, **Treasury**
- Edward Bernstein, **Treasury**
- Henry Bittermann, **Treasury**
- Karl Bopp, Federal Reserve Bank of Philadelphia
- Alice Bourneuf, Federal Reserve Board of Governors
- Richard Brenner, **Treasury**
- Edward E. “Ned” Brown, First National Bank of Chicago and adviser to Federal Reserve System
- William Adams Brown, Jr., Department of State
- Lauren Casaday, **Treasury**
- Frank Coe, Foreign Economic Administration
- Emilio “Peter” Collado, Department of State
- Joseph Dreibelbis, Federal Reserve Board of Governors
- Henry Edmiston, Federal Reserve Bank of St. Louis
- Walter Gardner, Federal Reserve Board of Governors
- Emanuel Goldenweiser, Federal Reserve Board of Governors
- Alvin Hansen, Federal Reserve Board of Governors
- Frederick Livesey, Department of State
- Walter Louchheim, Securities and Exchange Commission
- Ansel Luxford, **Treasury**
- August Maffry, Department of Commerce
- Raymond Mikesell, **Treasury**
- Emanuel E. “Duke” Minskoff, **Treasury**
- Leo Pasvolsky, Department of State
- Dorothy Richardson, **Treasury**
- Janet Sundelson, **Treasury**
- John Parke Young, Department of State
- (Lauren Casaday, **Treasury** attaché in London, joined later)

British travel arrangements: The *Queen Mary*

- The crowded “Grey Ghost”
- Keynes and other important British delegates were aboard
- Also delegates from Belgium, Greece, India, Norway, etc.
- The British used the voyage to develop their own positions, especially on the Bank
- They also developed a unified front with the other countries



American and British goals

American goals

- Ensure American primacy
- Headquarters in Washington
- Avoid extending too much American credit
- Keep British Commonwealth total quotas below U.S. total

British goals

- Reconciled to many American points on IMF, but...
- Primacy of nations over IMF in exchange rate matters
- Longer transition period (Article XIV)
- Shape the Bank more favorably to British objectives
- Britain a possible near-term IMF debtor but long-term creditor
- (Lend-Lease in the background)

Morgenthau and White

H.M.JR: You are staying here, aren't you? You are not going to this Conference, are you?

MR. GLASSER: No, sir.

H.M.JR: Because we have to have someone here. I am looking to you to do this stuff. You are staying here?

MR. GLASSER: I am doing everything but sleeping here, Mr. Secretary.

(Meeting in the office of Secretary of the Treasury Henry Morgenthau, Jr., June 22, 1944; Ira Glasser was White's deputy)

HMJr: 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

W: Well, I was going to suggest that

HMJr: 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

W: Well

HMJr: you're leaving all the rest of us completely high and dry.

(Phone call between Morgenthau in Washington and White in Atlantic City, June 22, 1944)

What Atlantic City accomplished

- Draft agreement for the Bank where none had existed before (there was a U.S. draft, but nobody else had agreed to it)
- Without Atlantic City, probably no Bank agreement at Bretton Woods
- More meat on the bones of the Joint Statement, the draft IMF agreement
- Fairly high degree of Anglo-American agreement
- Atlantic City was intended to lay out options, not to foreclose those that were logically and economically feasible; the Bretton Woods conference then chose among options

