

July 1, 1983

→ Mr. Henry Regnery  
Regnery Gateway, Inc.  
360 West Superior Street  
Chicago, Illinois 60610

Dear Henry:

I hardly know whether to apologize for my afterthoughts, or for not having had them earlier; but I am enclosing a revised version of the description I enclosed in my letter to you of June 28 of FROM BRETTON WOODS TO WORLD INFLATION.

Faithfully,

HH:lj  
Encl.

---

Henry Hazlitt's description of FROM BRETTON WOODS TO WORLD INFLATION

Today every country in the world -- now about 130 of them -- is on a paper money basis. Every country is inflating. This is a situation that has never before existed. My book, FROM BRETTON WOODS TO WORLD INFLATION describes the principal single event that brought this about. This was the meeting of the representatives of some 43 nations at Bretton Woods, New Hampshire, in 1944 and 1945, setting up articles of agreement on a new world currency system and an International Monetary Fund.

Under this agreement each nation <sup>established</sup> ~~set up~~ a fixed value for its own currency in terms of the dollar and called upon the United States to allow its currency to be convertible at this rate not only into the dollar, but into American gold holdings.

In effect, the American Treasury and its supplies of gold subsidized and supported foreign currencies at artificially high rates. This <sup>put</sup> excessive pressure and responsibility on the dollar, and on the United States to maintain a gold standard not only for its own currency, but for every other currency in the I.M.F. It was a system that was <sup>to</sup> found in time to break down, which it did officially on August 15, 1971.

The Bretton Woods system from the beginning contained built-in inflationary provisions, most notable that permitting at least a 10 per cent reduction of the par value of any national currency, or of all currencies, at any time.

While the Bretton Woods conference was going on in 1944 and 1945, I wrote editorials in The New York Times pointing out the built-in inflationary provisions of the agreements as they were

daily arrived at, and I continued to point out the probable consequences of these provisions in the American Scholar and other publications between 1945 and 1971. I reprint these analyses and predictions in my book, not primarily to point out that I personally foresaw the outcome, but to emphasize that it could and should have been foreseen by the irresponsible architects of Bretton Woods. I also summarize the history of the agreements and the International Monetary Fund to the present date.

My book is an effort to expose the fallacies embedded in these arrangements and to point to the dangers in continuing them, as we still do, in not only keeping the International Monetary Fund but in contributing billions of dollars in new capital. There is a final chapter on "What Must We Do Now?"