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THE INTERNATIONAL MONETARY SCENE DURING  
THE SIXTIES AND SEVENTIES

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**THE INTERNATIONAL MONETARY SCENE  
DURING THE SIXTIES AND SEVENTIES**

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## PREFACE

Many far-reaching and fundamental changes have taken place in the post-war world monetary system (Bretton Woods System) in the last two decades or so. The salient features which were underlined at Bretton Woods (1944) got gradually eroded and many contradictions got built up into the system during the course of its functioning. The breakdown of the Bretton Woods System in the early 1970s led to a series of developments which ultimately culminated in the emergence of the Managed Floating System.

This work which aims at reviewing these developments is, in a sense, a critical commentary from Bretton Woods (1944) to Jamaica (1976) and it was undertaken under the valuable guidance of Dr. S. V. Bokil. At the very outset I must acknowledge my indebtedness to Dr. Bokil, who supplied me the necessary framework to operate. But for his penetrating comments, valuable suggestions and subtle analysis of certain intricate aspects of this interesting subject, this theoretical work would not have assumed this present shape. But I must hasten to add that for all the technical deficiencies and factual errors that may have crept into my work I am solely responsible for it. Besides I owe a great deal to Dr. Bhagwan Bapat, who was a constant source of inspiration and encouragement and offered me all possible help. I must express my deep sense of gratitude to these two

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## INTRODUCTION

This work is a critical study of the functioning of the Bretton Woods System (BWS) during 1946-1971 and subsequent developments in the international monetary field. Such a study is a truly challenging one in view of the vast literature available on this fascinating topic where there is hardly a top economist who has not made his contribution. We shall therefore try to analyse the issues that have been debated in this literature and try to grasp their significance along with the important developments that have occurred in this field during the 1960s and 1970s.

To accomplish this task we first examine the nature of international money and the essential features of an ideal world monetary system (WMS). In the light of those requirements of WMS, we analyse the arrangements made under the auspices of the IMF for the post-war international monetary order. We then examine how BWS actually functioned during 1946-1971 and why it ran into serious troubles. The collapse of the BWS in 1971 and the emergence of the era of managed floating rates coupled with the international oil crisis have put the world at a point of no return. We shall try to grasp the significance of the problems these momentous developments have given rise to. We shall conclude with our assessment of international monetary scene as it looks to us at present.