

10. Bretton Woods Decisions

CLOSING ADDRESS BY SECRETARY OF THE TREASURY HENRY MORGENTHAU

22 JULY 1944

I am gratified to announce that the Conference at Bretton Woods has completed successfully the task before it.

It was, as we knew when we began, a difficult task, involving complicated technical problems. We came to work out methods which would do away with the economic evils—the competitive currency devaluation and destructive impediments to trade—which preceded the present war. We have succeeded in that effort.

The actual details of a financial and monetary agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can exchange freely, on a fair and stable basis, the goods which they produce through fair labor. And we have taken the initial step through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

The representatives of the forty-five nations faced differences of opinion frankly, and reached an agreement which is rooted in genuine understanding. None of the nations represented here has had altogether its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done it in a spirit of good will and mutual trust, is, I believe, one of the hopeful and heartening portents of our time. Here is a sign blazoned upon the horizon, written large upon the threshold of the future—a sign for men in battle, for men at work in mines, and mills, and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation—a sign that the people of the earth are learning how to join hands and work in unity.

There is a curious notion that the protection of national interest and development of international cooperation are conflicting philosophies—that somehow or other men of different nations cannot work together without sacrificing the interests of their particular nation. There has been talk of this sort—and from people who ought to know better—concerning the international cooperative nature of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this Conference has lost sight for a moment of the particular national interest it was sent here to represent. The American delegation which I have the honor of leading has been, at all times, conscious of its primary obligation—the protection of American interests. And the other representatives here have been no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion to our own country and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lies in international cooperation. We have to recognize that the wisest and

most effective way to protect our national interests is through international cooperation-that is to say, through united effort for the attainment of common goals. This has been the great lesson taught by the war, and is, I think, the great lesson of contemporary life-that the people of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and cooperation is no less essential to its fulfillment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past, or through the outright economic aggression which turned neighbors into enemies would be to invite ruin again upon us all. Worse, it would be once more to start our steps irrefragably down the steep, disastrous road to war. That sort of extreme nationalism belongs to an era that is dead.

Today the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken practical steps toward putting this lesson into practice in monetary and economic fields.

I take it as an axiom that this war is ended; no people-therefore no government of the people-will again tolerate prolonged or wide-spread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of man's reasonable hopes.

What are the fundamental conditions under which the commerce among nations can once more flourish?

First, there must be a reasonable stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the alternative to the desperate tactics of the past-competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices, and unnecessary exchange restrictions-by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war. The International Monetary Fund agreed upon at Bretton Woods will help remedy this situation.

Second, long-term financial aid must be made available at reasonable rates to those countries whose industry and agriculture have been destroyed by the ruthless torch of an invader or by the heroic scorched earth policy of their defenders.

Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. It is essential to us all that these nations play their full part in the exchange of goods throughout the world.

They must be enabled to produce and to sell if they are to be able to purchase and consume. The International Bank for Reconstruction and Development is designed to meet this need.

Objections to this Bank have been raised by some bankers and a few economists. The institution proposed by the Bretton Woods Conference would indeed limit the control

which certain private bankers have in the past exercised over international finance. It would by no means restrict the investment sphere in which bankers could engage. On the contrary, it would expand greatly this sphere by enlarging the volume of international investment and would act as an enormously effective stabilizer and guarantor of loans which they might make. The chief purpose of the International Bank for Reconstruction and Development is to guarantee private loans made through the usual investment channels. It would make loans only when these could not be floated through the normal channels at reasonable rates. The effect would be to provide capital for those who need it at lower interest rates than in the past, and to drive only the usurious money lenders from the temple of international finance. For my own part, I cannot look upon the outcome with any sense of dismay. Capital, like any other commodity, should be free from monopoly control and available upon reasonable terms to those who would put it to use for the general welfare.

The delegates and technical staff at Bretton Woods have completed their portion of their job. They have sat down together and talked as friends, and have perfected plans to cope with the international monetary and financial problems which all their countries face in common. These proposals now must be submitted to the legislatures and the peoples of the participating nations. They will pass upon what has been accomplished here.

The results will be of vital importance to everyone in every country. In the last analysis, it will help determine whether or not people will have jobs and the amount of money they are to find in their weekly pay envelope. More important still, it concerns the kind of world in which our children are to grow to maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and can come home to civilian jobs.

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable step in the vital test of our intentions. We are at a crossroad, and we must go one way or the other. The Conference at Bretton Woods has erected a signpost-signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

ILO - DECLARATION CONCERNING AIMS AND PURPOSES

10 MAY 1944

The General Conference of the International Labour Organisation meeting in its Twenty-sixth Session in Philadelphia, hereby adopts this tenth day of May in the year nineteen hundred and forty-four, the present Declaration of the aims and purposes of the International Labour Organisation and of the principles which should inspire the policy of its Members.

I

The Conference reaffirms the fundamental principles on which the Organisation is based and, in particular, that:

- (a) labour is not a commodity;
- (b) freedom of expression and of association are essential to sustained progress;
- (c) poverty anywhere constitutes a danger to prosperity everywhere;
- (d) the war against want required to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of Governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.

II

Believing that experience has fully demonstrated the truth of the statement in the Constitution of the International Labour Organisation that lasting peace can be established only if it is based on social justice, the Conference affirms that:

- (a) all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity;
- (b) the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy;
- (c) all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective;
- (d) it is a responsibility of the International Labour Organisation to examine and consider all international economic and financial policies and measures in the light of this fundamental objective;
- (e) in discharging the tasks entrusted to it the International Labour Organisation, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate.

III

The Conference recognizes the solemn obligation of the International Labour Organisation to further among the nations of the world programmes which will achieve:

- (a) full employment and the raising of standards of living;

- (b) the employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being;
- (c) the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement;
- (d) policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection;
- (e) the effective recognition of the right of collective bargaining, the co-operation of management and labour in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the preparation and application of social and economic measures;
- (f) the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care;
- (g) adequate protection for the life and health of workers in all occupations;
- (h) provision for child welfare and maternity protection;
- (i) the provision of adequate nutrition, housing and facilities for recreation and culture;
- (j) the assurance of equality of educational and vocational opportunity.

IV

Confident that the fuller and broader utilization of the world's productive resources necessary for the achievement of the objectives set forth in this Declaration can be secured by effective international and national action, including measures to expand production and consumption, to avoid severe economic fluctuations, to promote the economic and social advancement of the less developed regions of the world, to assure greater stability in world prices of primary products, and to promote a high and steady volume of international trade, the Conference pledges the full co-operation of the International Labour Organisation with such international bodies as may be entrusted with a share of the responsibility for this great task and for the promotion of the health, education and well-being of all peoples.

V

The Conference affirms that the principles set forth in this Declaration are fully applicable to all peoples everywhere and that, while the manner of their application must be determined with due regard to the stage of social and economic development reached by each people, their progressive application to peoples who are still dependent, as well as to those who have already achieved self-government, is a matter of concern to the whole civilised world.
