BRETTON WOODS AND ITS COLLAPSE, UNRESOLVED 21ST CENTURY OPEN ISSUES

Mario Pines
University of Trieste, Trieste, Italy

ABSTRACT
The worst financial crisis since the Great Depression first symptoms appeared immediately after the '71 dollar debasement. Up to the current swelling and bursting of sovereign national debt bubbles, almost all world leaders: Nicolas Sarkozy, Gordon Brown first, then Zhou Xiaochuan and most authorities, involved in the economic stalemate, have systematically recalled Bretton Woods and its original faults. What is left of Bretton Woods, the IMF: the World Bank the WTO and lately the ECB evolution are the likely hubs to reconsider and rekindle in the engulfed financial world economies.

Since 1971, the world's economic communities had repeatedly called for the creation of "a new Bretton Woods". The Committee of Twenty in 1973-74, the Group of Twenty-Four in 1986 and especially the European Union members, within the 2016 G20, have all stressed a similar petition, addressing the not forgotten drawing rights, the dollar and Euro, monetary disorders, the liquidity, the interest rates and the taxation rates traps.

The Hume classical gold standard self-adjusting mechanism had collapsed, after having shaped the base of the first great economic globalization, and economic growth.

Key words: *globalization, internal and external imbalances, gold standard, international payments, asymmetries and imbalances crisis, foreign exchange markets.*

JEL classification: G210 - Banks; Other Depository Institutions;

1. INTRODUCTION

The Worldwide failure of monetary policies (KOO, 2009) with unsuccessful monetization of Government debt, the welfare States collapsing implosion, the huge external and internal debts have opened the roads to the global competitive new Asian economies. These States, raised by the WTO market recognition to access the international market economy, out of planned economies in the previous seventy years socialist regime, seem now eager to take over the unrecoverable Western traditional decaying economic systems.

The collapse happened during the First World War, because of the belligerents' free debased paper money huge issues, aimed to cover by mean of fiat money the excessive military expenses actually de facto erased the gold standard, the system was never recovered, or properly readjusted. The International Conference in Genoa in 1922 opened a Pandora vase that lead, after the roaring years twenty, to the 1929 first sudden market collapse. The consequent WW2 bailout of GB, in July 1944 in Bretton Woods, produced a gold-dollar first and then a cheap oil standard, supporting base to the dollar as a unique left international liquidity instrument. The US dollar became the single world currency, and the fiat money present public debt went up to 20 trillion US$; the problem of a new economic order has become again stringent on a regional, if not global base and within the EU imbalances particularly.

"*Money will decide the fate of mankind, because individual liberty is only possible or even thinkable when confined within the boundaries of a collective discipline, calculated to curb the disorders that uncontrolled action is bound to provoke. That discipline is provided by the legal structure of our societies - in economics by ensuring that total purchasing power is limited to the total value of the wealth offered for purchase. When this rule is broken, inflation and imbalance of external payments set in, bringing disorders that soon become unbearable*", Rueff Jaques, The Age of Inflation, pg. XIV.

The Victorian gold standard dissolution in the first WW (QINN, 1996), was discussed in Genoa 1922 at the League of Nations International monetary conference, chaired by Lloyd George, with the contribution of Hawtrey and Cassel. At the Part II, pg. 59 of the R*eport of the Second Commission (Finance) I Currency,* as suggested with the Resolution 4 recommendation "*It is desirable that all European currencies should be based upon a common standard*" meanwhile the Resolution 5 - states "*Gold is the only common standard which all European countries could at present agree to adopt*".

The Faustian Keynes agreement with Harry Dexter White in July 1944 in Bretton Woods was finalized when he signing the 96 pages of the Bretton Woods agreement in the Mount Washington hotel. Keynes, without having had the chance of reading the final complete draft reporting the gold and the dollar equivalent role as monetary reserve standard base, was presented only the dotted line where he had to sign the agreement, in order to get the lease – loan extensively negotiated without which the U.K. was bankrupt.

The sudden Camp David 1971 Nixon *temporarily* but irreversibly refusal of the further conversion into gold of foreign held dollars reserves, produced the remaining dollar standard collapse and the surviving monetary oil standard left, as long as the oil barrel was sold under 20 dollars, lasted till both sunk together into the middle East wars.

The Iranian revolution, the lost war in Afghanistan by both the once Soviet Union defending a long alliance with the Kabul regime and the U.S. army, searching for Bin Laden the latter, introduced the new Arab integrality revolution, along to the new multiple colliding fiat money fallout effects of the deficit spending, unique Central Banks prevailing models.

Out of this monetary huge expansion, only a huge worldwide public debt and financial irrational euphoria, visible in mostly overcrowded growing markets index remained (SHILLER, 2013). The final winner seems to be the market oriented East Micro Economic new models, which are conquering the Western once civilized world, as an outcome of the industrial revolution and colonialist Empires. The custom and duties defense seems now a retrospect narration of the great depression, which led to the tragic warfare as an economic consequence of the Peace.

We should now suggest a new international monetary order, to avoid the likely major Economies defaults, clear somehow the foreign structural exchange unbalances and allow further growth development new paths. Especially within the EU single currency market where exchange strategies are not possible.

We must and can, discuss and hopefully solve this problem at agreements' areas and states unions' level, before new unjustified nationalistic perspectives arise free from the Pandora vase opened by the demise of the gold standard first, of the dollar and any other standard lately.

My personal academic research started with the dollar debasement announcement in the summer 1971, when some panic and perhaps alcohol, induced President Nixon and his team to "temporarily suspend the 35 dollars convertibility against an ounce of gold, as agreed in 1944 in "Bretton Woods".

The World's community has not yet seriously faced, since the first WW, the ever-swelling chaos that surfaced periodically, apart from those remedies agreed in Bretton Woods in July 1944, with the establishment of the IMF, the World Bank and the WTO, the called GATT, the issue is still open. This contingency is responsible of the present financial worldwide unbalances and uncertainties about the fixing of an international liquidity instrument that, political emerging local regional struggles, both military and ideological nationalism and religious faiths have gained a new lease on life with new geopolitical necessities and we have not been able to face and solve till now.

2. THE BASICS OF THE MONETARY ECONOMIC EVOLUTION SINCE THE CAMP DAVID DEBASEMENT CHOICES

The gold exchange standard, real or pseudo, as Milton Friedman used to call it in his famous Mount Pelerin speech in 1961 (FRIEDMAN, 1961), remains an unresolved and undefined issue. The international monetary arrangement between the opposite Robert Triffin and Jacques Rueff vision of the impossible balance appears inserted in Harry Dexter White 96 pages agreement, as signed in July 1944 (TRIFIN, 1961 – RUEFF, 1964). Then an unbearable progressive quantity of monetary base was entrusted in the American fiat currency, on the hypothesis of an unreal conversion of 35 US$ an oz. of gold held in the US Federal safe. The unilateral 1944 declaration elapsed formally in 1971 with the sudden repudiation of President Nixon to such a unrealistic wartime condition, accepted by Keynes, in a Faustian agreement signed compulsory as clause to obtain the lease loan; under the government of Prime Minister Tony Blair in December 2006, the UK paid by $83.25 million the last installment.

Since the Smithsonian Institute meeting in December 1971, when the gold price was fixed at 38 dollars and a set of custom duties removed, introduced after the August panic, no solution was found but a row of almost unrealistic things happened in the international relations and monetary system:

- after some initial swindling directions, the gold started to rise in price in the free market negotiation, after the 1935 gold trading abolition,
- the dollar performed a last single reserve currency unit function and kept its constant presence in all central banks reserves,
- the special drawing rights, as a multiple currency unit, defined as a vested currency without a body, didn't succeeded in entering the international payment system not having a reliable base, and was not accepted as a dollar surrogate,
- the ECU, the EMU and the UERO, not having a commodity or similar base value, missed their original objectives remaining a local fiat money currency, without a sound benchmark.

Presently, the central rekindling of Bretton Woods in this paper stems from the absence of a liquidity instrument of reserve in the international payment system. It takes in consideration the already tested inconsistency of any fiat money alternative for a store of value reserve unit and the fact that the dollar has its own surviving role in exclusive consideration of the lack of any trustable alternative, and isolated consequence of both the collapse of the gold standard and the actual lack of any viable alternative.

In such a complex situation as left in Europe after the First World War, and the collapse of all the following efforts to reinstall the gold standard as decided in Genoa, the following Bretton Woods agreement has been living of a post mortem existence. The dollar was linked to the *oil standard* and the huge euro-dollar market started in the cold war Russian avoidance of keeping US$ in American banks where the seizure by international holders of Bonds issued by Russian Czars and repudiated after the October Revolution. The ten years '70s affected by a sensible inflation rate were responding to the classical model based on the M2 direct expansion influx according to the fisher exchange equation but the new connected news was the absence of any economy stimulus or production sensitive increase. In the new era, named the stagflation epoch, the Phillips curve principle ceased to operate.

At the end of the '70s, in the year 1979, because of the world economic slump. The world saw the largest ever revolution which brought over five millions Muslims to start the overthrown of the Reza Pahlavi Persian Emperor but, as a consequence the breakup of the ties previously linking Moscow with the Arab world.

In the '70s appeared the high interest rates, which explains both high inflation and the economic stagnation, which are interlinked. The stagflation and interest rates growth defy faith in both, the Phillips curve and the Taylor principle, on both sides considered. The move made in the '80s, by the new Fed Chairman Paul Volker, induces a short relief to the atypical previous inflation, but allows a reduction in the Fed rates, and all the connected depending money prices in the globalizing economy. In the year 1979, the world changes, from the Arab revolution in Teheran, to the Russian Afghanistan war, to the Mrs. Thatcher appointment, to the Polish Pope Karol Wojtyla, to the Revolution of Den Xiaoping. After the two World Wars and the cold war, the new Asian economic warfare starts in the new globalization larger and deeper than the previous Queen Victoria's one.

The appointment of Alan Greenspan to lead the monetary policy in 1987, already felt as a real issue in the debased Bretton Woods international monetary system, represents an misread contextual singularity, the competing new Asian industrial production actually has been invading the world markets, after the Deng revolution and on a pure progressive lower prices market invisible hand attitude.

3. THE MAJOR CONSEQUENT EVENTS AND FALLOUTS

The classical monetary instruments utilized by the FED, to face both inflation and recession, end up into a row of unforeseen monetary classical following events. Four progressively devastating interconnected bubble explosions, which occur with a statistical precision according to the inflating mechanism during the last thirty years, started first the black Monday October 1987, after came the dot.com bubble in the year 2001, the subprime rate mortgage collapse and finally the derivative complete disaster of the year 2008.

This last event left speechless both Her Majesty the Queen of England Elisabeth and the total LSE staff reunited to face the enquiring Authority.

After many more enquiries and researches as R. C. KOO made for Nomura, (R. KOO, 2009), a previous Director of the FED Dallas headquarter is blaming, (D. DiMartino, 2017) the outdated and inefficient classical monetary models, after an hysteric monetary macro game, with free hands cleared by the Keynesian deficit spending, old times scribblers, prescription. On this line we see the comment of a previous Governor of the Old Lady, the Bank of England, who is contesting that in eight years of huge monetary efforts and QE policies, the economic recovery worldwide seems to be elusive or out crowded by finance synthetic markets and shadow employment recovery within the millennials (MERVYN, 2016, xxi). The increase of money through open market operations, is not negative by itself, if money is balanced by effective values acquired by the issuer, in the case of monetization of public debt the problem lies with the "…..way in which it is distributes." (SIMMEL, 1989, 2004, 172)

Both interest rates manipulation and quantitative easing are not effective anymore since the wealth of Nations was replaced in the planned economic systems, with its invisible hand operating in the global market.

The main Keynesian liquidity trap has become a triple witches trap: the liquidity trap, the negative interest rates and the unproductive excessive high level taxing rates trap, out of which there seems not to be any sort of escape in the present dogmatic western welfare state.

The missed coexistence of micro and macro economics compatible frameworks have produced the radical belief that in a market economy, cost of labor, taxation and social duties are independent variables, free from any microeconomic constraint. The binding rule, which case was a pattern in the cold war competition between an already at full range ongoing economic system and a jump starting economy, which faltered in her first access in the Comecon and Sino socialism areas trying to access the wider worlds markets completion standards.

The (LOWN, PERISTIANI, 1999) research, was justified as the M2 expansion of the '70s, after a normal inflation fallout in the following eighties and the '90s, the prices' level was behaving unusually in the misunderstood deflation, which followed the large money injections. The crisis started from the Savings and Loans banking collapse of the '80s in the USA, in Japan with a huge real estate bubble bust and the Japanese Banking crisis, in the '90s.

The collapse of the market, after the subprime great disaster, in the year 2007-2009, indicated as the derivatives' great bubble, when Lehman Brothers was dissolved in April 2008 and Bear Sterns, assumed too big to fail, was acquired by J. P. Morgan, through a generous 29 US$ bill. Advance from the FED board, according to the section 3 art. 13 of the FRB Act, which foresees any large amount of legal tenderable paper money to almost everyone, without the approval of the Congress. The Treasury Secretary was on the brink, as he said later in his memories "*This created real uncertainty, which wasn't good for anyone. Not for the Bear, not for J.P.Morgan, and not for the markets, which were settling down*." (PAULSON, 2010, 118). But the new wave of monetary help was slowly swelling the base, and its connected monetary fallout, to the present level of M0 has reached level 20 trillion US$ public debt.[1]

All the economic mechanism and the FOMC choices enacted have not helped to avoid:

- the swelling public debt,
- the growing concentration in the some hands of the insolvent main Nation's industrial and financial entities, never was actually gained so much by so few at the expenses of so many taxpayers,
- the faltering of the international monetary system, originally designed in order to keep the dollar as a key reserve unit for most of the central banks has become a global actual issue.

Under these compelling issues and unanswered instances, the Asian new Economies have overcome the once powerful Western industrial conglomerate, which is no likely to regain easily a first power status, neither are perceivable real chances of global coordination in the most critical services and industrial areas.

The monetary issues, internal and external, since the middle of '60s have become the central unanswered question: "The following studies have been put together in an attempt to prompt a move in the right direction. Some may wonder at the title of this introduction, but it should be taken literally, in its full implication. *Money will decide the fate of humankind,* because individual liberty is only possible—or

1 <http://www.usdebtclock.org/>

even thinkable—when confined within the boundaries of a collective discipline, calculated to curb the disorders that uncontrolled action is bound to provoke. That discipline is provided by the legal structure of our societies—in economics by ensuring that total purchasing power is limited to the total value of the wealth offered for purchase. When this rule is broken, inflation and imbalance of external payments set in, bringing disorders that soon become unbearable. The experience of recent decades has shown …..” (RUEFF, 1964, xiv). The opinion that a common fiat money currency might become an International transactions mean of payment, is an unresolved dilemma well outlined by Triffin in the 1960. In the middle of the empirical evidence of the not sustainable monetary species without a value benchmark, it was impossible to adapt the increasing quantity required by the new expanding World trade and the decreasing US gold base, (TRIFFIN, 1960). In the convertibility solution, the connected problem was largely bypassed by the material equivalents of various national currencies in terms of their gold or silver content, as agreed in Bretton Woods with the execution of the pseudo gold standard.

The development of fiduciary bank money, in the form of currency or demand deposits, did not rise any convertibility problem, as long as the payment transactions were subject to the legal tenderable and convertible money, initially gold or silver moneys in the country were the bank was operating. In case of a bank failure, the bankruptcy laws would apply to it as just they would be any other species of firm. As long as the national currency was not convertible into a metal base, the inconvertibility did not mean that the fiat money could not be converted into foreign currency or gold in the private market, but that the system was entering an exchange rate flexibility. What exactly happened after August 1971, when the flexibility became the rule and induced, for the first time in normal business operation the related risk of exchange, henceforth: interest rate and finally the huge world of derivative contracts with the ultimate goal to transfer a risk that was otherwise not intrinsic in the operators’ business cycle.

The bilateral agreements, based on official exchange rates and trade volume potentials, as was proposed trough the bilateral, then multilateral trade agreements, did not work and produced the undesired balances, linked to unsold merchandise and industrial outdate productions as far as any kind of central planning was set in effect.

The multilateral agreements indeed lead to the discounted currency balances offers, in connection with ever-growing unsold merchandise, becoming warehouse stocks not meeting any market requests. The trade agreements based on external convertibility of FMI adhering countries, in order to facilitate the circulation of unused monetary balances, within broader areas, ends up, in the most favorable chance in a confuse flexible exchange rates’ aggressive policy. Otherwise, in a free democratic environment, the result is a kind of Manchesterian ideal of neoliberal Free Trade. The ground for this paradoxical development is the fact that democratic convergence creates similar power structures across nations. Similar regimes tend to empower and duplicate same species of producers, with the result that, if trade is promoted on Smithsonian relative comparative advantages, and countries specialize based on endowments factors, democratic convergence (or therefore any type of regime convergence) empowers free trading activities and classes as protectionist's governments, with negative consequences over trade. When, instead, trade is promoted by scale economies, and countries specialize along product lines, political convergence and "most – favored nation principle" might not hurt trade.

The trade areas promoted and developed during the monetary disorders following the dollar debasement, in Asia, Central and North America, together with the EU, have permitted the multilateral convertibility on a multilateral first General Tariffs and Trade Agreement GATT, then become WTO and a general second row of globalization fallout effects. The full market efficiency afterwards has induced a comparative cost effect and most Asian countries have acquired the first position in the World trade competition in an ever more growing World GDP due to both the population and the technology of the blazing Asian economic growth.

4. THE PRESENT OPEN INTERCONNECTED GLOBAL QUESTIONS

Presently, after all our common research and suggestions and after the long Keynesian Central banks universal operational models the uncontestable comparative advantage of the Far East innovative Countries, defy the Western World. The culture is searching a remedy to the three huge traps consolidated in the last post debasement monetary macroeconomics unsuccessful blind alley: the liquidity trap, the increase of non-performing loans QE, the progressive higher taxing rates compromising the actual tax revenues, the negative interest rates menacing the essential saving storage and growth potentials, crucial for a live economy.

Since Baumol faced the very beginning of this academic policy difficult relationship, mixing macro and microeconomics analysis principles, the receipt seemed to be very plane and clear "*A primary aim of the economist is to understand business behavior rather than to make recommendations to businessmen*" (BAUMOL, 1972, 5). On the contrary, according to the definition of Keynes, most of the academics seem to be "vested interests" and we seem them on the FED boards as economic advisors appointees without any effective business practice and experience.

Since September 2008, when all hell broke loose in a worldwide panic that completely blindsided and, embarrassed the Federal Reserve, which started the TARP facilities, the Fed had used billions of dollars in taxpayer funds to bail out Wall Street presumed too big to fail entities. Everyone blamed the Fed and likely the total cost is greater than actual individual bankruptcies.

As Daniel DiMartino Booth tells in his bibliographical study of the FED, on December 16 2008, just before 9 a.m., the door to the Chairman's office opened. Federal Reserve Chairman Ben Bernanke took his place in an armchair at the center of a massive oval table. The members of the FOMC found their designated places around the table; aides sat in chairs or couches against the wall. With staff, the room contained fifty or sixty people, far more than normal for this momentous occasion. (DiMARTINO, 2017, 3).

In front of each FOMC member was a microphone to record their words for posterity. To a casual observer, the content of their conversation would seem strange by economic jargon, but the first time the impossible event was the topic to discuss, could negative interests affect the member banks reserves.

This day, their essential task was to vote on whether to take the "*fed funds*" rate—the interest rate at which banks lent money to each other in the overnight market – to the zero bound. The history making low rate would ripple throughout the economy, affecting the price to borrow for businesses and consumers alike.

Bernanke was calm but insistent. His lifetime of study of the Great Depression indicated this was the only way. His sheer depth of knowledge about the Fed's mishandling of that tragic period was undoubtedly intimidating.

By the end of the meeting, the vote was unanimous. The FOMC officially adopted a zero-interest-rate policy in the hopes that companies teetering on the brink of insolvency would keep the lights on, keep employees on their payrolls, and keep consumers spending. It would even pay banks interest on deposits exceeding their financial current needs.

As they gathered their belongings, before leaving, of course, everyone shook hands, all very collegial despite the at times vigorous discussion. They journeyed back to their nice homes in the toniest neighborhoods of America's richest cities: New York, Boston, Philadelphia, Chicago, Dallas, San Francisco, and Washington DC.

They returned to their lofty perches, some at the Eccles Building, and others to the executive floors of Federal Reserve District Bank buildings, safely cushioned from the decision they had just made. Most of them were wealthy or had hefty defined benefit pensions. They used to insert their investments in blind trusts. They would feel no pain in their ivory towers. We now find in the final comment of the *Maestro,* Alan Greenspan, in the sentence that no bank is too big to fail and that the final cost of that operation is higher than assumed loss. The doctrine of "too big to fail" (TGTF) was born. "*I see no alternative to forcing loans to slim down to below a certain size threshold, or requiring them to issue contingent convertible bonds, where, if they fail, they will no longer pose a threat to the stability of American finance.*" (Greenspan, 2013, 297).

It took a few months, but the Fed's mouth-to-mouth resuscitation brought gasping investment banks and hedge funds and giant corporations back to life. Wall Street rejoiced but. At the end of the day, the public debt soared to an immense 20 trillion $ figure.

The Fed's academic models never addressed one basic question: What happens to everyone else? "*Never in the field of monetary policy was so much gained by so few at the expenses of so many.*" (DiMartino, 2017, 1)

In the decade following that fateful day, everyday Americans began to suffer the after effects of the Fed's decision. By 2016, the interest rate still sat at the zero bound and the Fed's balance sheet had ballooned to $4.5 trillion, thanks to the Fed's "quantitative easing" (QE), the encouraging label given its continuing purchases of Treasuries and mortgage-backed securities.

To what end? All around, there are signs of an economy frozen in motion thanks to the Fed's bizarre manipulations of monetary policy, all intended to keep the economy afloat against the evidence and plain microeconomics laws.

The direct damage inflicted on our citizenry begins with our youngest minds and scales up to every living generation in our country's midst." (Danielle DiMartino Booth, 2017).

The reemergence of the Global Finance, from the collapse of Bretton Woods economic structure, as planned in 1944, poses a new complex perspective that in a converging set of values not colliding or unsustainable, as the original Triffin dilemma wisely pointed out during the '60s, an international conference should discuss.

5. CONCLUSIONS AND AGENDA

The contrarians, supporters of neutrality of the Monetary policies as bubble inflators, mostly are found within the vested interest close to the administration in the FED headquarters, which are supplying the best and most lucrative positions for the academic community members of the Department quants methodology. (GALI J, GAMBETTI L., 2014), seem to be eager to show some econometric methodology showing no effect of interest rate variations on assets market value, notwithstanding the econometric arguments of both the FED and the IMF forecasts before the 2008 worst bubble ever. The quantitative easing, according to sec. 13 n. 3 provision of the Fed Act which allows the FOMC to hand over unlimited monetary base almost to anyone without the Congress authorization. Here is where the 4.3 trillion US$ have been issued in legal tender debased currency after the 2008 derivatives bubble deeming to arise enough demand to keep market prices almost constantly growing.

Same previous sad experience of a *quant* in the hedge funds field was the Nobel Prize winner Myron Scholes and Robert Merton, with their LTCM, Long Term Capital Management, which collapsed in the year 1998. LTCM was a hedge fund joined by John Meriwether out of Greenwich, CT. The Quants and Meriwether assembled some of the best minds in the field of finance theory: Scholes, Merton, etc. It was both a stunning success (1995, 1996, and 1997) as well as an epic failure (1998). Many writers have been using LTCM as an example of finance academics and Wall Street investors running out-of-control.

The idea of a shift towards an open financial order and a capital free single global market comes to odds with a considerable trade protectionism that is incompatible under the said assumption. In details, the problem lies in the Western welfare state, as a fallout effect of the political global struggle during the cold war years and the new free global market economy in the World areas surfacing from the freezing economic order as State planned economy strategies since the liberal last Century change over. The various "invisible hands" now at work in the World markets economy can often be actually working against each other.

After the final collapse of the macroeconomics efforts, the microeconomics more realistic path seems to prevail in deciding the future evolution of the GDP all over the whole World, starting from the shocking Chinese economic growth. The monetary stability and fluent international payment system must be reconsidered from the necessary down winding of the whole infrastructure designed since the Genoa League of Nation Economic conference of April 1922. By that time the BIS bank was incorporated in Basle in 1930, to the Bretton Woods July 1944 agreements with the GATT rules become WTO and the IMF and World Bank, to the whole set of legal tenderable fiat money instruments. The inconsistency and impossible single or multilateral clearing mechanism, has unfortunately never reached its goal to make smooth and reliable the international payment system through the legal tenderable currencies.

The problem now facing most of our complex and conflicting world areas, with its wide choice of possible alternatives, ranges from the more or less wide clearing unions pivoted by international institutions as in the thirties, to the Bretton Woods system as resulting from the Harry Dexter White plan and the de-facto pseudo gold or dollar – oil standard. That choice represented a temporarily span of wide, flexible and reliable convertibility, which led to the huge economic expansion that facilitated the reconstruction of Japan, Germany and Italy and, with the *Big Bang* in London, the City became the most relevant financial clearing center, worldwide effective.

The bilateral clearing unions of the thirties were creating the instable fragmentation of the world trade comparable advantages economies, the '44 solution at Bretton Woods suggested in its epilogue the Triffin Dilemma, and the actual Camp David 1971 15 August resolution to debase the dollar.

After the December '71 Smithsonian agreement, the out of control fiat money swelling led to a huge inflation decade, the Paul Volker remedies with lower interest rates led to the financial era with huge market quotation in a receding real economy inflation. The incoming globalization, starting from the East led by Asian tigers, with their low cost structures took advantage of the market basic laws in creating a recession in the classical industrial sectors and inducing the Western economies to improve and innovate their set of merchandise if willing to keep on their income standards.

The European efforts to started a new value store trough the ECU and the monetary baskets, ended in the European Monetary Agreement with the Maastricht Treaty (formally, the Treaty on European Union or TEU) undertaken to integrate Europe, signed on 7 February 1992 by the members of the European Community in Maastricht, Netherlandsand, in the European Monetary Union. The Euro was issued as a legal tenderable currency; fiat money and joined the other similar monetary units already in circulation in the global market.

According to the classical theory of George Simmel, in the World circulating legal tenderable currencies, it is impossible and without any ground the likelihood that a single fiat money currency may become a reserve unit, (SIMMEL, 1900, 2004), due to the fact that it will not behave as a store of value. At this moment, the European solution is linked to the unexpected Brexit, to the recourse to the Bretton Woods left instruments, WTO, FMI, WB, and to the dollar standard as supported by both oil and Asian foreign trade credits, too little to be accepted as a store of value or reliable Central Banks' reserve. I personally believe that this new dilemma is an innovation of the international present monetary system link to too many variables to be properly settled and resolved, without a new World Summit.

As the previous Bretton Woods, one could actually be possible as long as a single Nation were leading the world economic sceneries and order, as happened till the appearance of a new global player as China and the other Asian tigers, fell as an unexpected bolt in the blue sky.

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