

gain trade advantages haunted everyone. The Bretton Woods conference sought to restore the equivalent of the pre-1914 gold standard, which had provided for fixed exchange rates and the convertibility of all currencies into gold or into the equivalent at the time, British pounds sterling.

Currency stabilization, however, turned out to be more difficult than anticipated. Not until the end of 1958, by which time western Europe and Japan had expanded their trade and doubled their dollar reserves, was convertibility into gold or dollars at fixed exchange rates possible. For about a dozen years, until 1971, each major currency had a par value in gold and in dollars. For that same short time the American dollar, like the British pound before 1914, was accepted as the equivalent of gold itself. But the postwar economic scene changed rapidly; the era of the "gold-dollar standard" proved short-lived, and a system of "floating currencies" and fluctuating exchange rates took its place.

*Currency
stabilization*

Meanwhile two important agencies established after the war helped in international financial settlements. The International Monetary Fund (IMF) provided loans to governments to manage temporary balance of payments difficulties and to help reduce the need for currency devaluations. The International Bank for Reconstruction and Development (or World Bank) made long-term loans to governments for economic development. Both agencies played a larger role in later years than in the immediate postwar era, and both became controversial when critics complained that their policies did not really benefit the world's poorer nations or people. Both were located in Washington, their major funding provided by the United States. The economic center of gravity for the West, like the political and the military, lay after 1945 on the American side of the Atlantic.

*The IMF and the
World Bank*

European Integration: From the Common Market to the European Community

As western Europe expanded economically, it also drew closer together. There had been numerous proposals in the interwar years for a European federation. The war, the wartime Resistance movements, the Marshall Plan, European cooperative recovery efforts, and the threat from the Soviet Union in the Cold War all reinforced the idea that western Europe's future lay in unity. A number of European leaders pressed for the creation of a "United States of Europe." In 1949 delegates representing the parliaments of ten countries met in Strasbourg to establish a Council of Europe with the hope that it might become a legislative body for a federated Europe. The British, interested in cooperation but not integration, opposed any form of supranational authority. Although the Council of Europe grew in membership over the years and continued to support the idea of federation, it never became an important political force. It confined itself to humanitarian, cultural, and social issues. In 1958 it set up a European Court of Human Rights to protect the rights of individuals in its member nations against arbitrary government actions. It banned corporal punishment in the schools and the death penalty for convicted criminals.

*Expansion
and unity*

European integration itself took a different path, beginning in the economic area. In 1948 Belgium, the Netherlands, and Luxembourg created a customs union, called Benelux, which provided the benefits of a sizable free trade area for the three small countries. At the same time the visionary but pragmatic French administrator Jean Monnet, who had helped reorganize the postwar French economy, recognized at an early date that the first steps to unity had to develop along modest economic lines and begin with specific objectives. Political leaders like Schuman in France, Adenauer in West Germany, De Gasperi

