

**Was Bretton Woods Working for the Common Good?
Mexico's Advocacy to Consider the Human Implications of the
International Monetary and Financial Systems
at the Bretton Woods Conference**

by

Cynthia Cristina Leal Garza

A thesis
presented to the University Of Waterloo
in fulfilment of the
thesis requirement for the degree of
Doctor of Philosophy
in
Global Governance

Waterloo, Ontario, Canada, 2022

© Cynthia Cristina Leal Garza 2022

EXAMINING COMMITTEE MEMBERSHIP

The following professors served on the Examining Committee for this dissertation. The decision of the Examining Committee was taken by majority vote.

External Member	Dr. Rafael Velázquez Flores Professor of International Relations Autonomous University of Baja California, Mexico Member of the Mexican National System of Researchers and the Mexican Academy of Sciences
Supervisor	Dr. Jasmin Habib Academic Director, PhD program in Global Governance University of Waterloo and Balsillie School of International Affairs, and Associate Professor, Department of Political Science
Committee Member	Dr. Bruce Muirhead Associate Vice President, Research Oversight and Analysis, and Professor of History Egg Farmers of Canada Chair in Public Policy University of Waterloo
Committee Member	Dr. Andrew Cooper Professor, Balsillie School of International Affairs and Department of Political Science, University of Waterloo. Associate Research Fellow-UNU CRIS (Institute on Comparative Regional Integration), Bruges, Belgium
Committee Member	Dr. Daniel Gorman Professor, Balsillie School of International Affairs. Chair of the Department of History, former Director of the PhD program in Global Governance University of Waterloo
Internal/External Member	Dr. John Abraham Continuing Lecturer, School of Government, Enterprise and Development (SEED) Member of the International Development Program, St. Paul's University College University of Waterloo

AUTHOR'S DECLARATION

I hereby declare that I am the sole author of this dissertation. This a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

ABSTRACT

This research develops a critical reframing that locates Mexico's articulation for a fairer, more inclusive, and more sustainable approach to the international economic system at the Bretton Woods Conference. This summit is important because it was the United Nations Monetary and Financial Conference (July of 1944) that established the bases for the international postwar economic system. This dissertation analyzes Mexico's participation by drawing on the archival evidence issued by the US government in 1948 and the Mexican officials involved at the time. In addition, a study of Mexican history is presented to provide greater context to the current state of the literature, and specifically an intervention to the literature in North America that considers Mexico's position at the Bretton Woods Conference. That literature has been based uniquely on Mexico's foreign relations during a few decades of the 20th century, ignoring the principles that guided Mexican foreign policy since the early 19th century.

In this way, this research stresses the broader significance of the Mexican delegation's claims for Bretton Woods as well as for the fairness and inclusiveness of the multilateral world order itself. Unfortunately, the current state of the literature focuses mainly on Latin America's contributions from the perspective of what the United States instrumentalized or used to develop the multilateral postwar order. Therefore, this dissertation conscientiously details the ways in which the Mexican delegation advocated for building a more flexible and inclusive international monetary system of the postwar world. This advocacy can be seen in Mexico's proposals on the quotas for voting the currency exchanges and the inclusion of silver to be considered as collateral for loans. Additionally, Mexico advocated for economic development through its proposals for the IBRD, both for including the goal of development alongside that of reconstruction in the purpose of the bank, as well as questioning the veto power of lending countries. All these proposals lead to reflections that ask *Was Bretton Woods Working for the Common Good? Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference.*

Key words. Bretton Woods, History of Global Governance, Multilateralism, International Political Economy, Diplomacy, Economic Development, Mexico, International Institutions.

ACKNOWLEDGEMENTS

I thank God for the great opportunity of studying the Ph.D. in Global Governance at the University of Waterloo. It is an enormous blessing, and I am very grateful.

Thanks to my parents, grandparents, my sister, and nephews, who are always encouraging me to follow my dreams. I would not be the person I am, and thus this dissertation would not have had a reason for existing, if it were not because my family has helped me to become who I am. Especially to my mother, who has always inspired me with her love and strong convictions about Mexico, God, and life itself.

Special thanks to Mexico's CONACYT and to Canada's University of Waterloo and the Balsillie School of International Affairs, for the scholarships that allowed me to take this wonderful opportunity. Special thanks to Dr. Javier Luis Navarro Velasco, Nuevo León's General Secretary of Government, for trusting that this knowledge and experience can be of service to Nuevo León.

My appreciation to my Supervisor, Dr. Jasmin Habib, who has provided me orientation, both academic and cultural, for my studies in Canada. I would not have ever made it to this stage, if it were not for her wholehearted encouragement and trust in my ideas and capabilities, as well as her deep commitment to help this world become a more inclusive and fairer place to live in. Special thanks to my Committee Members, Dr. Bruce Muirhead, Dr. Andrew Cooper, and Dr. Dan Gorman, who provided me advice at every stage of the way so that my dissertation would not only be informed but also would have the best scholarly structure. Likewise, thanks to the former Program Coordinator, Ms. Shelby Davies, who has always given me advice about the academic paperwork and the cultural customs of the Waterloo region. Without her professional and well-intentioned advice, I would not have made it to this stage as well.

Additionally, thanks to the former Director of the Program and Chair of my core comprehensive exam, Dr. Dan Gorman, who, in very accurate and concise ways, told me what was needed to succeed. To Dr. Derek Hall, Co-Director of the Waterloo Political Economy Group, for his important contributions to my reflections about International Political Economy at the WatPEG Workshops. To Dr. Jorge Schiavón, renowned scholar from Mexico's CIDE, who very kindly gave me literature and contacts to complete the Mexican diplomatic history chapters. To Dr. Alistair Edgar, Co-Director of the Global Institutions, Diplomacy and Justice Research Cluster, who very kind-heartedly gave me the opportunity to publish a paper in a book edited by him, and generously took the time to copy-edit the draft. And, thanks to all my professors, friends, and colleagues in Canada, I have learned from all of you. My gratefulness and best wishes to all of you. Thanks also to Marian Toledo Candelaria, copy-editor of the last draft of this dissertation.

TABLE OF CONTENTS

EXAMINING COMMITTEE MEMBERSHIP	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENTS	v
1. INTRODUCTION. PURPOSE OF THE DISSERTATION	01
1.1 Hypothesis and Research Question. How did Mexico's Participation Contribute to Inform and Shape the Creation of the Current Multilateral Order and its Human Implications in IPE?	01
1.1.1 Chapter Outline	05
1.2 Problem Definition. The Current State of the Literature versus Archival and Historical Evidence	10
1.2.1 Mexico's Proposals at Bretton Woods Sidelined	10
1.2.1.1 One of Mexico's Fullest Arguments Regarding Silver	14
1.2.2 Challenges of the Most Inclusive and Progressive Literature	17
1.2.3 General Problem: Power versus Human Implications. Is Global Governance Working for the Common Good?	22
1.2.4 Particular Problem: Did Bretton Woods, as a Global Governance Institution, Work for the Common Good? Is the Study of IPE Decolonized?	24
1.3 Findings: Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference	26

2. RESEARCH METHODOLOGIES	28
2.1 Scholarly Literature and Official Archives	28
2.1.1 Theoretical and Practical Components	28
2.1.2 Institutional Perspective	30
2.2 Critical Approach to IPE	31
2.2.1 Content Analysis of Primary and Secondary Source Material	31
2.2.2 Economic Growth, BW, and the Global South: an Unfulfilled Promise	32
2.2.3 Critical or Postcolonial Approaches: Inclusiveness and Representativeness	34
3. CRITICAL REFRAMING OF THE CURRENT STATE OF US AND CANADIAN LITERATURE: WHAT IS MEXICO’S PLACE IN THE WORLD?	38
3.1 What is Mexico’s Place in the World Today?	38
3.2 What was Mexico’s Place in the World at the Time of the BW Conference?	40
3.2.1 Mexico’s Foreign Policy: International Prestige and High Negotiating Capacity at the United Nations and Inter-American Forums	40
3.3 What was Mexico’s Place, Internationally, in Terms of its Negotiating Capacity?	46
3.3.1 Mexico’s External Factors	46
3.3.1.1 Mexico’s International Prestige	46
3.3.1.2 International Organizations	47
3.3.1.3 International Situation	47
3.3.1.4 United States’ Attitude towards Mexico	48
3.3.2 Mexico’s Internal Factors	49
3.3.2.1 Geography	49
3.3.2.2 Natural Resources	49
3.3.2.3 Economic Development	49
3.3.2.4 Population	50
3.3.2.5 State Ideology	50

3.3.2.6 Political System	51
3.3.2.7 Social Cohesion	51
3.4 What was Mexico’s Place, in Diplomatic Terms, from the Early 19th Century Onwards?	51
3.4.1 Juárez, Carranza, and Estrada Doctrines: Mexico’s Long Diplomatic History Defending the Sovereignty and Juridical Equality of Nation-States	51
3.5 What was Mexico’s Place vis à vis Latin America?	67
3.5.1 In the 20 th Century: Counteracting the United States and Obtaining some Internal Legitimacy	67
3.5.2 Since the 19 th Century: the Inter-American System	69
3.5.2.1 First Stage	70
a) Political Conferences	70
b) Legal Congresses	71
3.5.2.2 Second Stage	71
3.5.3 Acknowledging Human Rights, even Before the Universal and the Inter-American Declarations	75
3.6 What was Mexico’s Place from a Current North American Perspective? Examples of Inadvertent Biases	77
3.6.1 Introduction. It Would Seem that the Role of Developing Countries was Determined Just to the Extent to which they Received a Place at the Negotiations, rather than Acknowledging their Claims for a More Inclusive and Fairer World—which are Legitimate and Valid Hitherto	77
3.6.2 Long Diplomatic History, International Prestige, and High Negotiating Capacity versus Obtaining “Concessions” from the US	82
3.6.3 Mexico’s Inner Strength in the Political System versus a “Struggle of Classes”	86
3.6.4 Mexico’s Oil Indemnified-Expropriation versus “Radical-Confiscation”	91
3.6.5 The Presidential Mexican System in Search for Legitimacy versus Echeverría as “the Last Gasp” in ‘Revolution in Development’	96
3.6.6 Mexico (an Independent Country) and Cuba (a Recent US	

Colony before Castro’s Revolution) versus “Cuba and Mexico, Leading Figures in the Latin American Coalition, Working Closely with US officials”	100
3.7 What was Mexico’s Place at Bretton Woods in Terms of Results?	103
3.8 Members of the Mexican Delegation. Expertise Acquired Since the League of Nations Put at the Bretton Bretton Woods System’s Service	106
3.8.1 Eduardo Suárez Aránzolo, Minister of Finance; Chairman	106
3.8.2 Antonio Espinosa de los Monteros, Executive President of Nacional Financiera; Director of Bank of Mexico	107
3.8.3 Rodrigo Gómez Gómez, Manager of Bank of Mexico	108
3.8.4 Daniel Cosío Villegas, Director of the Department of Economic Studies, Bank of Mexico	108
3.8.5 General Secretaries	109
a) Salvador Duhart, First Secretary, Mexican Embassy, Washington, D.C.	109
b) Julian Sáenz Hinojosa, Mexican Consul, New York	109
3.8.6 Víctor Luis Urquidi Bingham, Economist, Department of Economic Studies, Bank of Mexico; Technical Secretary	110
3.8.7 Members of the Mexican Delegation. Continuous Commitment	111
3.9 Reflections. Mexico: a Country with a Long Diplomatic Tradition and High Negotiating Capacity at the Bretton Woods Conference	112
4. HISTORICAL FRAMEWORK: HOW THE BRETTON WOODS AGREEMENTS CAME ABOUT	116
4.1 The Multilateral World Order: The Bretton Woods System as the Result of the Evolution of the Concert of Nations	116
4.1.1 Washed Out Sovereignty. The End of Classical International Law	119
4.1.2 Sovereignty in the Globalized World. International Trade and Investment	122
4.2 IPE’s Classical Theoretical Traditions and the Political Projects they Served	124
4.2.1 The Classical Foundations of International Political Economy	

and Mexico’s IPE History	125
4.3 Bretton Woods: The United Nations Monetary and Financial Conference Aimed to Achieve Peace and Prosperity through Economic Cooperation	132
4.4 Bretton Woods	134
4.4.1 Helleiner’s Four Phases	134
4.4.2 Harry Dexter White and the US Negotiations with Latin America	138
4.4.3 John Maynard Keynes and the British Contributions	141
4.5 Reflections. Theoretical Perspectives that Contributed to a Colonial Mindset of the Major Powers when Designing the International Postwar System	142
5. CURRENT US AND CANADIAN LITERATURE: US-MEXICO RELATIONS BEFORE BRETTON WOODS	144
5.1 US-Mexico Relations as a Prelude to Bretton Woods	144
5.2 The First Draft: the Inter-American Bank Led by Latin America	147
5.2.1 Discussion. Mexico’s Leading and Innovative Role in the Development of the Proposal	153
5.3 Building Foundations on Colonialism? US Postwar Planning	156
5.4 Latin American Backing for Bretton Woods?	157
5.4.1 Latin America, Mexico, and the Bretton Woods Negotiations	157
5.4.2 Discussion. Mexico’s Misunderstood Proposal on Silver	160
5.4.3 Discussion. Ties between US and Mexican Officials?	162
5.4.4 Discussion. Mexico Promoting the Bank’s Development-Lending Role	164
5.4.4.1 Mexico was not Looking for Assistance nor Postwar Goals, but Rather for Loans to Boost its Economic Development	164
5.4.4.2 Mexico’s Three Proposals ‘Sorted’ into One:	

Economic Development	169
5.4.4.3 Mexico’s Misunderstood Proposal to Include Development among IBRD’s Goals	173
5.4.4.4 Mexico’s Position on the Issue of the Fluctuating Price of Silver	177
5.4.4.5 Latin America in the Embedded Liberal Ideology that Underlays the Bretton Woods Agreements	183
5.5 Discussion. The Aftermath and the Forgetting	187
5.6 Reflections. What is the Focus of the Analysis? The Proposals that Served US’ Interests, and/or the Proposals that Can Serve the World?	189
6. STUDY CONTRIBUTIONS. AN EVIDENCE-BASED ANALYSIS OF MEXICO’S PARTICIPATION AT THE BRETTON WOODS CONFERENCE AND ITS ADVOCACY FOR THE HUMAN IMPLICATIONS OF THE INTERNATIONAL ECONOMIC SYSTEM	192
6.1 Introduction. A Brief Compendium of Mexico’s Participation at Bretton Woods	192
6.2 Institutionally, Mexico Chairing One of the Three Commissions among Other Key Official Contributions	195
6.2.1 Mexico as Chair of Commission I, and as Part of the Coordinating and Steering Committees of the Conference	195
6.2.2 Reasons for These Important Roles	196
6.2.3 Mexico at the Inaugural Session: Alliance with the United Nations and the United States	198
6.2.4 Mexico’s Willingness to Contribute to Solve the Postwar World’s Financial Problems	199
6.2.5 Mexico’s Eduardo Suárez as Chairman of Commission III: Leadership and Impartiality Recognized	200
6.2.6 Remarks by the President of the Conference, Henry Morgenthau, before the Executive Plenary Session, and the Reply of the Mexican Delegate, Eduardo Suárez	201

6.3 As a Moral Voice, Mexico Advocating for a More Inclusive and Fairer World	202
6.3.1 Mexico’s Proposals for the IMF: Flexibility for both Silver and Gold, and Allocation of Quotas for Currency Exchanges	202
6.3.1.1 Mexico’s Proposals on Silver	203
6.3.1.2 Mexico’s Proposed Agreement on Earmarked Gold	204
6.3.1.3 Mexico’s Proposal on Allocation of Quotas to be Used to Change the Gold-Value of the Currencies of the Member Countries	205
6.3.1.3.1 Mexico’s Statement on Changing the Gold Parities of Currencies	206
6.3.2 Peru’s Support of Mexico’s Proposals on Silver and Earmarked Gold	209
6.3.3 China’s Support of Mexico’s Proposal on Silver	210
6.3.4 Analysis on Mexico’s Proposal on Silver at Commission I	212
6.3.5 Report Submitted to Commission III by its Committee 1 on Mexico’s Proposal on Silver	215
6.3.6 Report Submitted to Commission III by its Committee 3 on Mexico’s Proposal on Earmarked Gold	216
6.3.7 Mexico’s Address before Commission III on the Proposal on Silver: the Appeal to the Human Implications that this System Imposed on the Poorest–“the So-Called Backward Peoples of the Earth”	217
6.4 As a Leading Latin American Country Politically and Economically, Mexico Advocating for Economic Development	218
6.4.1 Mexico’s Proposals for the IBRD	219
6.4.1.1 Development as a Main Goal alongside that of Reconstruction	219
6.4.1.2 Veto Power of Lending Countries	220
6.5 Mexico’s Proposals and their Impacts	222
6.6 1950s and 1960s: Mexico’s Interest in Public Investment versus Private Foreign Investment	227
6.7 Reflections. Integral Vision of the Mexican Delegation: a more Inclusive	

and Fairer World Beyond Silver and Economic Development	231
7. STUDY CONTRIBUTIONS. BRETTON WOODS AS A NEO-COLONIAL ATTEMPT AT GLOBAL GOVERNANCE?	235
7.1 The Neglected Origins of Bretton Woods and the Joint Statement by Experts on the Establishment of an IMF of the United and Associated Nations	235
7.2 Elephant in the Room: Technical Rather Than Prejudiced Arguments?	238
7.2.1 An Incident with Private Interests on Silver at the Conference	239
7.2.2 A Fairer World versus Prejudice at the International Conference?	240
7.3 Bretton Woods as a Neo-Colonial Attempt at Global Governance?	244
7.4 The Mexican Delegation at Bretton Woods was Ahead of its Time: the Call to a New International Economic Order (NIEO) until the 1970s	249
7.5 Economic Multilateralism After the Bretton Woods Conference	252
7.5.1 American Leadership and Neoliberalism	252
7.5.2 Economic Nationalisms. Implications for Global Governance of the Rise of Right-Wing, Anti-Globalization Movements Around the Globe	255
7.6 Reflections. Were the Limitations in the Mexican Delegation’s Proposals or in the Bretton Woods System itself?	258
8. OVERALL CONCLUSIONS. DECOLONIZING IPE, AND THE VINDICATION OF MEXICO’S ADVOCACY TO CONSIDER THE HUMAN IMPLICATIONS OF THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEMS AT THE BRETTON WOODS CONFERENCE	262
REFERENCES	269

APPENDICES	293
Appendix I. Mexico's Proposals on Silver	293
Appendix II. Mexico's Proposal on Earmarked Gold	301
Appendix III. Mexico's Proposal on Voting Changes in the Rates of Member Currencies	303
Appendix IV. Mexico's Statement on Changing the Gold Parities of Currencies	306
Appendix V. Analysis on the Proposal on Silver at Commission I	309
Appendix VI. Report Submitted to Commission III by its Committee 1, on Mexico's Proposal on Silver	313
Appendix VII. Mexico's Address before Commission III, on its Proposal on Silver	314
Appendix VIII. Mexico's Proposals for the IBRD: Development as a Main Goal alongside that of Reconstruction	318
Appendix IX. Mexico's Proposals for the IBRD: Veto Power of Lending Countries	321

1. INTRODUCTION. PURPOSE OF THE DISSERTATION

... I asked to myself, what kind of sentence would an absolute mind construct? I considered that even in the human languages there is no proposition that doesn't imply the entire universe; to say "the tiger" is to say the tigers that begot it, the deer and turtles that it devoured, the grass that fed the deer, the soil that was the mother of the grass, the sky that shed light on the soil. I considered that in the language of a god all words would state that infinite concatenation of facts, and not in an implicit but in an explicit way, and not in a progressive but in an immediate way...

~ Jorge Luis Borges, "La Escritura de Dios" (The Writing of God) in "El Aleph"¹

1.1 Hypothesis and Research Question. How did Mexico's Participation Contribute to Inform and Shape the Creation of Current Multilateral Order and its Human Implications in IPE?

Time is a complicated thing because if any moment in time is considered, that moment is not alone. It comes with all the persons and events that made the previous moments possible, so that that specific moment can unfold. This is the significance of the epigraph by Jorge Luis Borges cited above. Applied to this dissertation, while the international political economy (IPE) has been in constant evolution for centuries, this dissertation focuses on and responds to the research question: *how did Mexico's participation contribute to inform and shape the creation of the current multilateral order and its human implications in IPE?*

The hypothesis of this dissertation is that the key lesson to be learned from an examination of Mexico's participation at the Bretton Woods Conference is its advocacy for attending to the human implications of the international economic policies. Of all the proposals presented by Mexico, it is especially important to study how its delegation tried to make the major powers see

¹ Borges, Jorge Luis (1974), edited by Frías, Carlos V. *Jorge Luis Borges, Obras Completas: 1923-1972*. Emecé Editores. Buenos Aires, Argentina, pp. 597-598 –the translation is mine.

the unsustainability of the international monetary system based on the gold standard, due to its lack of inclusiveness and representativeness.

This dissertation articulates Mexico's roles at Bretton Woods, arguing that Mexico had three roles at the Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; and (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions that were being made at the Conference. Thus, Mexico especially presented three main arguments: one regarding the sustainability of the gold standard, and one proposal so that silver would be included as a collateral for loans alongside gold.

Regarding the first main argument, Mexico opposed to the quotas for voting on the exchange rates at the Fund, which so evidently reflected a majoritarian system, as opposed to a multilateral one. The three largest countries, i.e., the United States (with 31.3% of the quotas), the United Kingdom with the countries that were part of the British Commonwealth (27.2% of the quotas), and the Soviet Union (13.6% of the quotas), had together 72.1% of the quotas. Actually, the "Western" block led by the United States and the United Kingdom had 58.5% of the quotas. In contrast, Latin America with 19 of the 44 countries attending the Conference, had only 5.6% of the quotas. The European countries (seven, without Denmark which had not confirmed its membership to the IMF) had 11.9% of the quotas. Similarly, 2 Asian countries had 6.5% of the quotas, considering China alone 6.25%. Lastly, 3 East European countries had 3.5% of the quotas, and 2 Middle Eastern countries had 0.375% of the quotas.

Eventually, history proved Mexico to have been right with the disappearance of the gold standard in 1971 and the establishment of floating currency exchanges in 1973. Dr. Suárez claimed that neither developed nor developing countries would have any reason for implementing these [non-inclusive and non-representative] agreements. In Dr. Suárez' words:

... For no one here can seriously believe that small countries would be willing to have the gold parities of their currencies changed at will by the largest nations. *Certainly, not a single one of the major powers would be willing to relinquish to a foreign agency the right of fixing the value of its currency. This is, indeed, one of the attributes of sovereignty*

which they are prone to guard most jealously. How, then, can we expect small countries to accept this formula when we submit it to them? What possible reason would they have for doing so?² (my emphasis).

Hence, the Mexican delegation expressed at Bretton Woods that the international order that was being constructed had human implications that made it unsustainable and unbearable for the half of the world's population that used silver, not gold, as a currency (i.e., the Global South). What possible reasons would countries—big and small alike—have for ratifying such agreements, risking their democratic, juridical, and monetary sovereignty? —claimed the Mexican delegation.

Moreover, Helleiner explains that the Bretton Woods Agreements were never implemented, which was an important reason why the gold standard was eliminated in 1971. He explains that:

... the ratification of the agreements proved controversial in a number of the key countries, including both the US and Britain. An initial effort to accelerate implementation via a large US loan to Britain then ended in disaster in 1947... Up to the late 1950s, the IMF and the IBRD were largely sidelined and European countries kept their currencies non-convertible.

This experience and other early postwar balance of payments crises in Europe and elsewhere highlighted the need for major restructuring of domestic and international political economic arrangements in order to make the Bretton Woods system operable. Implementation subsequently relied heavily on large-scale and prolonged economic and political support from the US—support that was mobilized partly through strategic motivations with the onset of the Cold War. Up to the late 1950s, the IMF and IBRD were largely sidelined and European countries kept their currencies non-convertible. Although the underlying 'embedded liberal' vision remained at the core of international financial cooperation (outside the Soviet sphere of influence), the detailed provisions of the Bretton Woods system itself were in effect in a kind of 'virtual cold storage' during this time.³

...

² US Department of State. *Ibid*, Document 353, "Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies," July 14, 1944, pp. 1178-1180.

³ Helleiner, Eric (2010). "A Bretton Woods moment? The 2007–2008 Crisis and the Future of Global Governance." *International Affairs* 83, 3, 619-636, p. 625.

... the Bretton Woods system. The latter broke down with the US closing of the gold window in 1971 and the generalized move to floating exchange rates in 1973...⁴ (my emphasis).

The second main argument that Mexico bolded presented at Bretton Woods was its proposal so that silver would also be considered as a collateral for loans alongside gold. Mexico stated that, as the main producer of silver internationally, it was bearing the costs of stabilizing internationally the price of gold and silver. Mexico explained that its Central Bank lost not only the difference between the buying and selling prices internationally, but also the recurrent minting and melting costs, in order to buy or sell silver in the international markets whenever there were economic expansions or contractions, in order to balance the international price of gold and silver as per established by the US. Thus, Mexico was claiming that it was respecting the exchange rate of gold and silver established by the United States, in order to support its allies during the Second World War, by paying \$35 dollars per ounce of gold (the price established by the United States after the devaluation since 1934), but Mexico was stating that it could not continue absorbing the costs of maintaining this monetary system forever, i.e., in the postwar system that was being created at Bretton Woods.⁵ Thus, if in addition to all these costs, Mexico had to convert its monetary reserves from silver to gold in order to comply with the initial draft of the Bretton Woods Agreements, this burden would be inefficient, unfair, and practically unfeasible.

Mexico's third main proposal was to include development alongside reconstruction, as the main goals of the International Bank for Reconstruction and Development, and this proposal was accepted. Thus, this dissertation explores Mexico's participation at the Bretton Woods Conference as a way of explaining how the history of economic multilateralism unfolded, i.e., the origins of the global economic system that currently exists. At the Bretton Woods Conference, Mexico's speeches advocated for an economic multilateral system that would benefit all peoples on Earth, and were a progressive way to approach the concept of long-term sustainable growth at that time.

Therefore, the purpose of this dissertation is to develop a critical reframing that locates Mexico's articulation for a fairer, more inclusive, and more sustainable approach to the international economic system at the Bretton Woods Conference. This summit is important because it was the United Nations Monetary and Financial Conference (July of 1944) that

⁴ Helleiner, Eric (2010). Ibid, pp. 625-626.

⁵ Schuler, Kurt (2013). Op. Cit.

established the bases for the international postwar economic system. This dissertation analyzes Mexico's participation by drawing on the archival evidence issued by the US government in 1948 and the Mexican officials involved at the time. In addition, a study of Mexican history is presented to provide greater context to the current state of the literature, and specifically an intervention to the literature in North America that considers Mexico's position at the Bretton Woods Conference. That literature has been based uniquely on Mexico's foreign relations during a few decades of the 20th century, ignoring the principles that guided Mexican foreign policy since the early 19th century.

Ultimately, the specific objectives, which became the main contributions of this dissertation, are: (1) To highlight and to focus attention on Mexico's proposals at Bretton Woods (Chapters 6 and 7). (2) To present an evidence-based analysis and to identify the gaps in the current state of Canada and US literature on Mexico's contributions at BW (Chapters 3, 4, and 5). And (3) To present an intervention to the literature in Canada and US that considers Mexico's position at the BW Conference based uniquely on Mexico's foreign relations during a few decades of the 20th century, ignoring the guiding principles of the Mexican foreign policy since the early 19th century (Chapters 3 and 5).

1.1.1 Chapter Outline

The general problem studied in this dissertation, as explained in Chapter 1, is that of *power* versus *human implications* of Global Governance. Is Global Governance working for the common good? Did Bretton Woods, as a Global Governance institution, work for the common good? In what ways was promoting the common good-Mexico's main contribution at the Bretton Woods Conference? Moreover, is the study of IPE decolonized? This is another of the key reflections in this dissertation. Because if Bretton Woods was solely a means for public and private international powers to establish a postwar governing system, then how could the postwar system have any hope of benefitting all of humanity? Could decolonizing IPE expose just how the academic literature has reproduced political biases of that time?

The specific problem analyzed in this dissertation is the mismatch between the IPE literature and the US official archives regarding Mexico's participation at Bretton Woods. Mexico's role at the United Nations Monetary and Financial Conference seems to have been

reduced to a “vague” argument on silver and to some postulates about economic development. By contrast, the Mexican delegation’s claims were so legitimate, so valid, and so strong, that they went to the core of the international economic structure that was being built at the time. Thus, this dissertation elaborates on the current state of the literature thanks to the access to the archival evidence issued by the United States Department of State.

Chapter 2 explains the methodology applied in this dissertation, which relies on the content analysis of both primary and secondary source materials. It draws on the archival sources issued not only by the US government as well as on the memoirs written by Eduardo Suárez and Víctor Urquidi. As a needed complement to these archival findings, this dissertation explores the history of the Mexican political system to show how the principles of foreign policy that Mexico defended at Bretton Woods were part of its DNA since it became an independent nation at the beginning of the 19th century, i.e., over a century before the conference. In this way, this research stresses the broader significance of the Mexican delegation’s claims for the Bretton Woods Agreements as it advocated for the fairness and inclusiveness of the multilateral world order itself.

Chapter 3 presents a critical reframing of the current state of the literature by asking the question: what is Mexico’s place in the world? using a range of diverse approaches. What is Mexico’s place, in the world today, and what was Mexico’s place in the world at the time of the Bretton Woods Conference? What was Mexico’s place, internationally, in terms of its negotiating capacity? What was Mexico’s place, in diplomatic terms, from the early 19th century onwards? What was Mexico’s place *vis à vis* Latin America? What was Mexico’s place, from a current North American perspective, and what are some examples of inadvertent biases in the current literature? What was Mexico’s place at Bretton Woods in terms of results? And who were the members of the Mexican delegation at Bretton Woods? All this information about Mexican history is presented in order both to assert as well as to emphasize that Mexican diplomatic policy and advocacy for a fairer inclusiveness and representativeness in the international field did not come out of the blue or into the open at Bretton Woods. On the contrary, this position was informed by Mexico’s historic identity since the beginning of the 19th century.

Chapter 4 presents a historical framework to explain how the Bretton Woods Agreements came about. In this section, the history of the multilateral world order is presented in order to contextualize the gathering at the Bretton Woods Conference in the context of the establishment of the United Nations. This formation was in turn a result of the League of Nations, which was in

turn the result of the unfoldment of the *Concert of Nations* formed at the end of the Napoleonic Wars. Then, the three main theoretical traditions of international political economy are examined, including Mexico's history in the context of the international political economic system and its theoretical approaches. Subsequently, this chapter studies how the United Nations Monetary and Financial Conference aimed to achieve peace and prosperity through economic cooperation for the international postwar economic system. And finally, this chapter presents the four phases of the Bretton Woods system, and the main ideas of its creators: United States' Harry Dexter White and United Kingdom's John Maynard Keynes.

The importance of this framework is that it explains key aspects related to the ultimate contributions of this dissertation. Sovereignty of the nation-state, colonialism, and the classical economic theories of the 20th century are all concepts that were born between the 16th and 19th centuries. Otherwise, how could the concept of sovereignty be analyzed within the declarations of the Mexican delegation at Bretton Woods, if it was not because it was appealing to the classical concept of sovereignty which appeared between the 16th and 17th centuries, rather than to the new form of "partial" sovereignty that was envisioned for developing countries? How could this dissertation conclude that Bretton Woods aimed to serve as a neo-colonial attempt at Global Governance, if colonialism is not first explored in the previous chapters? Additionally, how could it be explained that Mexico was ahead of its time at Bretton Woods when it called for a more inclusive and representative world order, if the New International Economic Order (NIEO) is not first explained in its historical context (as having occurred three decades after the Bretton Woods Conference took place)? Moreover, how could the ongoing unfolding of the liberalist, neo-Marxist, and nationalist movements can be fully addressed, without first defining what these important theories are? The analyses put forth throughout this dissertation are based on the study of these historical backgrounds and their importance for better understanding the context within which Mexico acted.

Chapter 5 explores the current state of the US and Canadian literature, compared with the US official archives of the Conference, focusing attention on the ideas and information presented in Eric Helleiner's *Forgotten Foundations of Bretton Woods*. It is worthwhile to mention that this section analyzes several direct quotations for two reasons. First, this chapter elaborates on one of the most inclusive publications on Latin America's role in the origins of the Bretton Woods system.

Second, this chapter offers a discourse analysis (i.e., examining the phrasing used) in order to highlight Helleiner's twofold argument.

This dissertation does not intend to 'neglect' the only work that has compiled and recognized the 'neglected' origins of the Bretton Woods negotiations. Rather, the intention is to recognize that there is still a ways to go. In taking this unexplored path, this thesis makes its contribution by analyzing the archival evidence and shedding critical light on Mexico's proposals, which remain current to those whose interests are to build a more inclusive and fairer economic multilateral order, as also claimed by Helleiner.

Subsequently, Chapter 6 argues that Mexico had three roles at the Bretton Woods Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; and (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions that were being made at the Conference.

Chapter 7 presents some thoughts regarding the impacts of Mexico's proposals at Bretton Woods and of the Conference itself. In this section, the role of Mexico's claim for analysing its proposals with a technical and unprejudiced perspective is studied, while also examining Mexico's contributions to a Conference that was very likely a neo-colonial attempt at Global Governance. Ultimately, this section argues that Mexico's position was well ahead of its time, given that the New International Economic Order (NIEO) would not arrive on the political scene until thirty years later.

In this way, this dissertation provides clear evidence that when the Mexican delegation at Bretton Woods expressed deep concerns about some of the decisions being made at the time, those decisions were precisely the [lack of] inclusiveness of the international economic system that was being created, towards developing countries and the least favoured people within wealthy countries. According to the Mexican delegation, the three main challenges for a more peaceful and prosperous society, were the gold standard, the quotas for voting the currency exchanges, and finding ways for fostering economic development in developing countries. In Dr. Suárez' words:

“... If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy...”⁶

Regarding the international community’s use of the gold standard, its costs would be nationally borne by the poorest countries, which were the hoarding and producers of other metals—specifically, silver—for currencies. Mexico explained that its Central Bank lost not only the difference between the buying and selling prices internationally, but also the recurrent minting and melting costs, in order to buy or sell silver in the international markets whenever there were economic expansions or contractions, in order to balance the international price of gold and silver as per established by the US. Hence, Mexico was paying \$35 dollars per ounce of gold since 1934, as established by the US after the devaluation. And indeed, silver was used by 40% of the world’s population, not gold.

In addition, and with regards to the quotas for voting on the currency exchange rates at the IMF, these were completely asymmetrical, and thus infringed developing countries’ sovereignty. Later on, history proved that the gold standard and the processes for deciding the price of the currency exchanges were a complete failure, and had to be eliminated by the US government itself in 1971, and consequently, a free currency exchange system was established in 1973. Thus, the Bretton Woods Agreements could never be fully implemented beyond the creation of the International Monetary Fund (IMF) and the World Bank (WB). Therefore, the concept of inclusiveness in international political economy is key for building a healthy and sustainable Global Governance because the building blocks of IPE should have included—from the beginning of the post-war system—its human implications, which are vital.

Complementarily, Mexico was also arguing that development should be also attended to, alongside the goal of reconstructing the countries affected by the War. It claimed that Mexico was willing to support the countries that suffered the War, but this purpose was an immediate goal, whereas the development of small developing should be a goal in the long term. By this means, the international community would have a more cooperative structure, and thus a fairer

⁶ US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944*. Washington, D.C. Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico’s Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

international economic system. The proposal of including economic development alongside that of reconstruction as the main purposes of the International Bank, was one of Mexico's main victories at Bretton Woods.

1.2 Problem Definition. The Current State of the Literature versus Archival and Historical Evidence

The World Bank and the IMF had no specific mandates for productivity growth in developing countries. The postwar conferences in Bretton Woods in 1945, Geneva in 1947, and Havana in 1948 had economic agendas that were not concerned with structural change, the process of transforming a country from an informal, often agrarian economy to one with a productive and high-wage, high value-added, manufacturing-based economy. Given their much greater levels of productivity, the West's concerns were currency stabilization and full employment. It was up to the newly independent countries of the Global South to try and find solutions to the problem of structural transformation.

The critical question was and remains how to fund development and productivity growth.

~Pallavi Roy⁷

1.2.1 Mexico's Proposals at Bretton Woods Sidelined

Despite history having shown the Mexican delegation's proposals at the Bretton Woods Conference to be prescient, the current state of the literature acknowledges only some portions of Mexico's proposals regarding the use of silver in the monetary system and the promotion of economic development, without also acknowledging its contributions for an international economic system that would consider in concrete ways the human implications of the economic decision making.

⁷ Roy, Pallavi. "Economic growth, the UN and the Global South: an unfulfilled promise." In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge, p. 142.

For instance, “Mexico’s advocacy to include silver in the gold standard system” is understated. That is, as if Mexico would have tried to increase the value of this metal, instead of looking at how the gold-price was going to increase with the gold standard worldwide and its annihilation of other metals not only for currency but even for loans collaterals. Mexico’s position in this regard is summarized in Dr. Eduardo Suárez’ words:

As for Mexico, her position is clear and definite. During the past few years of tribulations, Mexico has, of her own accord, accepted, in unlimited amounts, an ounce of gold for every thirty-five dollars due her. She has done so in spite of the hardships of inflation, and even realizing to the fullest extent the risk involved in these transactions, inasmuch as no nation has ever committed itself to buy that gold from Mexico at the same price she has paid for it. Throughout this most difficult period she has also issued Mexican currency at a fixed rate of 4.85 pesos to the US Dollar, or about 169.75 pesos for each ounce of gold, although she has had no assurance or guarantee that other nations will give her in commodities and services a fair equivalent to her investment in gold. Mexico has done all this mainly because of her full unselfish devotion to a higher cause: helping her Allies to win this war.

*Mexico and other silver-using countries are entitled to expect in return for their cooperation to maintain the present price of gold the assistance of other countries to stabilize the price of silver at a just and fair level.*⁸ (my emphasis)

This passage shows that Mexico was accepting \$35 dollars per ounce of gold in support of the Allied countries against the war, but Mexico claimed that it could not continue doing so forever. It is important to acknowledge that this price was the same as had been established by the United States since 1934 after the devaluation. Who would have accepted those prices, forever? In Alfred E. Eckes Jr.’s words:

Effectively, the American dollar emerged from World War II as the only currency free convertible, for Washington indicated it would continue the prewar Treasury policy of buying and selling gold at \$35 per ounce, the price established after devaluation in 1934.

In unilaterally promising to redeem its currency for gold, the United States accepted an

⁸ US Department of State (1948). *Op. Cit.*, Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico’s Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

obligation not specifically required under the fund's articles of agreement. Any member of the fund could discharge its responsibility by simply maintaining the value of its currency in terms of other national monies. Washington elected to support the dollar in this way so that gold would continue to serve as an international standard of account and as an instrument for settling balances. But the value of gold depended on the dollar, not the reverse. The United States accepted no permanent obligation to buy and sell gold, and at any time the Treasury might have elected to buy and sell sterling or some other reserve currency.⁹ (my emphasis)

Thus, Mexico's proposals regarding silver made basic common sense and were grounded in appeals for international justice. However, the few authors who have studied Mexico's participation at the Bretton Woods Conference only narrowly summarize its participation along the following lines:

- For “a statement by the conference requiring the Fund to determine the feasibility of using silver collaterally with gold for the settlement of international balances” by John Morton Blum.¹⁰
- “The Mexicans were desperate that silver would play a part in the world's new economic system (no prizes for guessing their biggest precious-metal export),” by Ed Conway.¹¹
- To be advocating for “silver to be recognized as a monetary reserve alongside gold” by Eric Helleiner.¹²
- “Existing histories often mention how some Latin American governments led by Mexico secured a vague statement that further study should be undertaken of silver's role within the international monetary system,” by Eric Helleiner.¹³
- “Mexico, putting itself forward as the spokesperson for lesser nations, occupied a key position in US—Latin American dialogues (with the Mexican Minister of Finance Eduardo

⁹ Eckes Jr., Alfred E. (1975). *A Search for Solvency*. USA. University of Texas Press, pp. 226-227.

¹⁰ Blum, John Morton (1967). *From the Morgenthau Diaries, Years of War 1941-1945*. Houghton Mifflin Company Boston. USA, pp. 265-266.

¹¹ Conway, Ed (2014). *The Summit: Bretton Woods, 1944*. USA. Pegasus Books, p. xi.

¹² Helleiner, Eric (2006). “Reinterpreting Bretton Woods: International Development and the Neglected Origins of Embedded Liberalism.” *Development and Change* 37(5), p. 961.

¹³ Helleiner, Eric (2014). *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. Cornell University Press, p. 160.

Suárez leading Commission III on ‘Other Means of International Financial Cooperation’— see the chapter by Thornton),” by Giles Scott-Smith and J. Simon Rofe.¹⁴

- For “silver to be considered, next to gold, as a monetary metal: Mr. Suárez stated that ‘a large part of humanity will continue to believe in silver,’ and said that the problem was ‘small in economic dimensions, but large in human implications’” by Armand Van Dormael.¹⁵

Hence, Mexico’s proposals have been partially misunderstood. First, they consider just one of its four main proposals, i.e., the one regarding including silver in the gold standard system. Second, Mexico presented that specific proposal so that the IMF would accept silver as a monetary reserve alongside gold, and so that this reserve could serve as collateral in international loans. Third, Mexico explained that the silver-producing countries were absorbing nationally the costs of the international community’s use of the gold standard, and thus they were paying the opportunity costs of their own development goals because they could use that money for their domestic infrastructure projects.

In the “Minutes of the Meeting of the Committee 2 of Commission I” of the Bretton Woods Conference, held on July 12, 1944, Mexico’s proposal on this regard is crystal clear transcribed, as well as its acceptance by the international community:

The Committee continued its discussion of the report of the ad hoc subcommittee on article III, Section 2, Conditions Under Which Any Member May Purchase Currencies of Other Members, paragraph (3), Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e). *The Committee approved the report of the subcommittee as amended by the Mexican delegation.* Section 2 (3) of Alternative A (p. 6a) is thereby accepted as it stands and the sentences following paragraph (4) are revised to read as follows:

“The Fund may in its discretion and on terms which safe guard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund’s resources. In making such waiver it shall take

¹⁴ Scott-Smith, Giles and Rofe, J. Simon (2017). “Bretton Woods: A Global Perspective.” In Scott-Smith, Giles and Rofe, J. Simon (editors). *The World of the Roosevelts: Global Perspectives on the Bretton Woods Conference and the Post-War World Order*. USA. The Roosevelt Institute. Palgrave Macmillan, p. 8.

¹⁵ Van Dormael, Armand (1978). *Bretton Woods: Birth of a Monetary System*. New York. Holmes & Meier Publishers, Inc., pp. 166 and 178.

into consideration periodic or exceptional requirements of members. *The Fund shall also take into account a member's willingness to pledge as collateral gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of such waiver the pledge of such collateral.*"¹⁶ (my emphasis)

Hence, the Conference approved Mexico's proposed amendment so that the Fund shall also take into account a member's willingness to pledge as collateral silver, among other assets having a value sufficient in the opinion of the Fund to protect its interest and may require as a condition of such waiver the pledge of such collateral.

1.2.1.1 One of Mexico's Fullest Arguments Regarding Silver

Mexico's arguments are fully analyzed in Chapter 6. However, it is worth portraying them in order to show their technical thoroughness. When presenting its arguments, the Mexican delegation explained that in order to stabilize the price of gold internationally, the silver-producing countries were absorbing the costs of bearing the gold standard: by minting and melting silver, as well as by buying and selling this metal in the international markets, whenever there were economic expansions and contractions. In doing so, as the producer of 40% of silver in the world,¹⁷ Mexico was absorbing the costs of maintaining the gold standard also because silver became more expensive as a metal than as a currency.

Document 157 of the official archives issued by the United States in 1948 contains the Address delivered before Commission I's Committee 2, by Antonio Espinosa de los Monteros, Mexican delegate, in support of Mexico's Proposal on Silver, presented on July 5th. His words were expressed as follows:

Mister Chairman, Fellow Delegates:

¹⁶ The analysis for this Draft is summarized in US Department of State. *Ibid*, Document 325, "Minutes of Meeting of Committee 2 of Commission I, Operations of the Fund," July 12, 1944, pp. 539-541 (esp. 539); in US Department of State. *Ibid*, Document 326, "Minutes of Meeting of Committee 1 of Commission I, Purposes, Policies, and Quotas of the Fund," July 12, 1944, pp. 541-543; in US Department of State. *Ibid*, Document 333, "Report of Committee 2 to Commission I, Concerning the Meetings," July 11th and July 12th (Professor Robert Mosse), pp. 554-558.

¹⁷ US Department of State. *Ibid*, Document 157, "Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican Delegate, in Support of Mexico's Proposal on Silver," presented on July 5," pp. 182-183.

On behalf of the Mexican delegation I want to explain why we are making this proposal. It is easy to misunderstand our position. *Mexico produces 40% of all the silver. Therefore, one could think, Mexico is interested, above all, in furthering the interests of her mining industry.*

However, we do not come before this High Assembly of Nations as the largest producers of silver. Certainly, nobody could believe that the gold-producing nations are represented here to further their own interests. Rather, we are all here to present our common monetary problems, and to seek an agreement on how to meet them in the brotherly spirit of cooperation.

We wish to emphasize, then, that Mexico wants to present to your consideration a strictly monetary problem. We believe that this problem has *international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations.* Furthermore, we are certain that this problem has never received the unprejudiced consideration it deserves by the nations which do not have to face the same difficulties.

Mexico's problem derives from the fact that her people continue to hoard large amounts of silver coins. They, of course, have been doing that for centuries. They know not as yet any of the great advantages of savings banks and fiduciary currencies.

Nor do they seem to be very anxious to learn about them. When they can they hoard silver and nothing else, probably because all their ancestors have always done so, and certainly because *their personal income does not permit them to hoard gold.*

Because of this fact, Mexicans absorb large quantities of silver coins when their income is increasing, and return them to the Central Bank when they have to draw on their savings. This simply means that our Central Bank has to invest heavily in silver, during the upward swing of the trade cycle when the price of silver is naturally higher. On the other hand, the Bank is compelled to cash it in foreign markets, during the downward swing, exactly when silver is cheaper. Thus, our Central Bank loses not only the difference between the buying and selling prices, but also the recurrent minting and melting costs.

Therefore, it is evident that because of the hoarding requirements of our people, Mexico has to invest in silver a large part of her international balances of gold and gold-convertible currencies when her balance of payments is favorable. But when the situation

is reversed, she has to sell that silver in order to support the parity of the peso, in the bargain she is always the loser, since there is no manner in which she can hedge against the fluctuations of silver.

This is the essence of Mexico's problem. Is it not true that *many other Nations* partake of this same risk? *Is it too much to expect that the Fund extend credit facilities specially adopted to meet this special need? It might be said that the Fund, under the proposed provisions, is already authorized to waive all specific conditions set forth under Article III, Section 2 of the draft, precisely in order to meet exceptional cases. But Mexico's case is not exceptional. Her problem is, we believe, common to several countries, and it is besides recurrent in character. Should not the Fund, which is essentially an instrument for international co-operation, be authorized specifically to extend credit to the silver-hoarding countries of the world?*

Specifically, then, Mexico is proposing that the Fund shall extend credits to the silver-hoarding Nations over and above the normal credits extended by the Fund to all countries. *Mexico, furthermore, proposes the silver hoarding of her nationals as an adequate collateral security.*

Should the Conference adopt this proposal, henceforth Mexico and the countries which have the same problem will not have recurrently to buy and coin silver only to melt and sell it again. Instead of that wasteful and unnecessary process, whenever a silver-hoarding country is running short of foreign exchange with which to maintain the parity of its monetary unit, the Fund would provide that exchange as a credit, with the understanding that all the risks due to fluctuation in the price of silver will remain with the borrowing country.

The Mexican delegation feels certain that this proposal will be supported by all the Delegates, inasmuch as the amounts of the Fund's resources needed for the purpose will be relatively small, and adequately safe-guarded, *and above all because the approval of Mexico's proposal would be an act of elementary international justice.*¹⁸ (my emphasis)

¹⁸ US Department of State. *Ibid*, Document 157, "Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico's Proposal on Silver," presented on July 5," pp. 182-183.

The fact that Mexico, as the main producer of silver internationally, was bearing the costs of stabilizing internationally the price of gold and silver (since Mexico's Central Bank loses not only the difference between the buying and selling prices, but also the recurrent minting and melting costs) had a very important implication. Mexico was claiming that it was respecting the exchange rate of gold and silver established by the United States, in order to support its allies during the Second World War, by paying \$35 dollars per ounce of gold (the price established by the United States after the devaluation since 1934), but Mexico was stating that it could not continue absorbing the costs of maintaining this monetary system forever, i.e., in the postwar system that was being created at Bretton Woods.¹⁹ Thus, if in addition to all these costs, Mexico had to convert its monetary reserves from silver to gold in order to comply with the initial draft of the Bretton Woods Agreements, this burden would be inefficient, unfair, and practically unfeasible.

This speech contains the technical explanation of Mexico's proposal on silver, regarding the costs that silver-hoarding countries were absorbing in order to stabilize the international price of this metal. Additionally, even though Mexico's main proposal on silver was accepted, since it found diverse struggles along the Conference, at some point Mexico also claimed that a technical analysis of its proposal should be undertaken, rather than looking at it with bias against developing countries.

Thus, the main contribution of this dissertation is that it acknowledges Mexico's contributions to the international economic system, whereas most of the literature about Bretton Woods has neglected them. In this way, the thoroughness of the analyses presented in this dissertation prove the importance of reflecting on *Was Bretton Woods Working for the Common Good? Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference*.

1.2.2 Challenges of the Most Inclusive and Progressive Literature

Mexico's proposals at Bretton Woods are thoroughly analyzed in Chapter 6, but first, it is worth mentioning that the current state of the most inclusive and representative literature about Bretton Woods is found in Eric Helleiner's *Forgotten Foundations of Bretton Woods*. This dissertation highlights its *contributions* while also presenting further thoughts for *discussion*.

¹⁹ Schuler, Kurt (2013). Op. Cit.

With regards to Helleiner's contributions, they are appreciated and recognized by Mexican officials. For example, on September 14, 2014, Eduardo Suárez' son, Francisco Suárez Dávila, presented his remarks on "Mexico's Role at Bretton Woods: An Assessment 70 Years Later,"²⁰ in his role as Ambassador of Mexico to Canada.²¹ In these remarks, Suárez Dávila mentioned that one of the contributions that he could make at that summit in which he was pronouncing these words, was to highlight that:

Contrary to conventional theory, it was not only the United States and Great Britain that played a key role, but many other countries as well... This is precisely the very well argued view in Helleiner's excellent book, *Forgotten Foundations of Bretton Woods*, and evidenced in the great discovery of *The Bretton Woods Transcripts* by Kurt Schuler.²²

Kurt Schuler is a Senior Fellow of Financial History at the Center for Financial Stability, and an economist in the Office of International Affairs at the United States Department of the Treasury. In *The Bretton Woods Transcripts*, he includes an accurate presentation of Dr. Suárez.²³

With respect to the discussions in this dissertation about Helleiner's work. First, Helleiner is one of the authors who considers Mexico to have had only a proposal at Bretton Woods on including silver as a monetary reserve in the postwar world. In fairness, Helleiner's broader argument explained in "Reinterpreting Bretton Woods: International Development and the Neglected Origins of Embedded Liberalism,"²⁴ is that the US was involved in negotiations with Latin America in the decade that preceded the Bretton Woods Conference. These negotiations aimed to arrange loans for Latin America, as a means of fostering new markets and consumers for American products. Helleiner claims that this is the reason why the drafts proposals for the establishment of the IMF and the WB received the support from Latin American countries at the Bretton Woods Conference. These are, according to Helleiner, the neglected origins of the Conference, which are deeply analyzed and explained in *Forgotten Foundations of Bretton Woods*.²⁵ In this book, Helleiner's "forgotten foundations" of Bretton Woods, refers to the

²⁰ Suárez Dávila, Francisco (2014). "Mexico's Role at Bretton Woods: An Assessment 70 Years Later." Words pronounced at the event "1944-2014-2084 Bretton Woods: The Founders and the Future" organized by the Center for Financial Stability. New York, USA. September 4, 2014.

²¹ He was also former Vice President of the Mexican Council on Foreign Relations, former Ambassador of Mexico to the OECD and head of its Budget Committee, and former Undersecretary of Finance and Public Credit of Mexico.

²² Suárez Dávila, Francisco (2014). *Ibid*, p. 1.

²³ Schuler, Kurt (2013). "Bretton Woods: Who was Eduardo Suárez?" Center for Financial Stability. USA: <http://centerforfinancialstability.org/wp/2013/11/27/bretton-woods-who-was-eduardo-suarez/>

²⁴ Helleiner, Eric (2006). *Op. Cit.*

²⁵ Helleiner, Eric (2014). *Op. Cit.*

contributions of developing countries for economic development and the making of the postwar order. Moreover, he describes some of the key aspects of Mexico's contributions among those of the other developing countries represented at the Summit.

Second, this dissertation explores how Helleiner presents two arguments at the same time in his book. On the one hand, he argues that the major powers included developing countries in the negotiations in order to get their support and legitimize their decisions in the new multilateral system that was being created for the postwar world. On the other hand, once given a place at the table, developing countries made some contributions to the negotiations, supporting in this way the new international economic system. Thus, although Helleiner's work draws attention to the important work that all developing countries involved did at the time, this dissertation reviews the *Proceedings and Documents of the United Nations Monetary and Financial Conference* issued by the US Department of State to elaborate on Helleiner's work. These documents reveal that Mexico had an even more complex role and its proposals were even more prescient than what Helleiner has argued. Had the Mexican delegation been listened to, the history of economic multilateralism would have unfolded differently, as it would have been structurally designed to be more inclusive and thus more enduring.

For instance, Moisés Cetré, a Colombian economist and former official at the OAS, UNCTAD, and ECLAC, has stated that:

Since it was born in 1944, the Bretton Woods system has gone through important changes for responding to the most pressing problems of the member countries. However, the nations from Central America do not seem to have benefitted too much, and quite the contrary, their relationship with the IMF and the WB has been difficult and even tortuous sometimes. Although the poverty suffered by most of the population of Central America cannot be attributed to the Bretton Woods institutions... it is clear that the policies supported by them have accentuated the problems such as unemployment and even the degradation of the labour conditions of the people.²⁶

This quotation shows the disappointment, by the 1990s, of some Latin American or developing countries, about the system created at Bretton Woods. Much can be said about the economic problems faced by Latin America in the 1990s, but this dissertation focuses on the problems that

²⁶ Cetré, Moisés. "Las instituciones de Bretton Woods y Centroamérica". En Banco Nacional de Comercio Exterior (1994). "Un recorrido por el primer cincuentenario de Bretton Woods". México. BANCAMEX, pp. 887-895.

were foreseen at Bretton Woods. The Mexican delegation presented arguments at the Conference mainly about the inclusiveness and representativeness of the system that was being created at the time. Moreover, the core of those arguments is valid hitherto.

Thus, this dissertation elaborates on the current state of the literature in order to advocate for respect in the labeling and language used to describe Mexico and its contributions; and it argues that Mexico's actual position at Bretton Woods went much beyond the aforementioned descriptions, namely because Mexico advocated for the new multilateral system to consider the human implications of the international economic order. The role of Mexico was not just to “back” or legitimize the new international economic system that was being created at Bretton Woods, nor did Mexico just make some outlying contributions. Mexico’s critical proposals went to the core of the sustainability or durability of the international economic order that was being created at the time. It considered its implications for the countries that were paying nationally for the costs of the international community’s use of the gold standard, for example. In addition, Mexico advocated for developing countries, which were not being effectively represented at the quotas for voting on the exchange rates.

It is important to scrutinize these quotas, which so evidently reflected a majoritarian system, as opposed to a multilateral one. The three largest countries, i.e., the United States (with 31.3% of the quotas), the United Kingdom with the countries that were part of the British Commonwealth (27.2% of the quotas), and the Soviet Union (13.6% of the quotas), had together 72.1% of the quotas. Actually, the “Western” block led by the United States and the United Kingdom had 58.5% of the quotas. In contrast, Latin America with 19 of the 44 countries attending the Conference, had only 5.6% of the quotas. The European countries (seven, without Denmark which had not confirmed its membership to the IMF) had 11.9% of the quotas. Similarly, 2 Asian countries had 6.5% of the quotas, considering China alone 6.25%. Lastly, 3 East European countries had 3.5% of the quotas, and 2 Middle Eastern countries had 0.375% of the quotas.

Thus, this assertion is the main contribution of this dissertation to the historiographies on multilateralism and Global Governance: had Mexico been listened to, it is very likely that the economic multilateral system that we currently have would be more inclusive and fairer. Therefore, this dissertation builds on the analysis of the current state of the literature on Mexico’s participation at the Conference, and it also analyzes this participation directly in more detail by

drawing on the extensive archival evidence issued on the Bretton Woods Conference by the US government in 1948.

Despite the arguments presented above, truth be told, Helleiner is very respectful of Latin America and of all developing and developed countries alike. His approach is appreciated by Mexican diplomats and scholars, and it is the reason for the study of this dissertation on the *Forgotten Foundations of Bretton Woods*. An example of Helleiner's sense of respect to Latin American vision and language:

When lobbying for each of these items on the Bretton Woods agenda, Latin American officials emphasized the distinctiveness of their needs as “less developed countries” (to use the words of the IBRD's charter). United States policymakers also recognized and emphasized the point.²⁷

Helleiner clarifies why he addresses Latin American nations as “less developed”—and most of the time, “Southern nations,” which is evidence that throughout his book and other related papers, he respects Latin America.

In contrast, a dismissive language that addresses developing countries as “the poorest,” “smaller,” or the “weaker” nations is used by authors such as Christy Thornton in the articles “Voice and Vote for the Weaker Nations: Mexico's Bretton Woods”²⁸ and “‘Mexico has the Theories’: Latin America and the Interwar Origins of Development.”²⁹ In the former, Thornton uses the word “developing” 0 times, “small” 7 times, “weak” 6 times, and “poor” 3 times. Likewise, in the latter, she uses “developing” 6 times whereas she uses “small” 13 times, “weak” 4 times, and “poor” 2 times. For example:

And so the Mexican delegation arrived at Bretton Woods already unwavering advocates for the rights of what were variously called the small, poor, weak, or debtor states. A headline in Mexico City put it clearly before the conference began: “Mexico Will Seek Voice and Vote for the Weaker Nations at the Monetary Meeting.”³⁰

²⁷ Helleiner, Eric (2014). *Op. Cit.*, pp. 182-183.

²⁸ Thornton, Christy (2017). “Voice and Vote for the Weaker Nations: Mexico's Bretton Woods.” In Scott-Smith, Giles. *Global Perspectives on the Bretton Woods Conference and the post-war world order*. Cham, Switzerland.

²⁹ Thornton, Christy (2018). “‘Mexico Has the Theories’: Latin America and the Invention of Development in the 1930s,” in *The Development Century: A Global History*, Stephen Macekura and Erez Manela, eds. New York: Cambridge.

³⁰ Thornton, Christy (2018). Ibid “‘Mexico Pedirá Voz y Voto para los Países Débiles en la Junta Monetaria,” *Excelsior* (Mexico City), June 14, 1944.” p. 279.

Thornton's passage contrasts with Helleiner's respectful language. Now, this statement is not to say that Mexico did not refer to developing nations as "weaker" in that press release in 1944, from which the quotation was taken. Rather, at the time, the concepts of "developing" and "developed" nations had not been invented yet, and neither were the concepts of the "first, second, and third world" countries, which were created during the Cold War. Thus, Thornton's analysis could make good use of them now that these concepts have been invented.

In addition, this dissertation's position does not intend to state either that all Latin Americans are big emerging countries such as Mexico, Brazil, or Chile. Rather, the intention of this section is to show the appreciation for Helleiner's use of current, more inclusive language that the field of international relations has had for five decades. In addition, this section intends to bring to light how Helleiner's analysis does not make a pigeonholing category for all developing nations. It is important to remember the fact that 28 of the 44 countries that attended the Conference were developing countries, and that 19 of which were Latin American. These are some of the reasons why Helleiner's respectful approach, analyses, and perspective are highly appreciated by both international officials and scholars.

1.2.3 General Problem: Power versus Human Implications. Is Global Governance Working for the Common Good?

The Global Governance system is based on the organisation that began to develop five centuries ago which aimed to rule the world, and which reached its greatest influence in the 20th century, led by the United States. Has this governing system been fair and/or efficient? Different ideologies or narratives, both historically and contemporarily, assess these questions. The answers rely on assessing fair and efficient for whom? And a discussion on what 'really' is best for the common good? Thus, those who have the power, get to control the narrative. In this way, the following pages present these questions: is Global Governance working for the common good? Furthermore, did Bretton Woods, as a Global Governance institution, work for the common good? Or is it just concerned with how to 'govern' the world?

With respect to global authority, *power* is a concept that is present in all the literature on Global Governance. It is the ability to make others do whatever one wants, without which this action would not have happened (*macht* in German, *power* in English, *puissance* in French,

potestas in Latin, and so on”³¹). Authors such as Michael Barnett and Raymond Duvall draw attention to how “the multiple forms of power matter for the analysis of Global Governance and the American empire.”³² They discuss four kinds of power: compulsory, institutional, structural, and productive. Although theirs is one of many analyses about power, it sheds light on how the concept of power is central to international politics.

However, what happens when confronted *power against the common good of humanity? I.e., the human implications of Global Governance?* That is: not always legally democratic legitimation can assure a fair regime, as proved by the Third Reich in Germany. Nor has the interdependence through international trade prevented two World Wars, as was expected by classic liberalism. Neither did the “Marxist revolutions” bring fairer, freer, and prosperous system for the generality of the peoples of the former USSR, Cuba, Bolivia, and Venezuela. These contradictions are only some that exist between some of the Global Governance literature and reality.

The situations listed above have occurred because there were decisions made and there were institutions and policymakers that implemented them. The common thread of all these international events is that there have been turning points throughout history that, once identified, can provide hope for reframing the future. Perhaps the insights of international law provided by Arendt and Neff could be useful, since the way in which the regulatory framework is established provides the results that the international community obtains to a great extent.³³ For instance, Natural Law conceived that certain rights were inherent to human nature. By contrast, the most positivist approaches to international law allowed for the worst problems and wars that humanity faced to pass during the 20th century. One example is Kelsen’s ‘peace through law.’ This expression could seem very “legal” and thus apparently “good.” However, this way of thinking deviated into the totalitarian law that allowed Nazism and Fascism to occur. In this way, theoretical paradigms have served political projects, but those paradigms can be assessed and improved.

Thus, the main problem analyzed by this dissertation—and by the Mexican delegation at the time—is: did Bretton Woods, as a Global Governance institution, work for the common good? The general problem of this dissertation approaches this question using an analysis of *power* versus

³¹ Strange, Susan (1996). *The Retreat of the State*. Cambridge University Press, p. 17.

³² Barnett, Michael and Duvall, Raymond (Winter 2005). “Power in International Politics.” *International Organization* 59, pp. 39-75, p. 39.

³³ Neff, Stephen C. (2014). *Justice Among Nations: A History of International Law*. Cambridge, Massachusetts, USA, pp. 477-479.

the *human implications* of Global Governance. The dissertation aims to contribute both to the knowledge on Global Governance and international political economy, and to their human implications. Especially, to contribute to solve the human challenges created by the architecture of the Bretton Woods system that remains, such as the need to achieve a more inclusive, representative, and sustainable international economic system for the present and future generations.

1.2.4 Particular Problem: Did Bretton Woods, as a Global Governance Institution, Work for the Common Good? Is the Study of IPE Decolonized?

Despite the significance that would have meant for the history of the world to have a more inclusive international economic structure, the claims of the Mexican delegation are not generally discussed in depth in the literature on Bretton Woods. However, there are two important exceptions: Eric Helleiner's *Forgotten Foundations of Bretton Woods* and Christy Thornton's *Revolution in Development*. This dissertation builds on these works by drawing on the archival evidence issued by the US government in 1948 and by the Mexican officials involved at the time. In addition, a study of Mexican history is presented to provide greater context to the current state of the literature, and specifically an intervention to the literature in North America that considers Mexico's position at the Bretton Woods Conference based uniquely on Mexico's foreign relations during a few decades of the 20th century, ignoring the principles that guided Mexican foreign policy since the early 19th century.

In this way, this research stresses the broader significance of the Mexican delegation's claims for Bretton Woods as well as for the fairness and inclusiveness of the multilateral world order itself. Unfortunately, the current state of the literature focuses mainly on Latin America's contributions from the perspective of what the United States instrumentalized or used to develop the multilateral postwar order. Therefore, this dissertation conscientiously details the ways in which the Mexican delegation advocated for building a more flexible and inclusive international monetary system of the postwar world. This advocacy can be seen in Mexico's proposals on the quotas for voting the currency exchanges and the inclusion of silver to be considered as collateral for loans. Additionally, Mexico advocated for economic development through its proposals for the IBRD, both for including the goal of development alongside that of reconstruction in the purpose

of the bank, as well as questioning the veto power of lending countries. All these proposals lead to reflections that ask *Was Bretton Woods Working for the Common Good? Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference.*

The inefficiencies that Mexico foresaw before the adoption of this international monetary system were undervalued and to some extent ignored by the most powerful countries represented at the Conference, as well as by the *status quo* academic research on this topic. The mechanism for relying on gold lay on incorrect assumptions, as George Halm argued at the time:

The gold standard game presupposes that the "member countries" are "on gold." Their monetary authorities are willing to buy and to sell gold at a fixed price in unlimited amounts. The national monetary units are defined in terms of weight units of gold, and through the medium of gold the exchange rates are fixed. Under these conditions, gold is the world's common unit of value, an international means of payment, and a monetary reserve of international liquidity.³⁴ (my emphasis)

Halm clearly recognized the problematic assumptions of the international use of the gold standard. The first assumption was that all member countries had the same access to gold. The second was that the national monetary authorities of all countries were able and interested to buy and to sell gold, and moreover, at a fixed price in unlimited amounts. The third assumption was that the exchange rates could be "fixed," which is naturally not the case in currency exchanges. Thus, under all these conjectures, gold was being considered as a unit of value, means of payment, and monetary reserve of international liquidity for the whole world. These expectations from the most powerful countries would prove untenable, as history would show with the elimination of the gold standard by US President Nixon in 1971, and the establishment of a floating currency exchange system in 1973.

³⁴ Halm, George N. (1945). *International Monetary Cooperation. United States of America.* Chapel Hill. The University of North Carolina Press, Van Rees Press, p. 11.

1.3 Findings: Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference

The result of this dissertation is to bring new knowledge to the IPE scholarship that acknowledges the importance of the proposals that Mexico presented at Bretton Woods, which in turn revolve around the importance of the human implications of economic decisions. These are calls that are valid and current hitherto because of the disproportionate benefits that economic globalization has brought to the postwar world, a claim that has become widespread in current nationalist and populist movements around the globe.

This dissertation argues, through a rigorous analysis of primary and secondary sources, the significance of the humanitarian stance that Mexico took at the summit which marked the beginning of the current economic multilateral order. Mexico's role at the Bretton Woods Conference is a chapter of history that has not been analyzed using these details before, and this is the reason why this dissertation brings a contribution to the academic literature on the history of Global Governance, international political economy, and economic multilateralism. Moreover, Mexico provided an example of taking the moral, higher ground to build a more inclusive with 'a fair for all' approach at Bretton Woods. It is a model that needs to be shared beyond scholarship.

In summary, it is necessary both to decolonize knowledge and to resume Mexico's proposals for a fairer world, both as scholars and as citizens of a world with huge challenges ahead. Mexico's position at Bretton Woods went to the core of the durability and fairness of the multilateral world order. The speeches of the Mexican delegation provide evidence of a diplomatic but bold effort and ideas that shaped its proposals for the monetary system that was being created at Bretton Woods. However, its proposals have been misunderstood by a range of authors, if studied at all.

An important finding of this dissertation is that the topic of the United Nations Monetary and Financial Conference, 'the international monetary and financial systems,' was not the only issue at stake. There was also the issue of respect to the juridical, financial, and democratic sovereignty of developing countries. Furthermore, there was also a matter of prejudice against developing countries at the Bretton Woods Conference, despite Latin America having proved—with creative, diligent, and insightful work—its capacity and knowledge on financial matters. This expertise was abundantly demonstrated during the decade that preceded the conference, in the US-Latin America negotiations for an Inter-American Bank, as noted by Helleiner. Moreover, it was

evident during the previous century through Mexico's diplomatic relations, as shown by this dissertation.

However, this prejudice was the result of colonialism in the centuries before the Conference. It is necessary to acknowledge the colonial past of the world history that led the major powers of the conference to believe that were entitled to neglect the currencies and needs of the half of the world's population that did not use gold as a currency. Thus, a key question that is implied throughout this dissertation is related to the decolonization of IPE: is the study of IPE decolonized? Because one of the key findings is that there was a historic neglect of the Global South at the Bretton Woods Conference, which ignored the demands of the 40% of the world's population that used silver—not gold—as currency. In this sense, a historic bias permeated the study of this important chapter of history, by neglecting inasmuch careful attention to the claims that the nations of the Global South expressed at the Conference. These claims can be summarized in two ideas: respect towards their currencies, and respect towards their sovereign rights to have a say in the price of their money.

This historic bias can be found in the initial IMF Agreement which established that the three winners of the Second World War would have the right to establish the prices to currency exchanges, and that the gold standard would be the only main currency, despite its lack of representativeness on an international level. Therefore, this dissertation moves between studying the current state of the literature on Bretton Woods versus the reality shown by the official archives and the historical context of the Conference. This careful analysis is what provides the answers to these historic questions.

The importance of Mexico's proposals on the IMF and the IBRD at the Conference is that they presented an integral vision for a more inclusive and fairer world that would consider the human implications of the international economic system. They went to the core of the international monetary and financial, and thus multilateral, postwar order. This is so because they were directly related to the inefficiencies and unfairness that the Global South would endure due to the costs of the gold standard and the lack of representativeness in the quotas for voting on the exchange rates.

2. RESEARCH METHODOLOGIES

For policy makers and for those who teach public policy, the danger lies in seeking the authority and legitimacy of academic work that purportedly embodies objectivity and detachment but that in fact merely translates the prejudices and preoccupations of the policy world back into a different idiom. An unreflective and uncritical attitude to the relationship between theory and practice can leave the academic study of international relations in the worst of all possible worlds.

~Andrew Hurrell, *The Theory and Practice of Global Governance*³⁵

2.1 Scholarly Literature and Official Archives

2.1.1 Theoretical and Practical Components

First of all, it is important to highlight that this dissertation contains both *theoretical and practical components*. The *theoretical element* is based on the authors that have studied the topics addressed by this dissertation. The critical reframing of the current state of the literature, includes both Mexican and North American scholarly perspectives and explores the questions: What is Mexico's place really in the world? What was Mexico's place in the world at the time of the Bretton Woods Conference in the world? And, what was Mexico's place, in diplomatic terms, from the early 19th century onwards? The historical framework presented explores: the history of multilateralism and the end of classical international law; the history of the classical foundations of international political economy (classical economic liberalism, nationalism, and Marxism and theories of imperialism) and the political projects that they served, as well as their corresponding implementation and interpretation in Mexico; and Bretton Woods from a historic perspective and from the point of view of its leaders.

³⁵ Hurrell, Andrew (March 2011). "The Theory and Practice of Global Governance: The Worst of All Possible Worlds?" *International Studies Review* (2011) 13, pp. 144-154, p. 144.

Accordingly, the *empirical element* in the analysis of Mexico's participation at the Bretton Woods Conference consists of evidence obtained from primary sources, mainly from the *Proceedings and Documents of the United Nations Monetary and Financial Conference* held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944. This official document was issued by the US Department of State in 1948. These records constitute over 1,800 pages that systematize the evidence and historic knowledge on these proceedings, in two volumes. These sources are drawn upon alongside some editorials from newspapers at that time, as well as the memoirs of some members of the Mexican delegation. These practical components revolve around the primary sources including speeches, original documents, minutes of summits, press releases, and newspaper articles.

Thanks to the University of Waterloo's library and technology, it is possible to "talk through time" with the public officials who negotiated the Bretton Woods Agreements. Bretton Woods is important because it was the United Nations Monetary and Financial Conference that established the bases for the international postwar economic system. In this way, the dissertation focuses on the lessons that the current world can learn from Mexico, which was a primary advocate for including the human implications of the decisions made by the international multilateralism at the beginning of the United Nations' international system. As will be shown in this dissertation, Mexico had three roles at the Bretton Woods Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions that were being made at the Conference. Hence, studying *Was Bretton Woods Working for the Common Good? Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference* provides a comprehensive and integral view of the implications of past decisions in the present time because—as the saying goes—those who do not know history are destined to repeat it.

2.1.2 Institutional Perspective

Institutions (both formal and informal) are key in terms of contributing to reduce inequality. Regarding new institutionalism, Bevir explains that:

We have today an increasing number of skeptical studies of the ways in which the allegedly fixed characteristics of states are actually historical constructions that tend to elide the facts of dispersal, difference and discontinuity. This skepticism inspires new narratives that are post-national and perhaps post-statist.³⁶

This quotation presents us with the importance of narratives. Old historiographies in which nation-states were formed and subjugated to the projects of empires have been losing legitimacy over time. Historical constructions evolve and now there are new institutions reshaping reality. In this context, studying the first case of the International Criminal Court, Louise Chappell explains the collaboration between formal and informal institutions in the new institutionalist approach, which provides a way to look deeper into the factors that shape reality.³⁷ Chappell explains that:

*New Institutionalism in all its guises has drawn attention to how the “rules of the game” constrain and enable political actors and influence political outcomes... Formal institutions involve rules and procedures that are “created, communicated, and enforced through channels widely accepted as official” (Helmke and Levitsky 2004, 727). It is this official enforcement, undertaken by a third party, which gives a formal institution its legitimacy (Streek and Thelen 2005)... New institutionalism has also paid attention to the operation of informal rules alongside and in conjunction with formal institutions to shape actors’ choices and institutional outcomes... These informal institutions most often take the form of common practices and norms.*³⁸ (my emphasis)

This quotation shows the importance of both formal and informal institutions for shaping reality and our understanding of that reality. Rules and procedures evolve over time transforming, and being transformed by, common practices and norms. These factors influence in turn both actors and institutions. Therefore, these aspects are all important for understanding and reframing Global Governance’s “rules of the game.”

³⁶ Bevir, Mark (2006). “Political Studies as Narrative and Science, 1880-2000,” *Political Studies*. Vol. 54, pp. 594-595, p. 600.

³⁷ Chappell, Louise (2014). “Conflicting institutions and the search for gender justice at the International Criminal Court.” *Political Research Quarterly* 67(1) 183-196, pp. 183-196.

³⁸ Chappell, Louise (2014). *Ibid*, p. 184.

2.2 Critical Approach to IPE

2.2.1 Content Analysis of Primary and Secondary Source Material

Analysis of primary and secondary source material is a useful tool in qualitative methods because it sheds light on the gaps between the academic and policy fields. It is important to acknowledge that the public world has influenced the historiographies or the narratives of the academic world, which is a dangerous position of the neutrality of any study. Andrew Hurrell explains the importance of analyzing both the theory and practice of Global Governance. He puts it in these words:

For policy makers and for those who teach public policy, the danger lies in seeking the authority and legitimacy of academic work that purportedly embodies objectivity and detachment but that in fact merely translates the prejudices and preoccupations of the policy world back into a different idiom. An unreflective and uncritical attitude to the relationship between theory and practice can leave the academic study of international relations in the worst of all possible worlds.³⁹ (my emphasis)

Hence, it is important to elucidate historical truths in order to disentangle bias in the policy world from the realities studied and improved by the academic world. In this perspective, it should also be highlighted that, in addition to the review of the scholarly literature and of historical official archives, content analysis is used in this dissertation for scrutinizing the approach of the current state of the literature. This method is useful because according to Jennifer Ferguson⁴⁰:

... analysing how policies are implemented (and not just formulated) means studying the operationalization of discursive categories in the activities of governments and international organizations, and the ‘regular effects’ on their targets of interventions taken on this basis.⁴¹

Ferguson argues that content analysis is useful for measuring accountability. Therefore, this research methodology is helpful for evaluating the results of institutional actions and decisions, and their corresponding impacts. Hence, this dissertation presents integral and comprehensive research so that the findings can be both useful and well supported.

³⁹ Hurrell, Andrew (March 2011). Op. Cit., p. 144.

⁴⁰ Ferguson 1994: xiv, quoted by Milliken, Jennifer (1999). “The Study of Discourse in International Relations: A Critique of Research and Methods.” *European Journal of International Relations*. Vol. 5, No. 2, pp. 225-254.

⁴¹ Milliken, Jennifer. Ibid, p. 240.

2.2.2 Economic Growth, Bretton Woods, and the Global South: an Unfulfilled Promise

According to Pallavi Roy, the most visible success of the United Nations has been to foster a multilateral system of Global Governance that has proved resilient since the Second World War. However, in her opinion, this structure has failed to provide the economic mechanisms to help developing countries finance the structural transformations required for broad-based economic development. Therefore, there is need for a deeper study about the main characteristics and consequences of the neoliberal system which emerged after the collapse of the Bretton Woods system in 1971. The main questions that the developing world faced in 1944 and 1971, are still current now.⁴² Dan Plesch and Thomas G. Weiss share this perspective. They explain that:

A few weeks before D-Day with the outcome of the war still in the balance, he sent an address to the delegates gathered in Philadelphia for a session to reaffirm the traditional objectives of the International Labour Organization that had been founded in 1919 after World War I...

A month earlier, Roosevelt had sent a message at the Conference's opening that retains a haunting contemporary resonance: "We know that the conditions of a lasting peace can be secured only through soundly-organized economic institutions, fortified by human-labour standards, regular employment and adequate income for all the people."⁴³

*Our theme of past as possible prelude suggests that such insights and visions for the postwar order from 1943 to 1945 remain valid for many twenty-first-century challenges. The question is whether that question can repeat itself.*⁴⁴ (my emphasis)

Hence, Plesch and Weiss present the importance of three moments in time: first, the creation of the International Labour Organization founded in 1919; second, the D-Day, i.e., June 6, 1944, when the Allies landed in Normandy, assuring an important victory at the Second World War; third, the 21st century challenges. In all these moments, there has been need of "soundly-organized economic institutions, fortified by human-labour standards, regular employment and adequate income for all the people." Hence, these authors reflect on the "past as prelude." Is the past meant to be repeated over and over again? Or, can we learn from our mistakes, as a human race?

⁴² Roy, Pallavi. "Economic growth, the UN and the Global South: an unfulfilled promise." In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge, pp. 138-151.

⁴³ Roosevelt, Franklin D. "Message to the ILO Conference, 20 April, 1944." International Labour Organization, 26th Session, Philadelphia, 1944. Quoted in Plesch, Dan and Weiss, Thomas (2015). *Wartime Origins and the Future United Nations*. USA. Routledge, pp. 215-216.

⁴⁴ Plesch, Dan and Weiss, Thomas (2015). *Ibid.*

According to Roy, the challenges of most developing nations are the same today as they were in the mid-20th century: to diversify their manufacturing and increase their productivity. These challenges require credible and strong financial institutions so that investments are used to develop growth sectors in disciplined ways, not to support corruption at the interior of governments. In addition, she highlights the importance that these loans have appropriate institutional rules which are consistent with local politics so that they are legitimated at the interior of the recipient countries.

However, Roy also notes that this financial architecture does not exist, and thus the organisational structures of the recipient countries are not prepared to receive current loans, and in turn, current financial institutions do not borrow funding for many developing projects. Therefore, she considers that:

The development of a global financial architecture that would make these types of financial flows easier would require multilateral action, but it would also require new thinking about the development of monitoring and enforcement capacities of global financial institutions engaged in development lending well beyond the 1945 debates at Bretton Woods.⁴⁵

Therefore, there are lessons on international monetary and financial systems that needed to be known at Bretton Woods, mainly on how to make these systems more inclusive and representative. Hence, as a counterfactual argument: if we could go back in time, and were able to give some advice to the architects of the financial and monetary systems created at Bretton Woods—having known that the gold standard was meant to fail—this would had been the advice: include the ways by which developing countries are not ‘developing’ countries forever. That would be a good solution for the sustainability or durability of the international economic system, integrally.

Finally, Pallavi Roy summarizes this challenging situation excellently. At Bretton Woods the world trusted—including Mexico—that the newly created IMF and IBRD would bring development and reconstruction, and thus peace and prosperity to the world. Unfortunately, the solutions for the countries that won the Second World War were not exactly the same solutions that the developing world needed. In Roy’s words:

The World Bank and the IMF had no specific mandates for productivity growth in developing countries. The postwar conferences in Bretton Woods in 1945, Geneva in 1947,

⁴⁵ Roy, Pallavi (2016). “Economic growth, the UN and the Global South: an unfulfilled promise.” *Third World Quarterly*, Vol. 37, No. 7, pp. 1293-1294.

and Havana in 1948 had economic agendas that were not concerned with structural change, the process of transforming a country from an informal, often agrarian economy to one with a productive and high-wage, high value-added, manufacturing-based economy. Given their much greater levels of productivity, the West's concerns were currency stabilization and full employment. It was up to the newly independent countries of the Global South to try and find solutions to the problem of structural transformation.

The critical question was and remains how to fund development and productivity growth.⁴⁶

Thus, Roy shows that the main economic powers gathered at Bretton Woods looked for a multilateral system that allowed them to thrive, but not necessarily for everyone else to thrive. The Global South—of which Latin America was represented by the Mexican delegation—advocated for permanent and/or more enduring economic development that would consider the human implications of the monetary and financial decisions being made at that Conference.

2.2.3 Critical or Postcolonial Approaches: Inclusiveness and Representativeness

The term *colonialism* is understood differently in Canada and in Mexico. In Canada, one of the worst ways in which it manifested was the residential schools system. Residential schools began in the 1870s, and it was not until June 11, 2008, that Primer Minister Stephen Harper stood in the House of Commons to apologize for the atrocities that thousands of children and families had to endure. Therefore, colonialism is a live and open scar in Canadian life, politics, academics, religion, and everyday life in general.

In Mexico, the Spanish colonizers arrived in 1492, both killing and mixing with Indigenous peoples. The *creoles* (sons of Spaniards in the New Spain) and *mestizos* (descendants of New Spaniards and Indigenous peoples) led the Independence War in 1810. Since then, Mexicans do not consider themselves living under a colonial rule: it is in the past, long time ago. In the 19th century there were two French attempts to conquer Mexico, and the young nation repelled them. That is where the principle of respect of the sovereignty of nations was born in Mexico, and this

⁴⁶ Roy, Pallavi. "Economic growth, the UN and the Global South: an unfulfilled promise." In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge, p. 142.

principle is part of its historic identity. The Mexican delegation advocated for this ideal at Bretton Woods, which is more thoroughly explained in the following chapter.

Thus, this section will bridge between what Canadians consider critical and/or postcolonial, with the parts of these concepts that can be applied to Mexico at Bretton Woods. Postcolonial literature is coincident in advocating for political agency and social relations that build stronger institutions. These perspectives are attempts to reach greater human welfare, based on more legitimate roles for the implementation of international policies. Summarized in a couple of words, these perspectives could be called: inclusive and representative. Hence, this section analyzes seven strategies for decolonizing the “knowledge”—in this case: on Mexico in the current US and Canadian literature—that forms part of this dissertation.

The first strategy for decolonizing knowledge is building new narratives. Mark Bevir,⁴⁷ Meera Sabaratnam,⁴⁸ and Uday Chandra⁴⁹ for instance, talk about new narratives that are post-national and post-statist. They call for eliminating Eurocentrism, colonialism, and imperialism in current studies by eliminating new manifestations in which it is subtly present. In addition, they invite scholars to engage in a radical intellectual practice that challenges the dominant ways of producing knowledge about the developing world. In particular, Chandra⁵⁰ calls for a postcolonial approach to the study of politics, and in doing so, for a radical intellectual practice that challenges the dominant ways of producing knowledge about the developing world as an act of solidarity with discriminated groups. This is an example of decolonizing knowledge.

The second strategy for decolonizing knowledge is to consider how social relations and cultural structures are significant components of politics and successful societies. As Peter A. Hall and Michele Lamont explain, studying social relations can lead us to understand social and cultural structures and thus resilience, and the main factors for institutional robustness.⁵¹ There is evidently room for interpreting resilience as a way to call the ‘endurance of abuses,’ whether national or foreign, but this section focuses on emphasizing that studying the ‘real’ side of cultures and institutions is always useful, in order to understand how they evolve and thrive over time.

⁴⁷ Bevir, Mark (2006). Op. Cit., pp. 594-595.

⁴⁸ Sabaratnam, Meera (2013). “Avatars of Eurocentrism in the critique of the liberal peace,” *Security Dialogue* 44 (3), pp. 259-278.

⁴⁹ Chandra, Uday (2013). “The Case for a Postcolonial Approach to the Study of Politics,” *New Political Science* 35 (3), pp. 479-491.

⁵⁰ Chandra, Uday. Ibid, p. 491.

⁵¹ Hall, Peter A. and Lamont, Michele (2013). “Why Social Relations Matter for Politics and Successful Societies.” *Annual Review of Political Science*. Vol. 16, pp. 49-71.

The third strategy for decolonizing knowledge is taking respectful action. For instance, Adam J. P. Gaudry explains that "... the dominant trend of research in the academy tends toward extraction"⁵² not only of natural resources, but also of knowledge of local cultures and traditions. Therefore, he argues that insurgent research calls for committed action towards the research subjects, based on respect, responsibility, and validation to Indigenous worldviews. In a similar perspective, David Coen and Tom Pegram call for global action based on grass roots mobilization for human welfare. And a third element shared by these authors is the claim that the use of language is a way of domination (e.g. to Indigenous peoples, or to the peoples of the Global South) which is part of the analysis of colonialism in previous centuries, presented by Anna Tsing.⁵³ Thus, decolonizing knowledge, from these perspectives, means respecting local practices, respecting the places where policies are implemented, and definitely not imposing even the language.

The fourth strategy for decolonizing knowledge is noticing our own biases, and challenging them. Through determinate action to stand on the side of antiracists, Ibram X. Kendi elaborates on the idea that people that say "I am not a racist" without demonstrating it with real actions, are 'racists' because they stand on a privileged side in accomplice silence.⁵⁴ In turn, Vernã Myers explains the importance of making conscious decisions to fight subconscious biases.⁵⁵ In these ways, these authors promote inclusiveness to live in better and happier societies through conscious and determinate actions.

The fifth strategy for decolonizing knowledge is engaging in decolonial IR with colonial and decolonial praxis. Karen Tucker examines the "need to adopt research practices that disrupt hierarchical relationships between knowing IR researchers and those who are to be known, and to engage with decolonial struggles on multiple ontological, epistemological, and political registers."⁵⁶ She argues that incorporating these practices into decolonial research can respond to the diverse struggles for autonomy, territory, and recognition still taking place in international relations.

The sixth strategy for decolonizing knowledge is proposing a third generation of Global Governance. The ultimate goal of this research is to develop effective academic paths to achieving

⁵² Gaudry, Adam J. P. (2011). "Insurgent Research," *Wicazo Sa Review* 26 (1), pp. 113-136 (113).

⁵³ Tsing, Anna (2005). *Friction: An Ethnography of Global Connection*. Princeton: Princeton University Press.

⁵⁴ Kendi, Ibram X. TedTalk: <https://www.youtube.com/watch?v=KCxbl5QgFZw>

⁵⁵ Myers, Vernã. TedTalk: <https://www.youtube.com/watch?v=uYyvbglNZkQ>

⁵⁶ Tucker, Karen (2018). "Unraveling Coloniality in International Relations: Knowledge, Relationality, and Strategies for Engagement." *International Political Sociology* (2018) 12, 215–232, p. 229.

human welfare through a more inclusive and democratic global action. Over the years, there has been a shift in how Global Governance is addressed and understood. The first generation of Global Governance focused on actions taken beyond states. The second sought to build multilateralism and break the international gridlock that has loomed over the international agenda in the recent decades. Thus, David Coen and Tom Pegram⁵⁷⁵⁸ argue in favour of more inclusive policies and forms of knowledge, through “more systematic inter and cross-disciplinary learning.”⁵⁹ Moreover, they argue that “Global Governance scholarship needs to pay attention to local politics of implementation which ultimately shape outcomes,”⁶⁰ since it is at the local level where international policies are applied.

The seventh strategy for decolonizing knowledge is decolonizing the IPE syllabus. Felix Mantz points out that this idea alludes “to the responsibility of academics to recognize that decolonizing knowledge must go beyond decolonizing the mind, transcend the academy as site of struggle, and manifest in concrete change that has not been approved, sanctioned and appropriated by the dominant powers in the academy.”⁶¹ This is especially important because how can something so abstract such as knowledge be decolonized if it is the same power-imbalanced structure that gets to decide what is relevant for scholarship and what is not?

Hence, this literature reveals an agreement on the inclusion of all peoples, the recognition and strengthening of their agency, and the importance of considering and respecting the local places where policies are implemented.

The goal of this dissertation is to present the participation of Mexico at Bretton Woods. According to the Mexican delegation, the decisions made could had been fairer and more inclusive for the welfare and the economic development of the peoples of the world (Chapter 6 of this dissertation). In this way, studying this historic period provides a helpful understanding and perspective for building bridges between past and present, and academia and the real world.

⁵⁷ Coen, David and Pegram, Tom (October 2015). “Wanted: a Third Generation of Global Governance Research.” *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 28, No. 4, pp. 417-420.

⁵⁸ Coen, David and Pegram, Tom (2018). “Towards a Third Generation of Global Governance Scholarship.” *Global Policy* 9(1), pp. 107-113.

⁵⁹ Coen, David and Pegram, Tom (2018). *Ibid*, p. 107.

⁶⁰ Coen, David and Pegram, Tom (2018). *Ibid*, p. 111.

⁶¹ Mantz, Felix (2019). “Decolonizing the IPE syllabus: Eurocentrism and the coloniality of knowledge in International Political Economy.” *Review of International Political Economy*, 26:6, 1361-1378, p. 1375.

3. CRITICAL REFRAMING OF THE CURRENT STATE OF US AND CANADIAN LITERATURE: WHAT IS MEXICO'S PLACE IN THE WORLD?

... Nobody who is anybody, it is said, should give a thought to the silver problem, since it only affects a few of the so-called backward peoples of the Earth, whose international trade added together is but a minor, negligible fraction of the world trade. If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy. For how can we brush aside so lightly the economic habits of millions upon millions of humble people, just because they are poor and cannot thus “belong” amongst the economic “elite” of this Earth?...⁶²

~ Eduardo Suárez Aránzolo at the Bretton Woods Conference

3.1 What is Mexico's Place in the World Today?

Mexico is a great country. It is currently ranked the 2nd largest economy in Latin America, 5th in the Trans-Pacific Partnership, and 15th in the world, with 1.67% of the world's GDP,⁶³ which makes Mexico part of the G-20. In addition, it is globally ranked 11th in population,⁶⁴ 14th in geographical size,⁶⁵ and 5th in biodiversity (5th in plants, 3rd in mammals, 11th in birds, 2nd in reptiles, and 5th in amphibians)⁶⁶. That is, Mexico is a key actor in economic, social, and natural global processes.

Geographically, Mexico is also surrounded by two oceans, the Pacific and the Atlantic, that provide it—since it is near the Equator—with beautiful beaches with warm weather throughout the year. Mexico also has 3,500 kilometers of border with the United States, which provide it with

⁶² US Department of State (1948). *Op. Cit.*, Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico's Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

⁶³ ProMéxico. “Posición de México en el Mundo”. Gobierno de México:

https://www.gob.mx/cms/uploads/attachment/file/43882/MEX_Ficha_resumen.pdf

⁶⁴ ProMéxico. *Ibid*.

⁶⁵ INEGI. “Extensión territorial”. Gobierno de México:

<https://cuentame.inegi.org.mx/territorio/extension/default.aspx?tema=T>

⁶⁶ Comisión Nacional para el Conocimiento y Uso de la Biodiversidad. “México Megadiverso”. Biodiversidad Mexicana: <https://www.biodiversidad.gob.mx/pais/quees.html>

an excellent logistical advantage for international trade. In addition, in its vast territory, Mexico has 15 different ecosystems, ranging from the high mountains to the deep seas, passing through deserts and coral reefs, cloud forests and coastal lagoons. These geographical advantages make Mexico propitious for tourism and for diverse kinds of renewable and non-renewable energy.⁶⁷

Culturally, Mexico is also very rich both historically and in the present time. Historically, what is currently known as Mexico, has benefitted from three cultures: the ancient Mesoamerican civilizations, the Hispanic culture that arrived in America 500 years ago, and the modern culture. One can see examples of these cultures and of their blending, in the country's architecture, arts, knowledge, traditions, and gastronomy.

With respect to contributions to knowledge, Mexico has earned three Nobel Prizes. Alfonso García Robles (Peace, 1982), for his “work for disarmament and nuclear and weapon-free zones”⁶⁸; Octavio Paz (Literature, 1990), “for impassioned writing with wide horizons, characterized by sensuous intelligence and humanistic integrity”⁶⁹; and Mario Molina (Chemistry, 1995), for his “work in atmospheric chemistry, particularly concerning the formation and decomposition of ozone.”⁷⁰ All these contributions have been vital for humanity, especially García Robles' advocacy against the nuclear race during the Cold War, and Molina's discoveries on the ozone layer.

The following sections present Mexico from different angles at the time of the Bretton Woods Conference. First, with regards to Mexico's international prestige and high negotiating capacity. Then, more specifically, the internal and external factors of that negotiating capacity. Then, a discussion of the Juárez, Carranza, and Estrada Doctrines, which reinforces that Mexico has a long diplomatic history defending the sovereignty and juridical equality of nation-states. And finally, an examination of representations of Mexico from a current North American perspective. The purpose of this chapter is to portray the real Mexico: a country with a long diplomatic tradition and high negotiating capacity that advocated for the respect of the sovereignty of large and small nations alike at the Bretton Woods Conference.

⁶⁷ Comisión Nacional para el Conocimiento y Uso de la Biodiversidad. “Ecosistemas de México”. Biodiversidad Mexicana: <https://www.biodiversidad.gob.mx/ecosistemas/ecosismex>

⁶⁸ The Nobel Prize 1982, alongside Sweden's Alva Myrdal. Retrieved from The Nobel Prize 1982. “Alfonso García Robles, Facts”: <https://www.nobelprize.org/prizes/peace/1982/robles/facts/>

⁶⁹ The Nobel Prize 1990: <https://www.nobelprize.org/prizes/literature/1990/summary/>

⁷⁰ The Nobel Prize 1995, alongside The Netherland's Paul Crutzen and USA's F. Sherwood Rowland: <https://www.nobelprize.org/prizes/chemistry/1995/summary/>

3.2 What was Mexico's Place in the World at the Time of the Bretton Woods Conference?

3.2.1 Mexico's Foreign Policy: International Prestige and High Negotiating Capacity at the United Nations and the Inter-American Forums

According to Rafael Velázquez Flores, the foreign policy led by President Lázaro Cárdenas (1934-1940) was characterized overall by a heightened nationalism, his attachment to the democratic system, his rejection of Nazism and Fascism, and his adherence to the international juridical order. Mexico rejected the Italian invasion of Ethiopia (1936); it protested the German annexation of Austria (1938) and Czechoslovakia (1939), and the Soviet invasion of Finland (1939); and it never recognized the Franco regime in Spain (1939-1975), it received between 20,000 and 30,000 Spanish refugees, and it actually supported the Republic.⁷¹ Mexico defended these positions in international conferences, and moreover, it had an important role in the Inter-American Conferences proposing to include the non-intervention principle as a conduct rule among the American countries.⁷²

Velázquez explains that during the Second World War, the overall internal and external factors allowed Mexico's capacity for international negotiation to increase significantly for the first time in history. Indeed, by 1940 Mexico showed clear proof of internal strengthening. On the one hand, the country began to acquire political stability because from that date on the institutionalization of the political system meant that government change took place in a peaceful manner. At the same time, Mexico began an accelerated economic growth as result of internal reforms and the beginning of the Second World War. According to Velázquez, from 1939 to 1945, the national GDP grew in average 7%. In addition, Mexican society underwent strong changes due to the rapid urbanization process, the growth of the middle class, the decrease of the mortality rate, and the increase of the literate population.

On the other hand, the international situation was also highly favourable for Mexico. Velázquez explains that the severity of the world conflict had an important impact in the interest

⁷¹ Rodríguez Huerta, Gabriela (2019). *México en el Mundo: Constitución y Política Exterior*. México. FCE, p. 95.

⁷² Velázquez Flores, Rafael (1995). *Introducción al Estudio de la Política Exterior de México*. México. Editorial Nuestro Tiempo, p. 86.

of the United States for improving the mechanisms to create a continental American alliance. The White House had already realized the necessity of an Inter-American union to protect the American continent from the Nazi influence. For this reason, Washington was in strong need of signing a defense agreement with Mexico to help to protect itself from the Nazi threat. In addition, the international demand for strategic goods increased, and Mexico counted with some of them in high quantities. At the time, Mexico depended less on the foreign interests because of the decrease of foreign investments brought about by the oil expropriation in 1938.⁷³

With this level of negotiating capacity, Mexico took several actions. It conditioned the conclusion of a formal joint defense agreement with the United States until pending issues between these two countries were resolved. The United States agreed, and Mexico was able to solve the problems derived from the oil expropriation, such as the suspension of the commerce of silver, and pending claims and compensations. In the same tenure, Mexico signed an agreement with the International Committee of Bankers for renegotiating the foreign debt. This agreement was favourable for Mexico because the amount of the debt decreased by 10%. In addition, Mexico was able to establish conditions in the agreements to protect the labour rights of temporary workers. And, the American and Mexican governments also signed, for the very first time, a commercial agreement.⁷⁴

In terms of bilateral policies, Mexico showed a certain degree of autonomy in its relationships with other countries. For example, Velázquez points out that it resumed relationships with Great Britain, after the oil expropriation. Regarding France, Mexico was the first country to recognize De Gaulle as President. In relation to Spain, the Mexican government never recognized the Franco regime. And, with the Soviet Union, the reestablishment of relations was a decision taken by both countries.⁷⁵

In relation to the multilateral policy, Velázquez explains that the attitude that Mexico took in multiple international forums gave the country certain prestige within the global arena. Mexico's active participation in the Inter-American system gave the country the role as regional leader within the continent, in which most of its initiatives were approved unanimously in the Consultation meetings. In addition, the American nations agreed that Mexico hosted a special

⁷³ Velázquez Flores, Rafael (1995). *Ibid*, p. 87.

⁷⁴ Velázquez Flores, Rafael (1995). *Ibid*, pp. 87-88.

⁷⁵ Velázquez Flores, Rafael (1995). *Ibid*, p. 88.

meeting to deal with matters related with the end of the war and its possible repercussions. This meeting, titled the Chapultepec Conference, took place in 1945.⁷⁶

When Mexico suffered external aggression after two of its ships were sunk by the Germans, the government declared war on to the Axis nations in 1942, in one of the most transcendent decisions for the defense of national dignity. Even though Mexico had been a pacifist country historically, the decision did not mean that the country was departing from its principles of foreign policy, because this action was taken in legitimate defense. Thus, Mexico sent the *Battalion 201* to the battleground, specifically to the Philippines and Taiwan to fight against Japan, placing it among the victorious nations. This fact allowed Mexico to participate directly in the negotiations to establish a new international organization: the United Nations.⁷⁷

This international prestige earned Mexico certain benefits in its foreign relations. For example, its most important principles of foreign policy were enshrined in the Mexico Declaration and in the Act of Chapultepec, documents that emanated from the Chapultepec Conference (February 21 to March 8, 1945). At this summit, Mexico expressed its concern for a more cooperative international system. For example, President Manuel Ávila Camacho expressed as follows in his inaugural speech:

With ample reason we are gathered here to reflect about the problems that imposes the end of the war and the preparation of the future peace. Likewise, I affirm the conviction that in the organization of the new world peace, the Americas could be a splendid guarantee of balance.

*If the international order of tomorrow would be established exclusively taking into consideration the opinion of the powerful countries, all this war would be then a huge and grotesque fiction.*⁷⁸ (my emphasis)

These words express the view, as represented by Mexico, as the host and leading country, of a new international order that would be cooperative and fair for all. Furthermore, the San Francisco Conference, which gave birth to the United Nations, incorporated some of Mexico's points of view. As a result of this leadership, Mexico became part of the very first Security Council of the

⁷⁶ Velázquez Flores, Rafael (1995). *Ibid*, pp. 88-89.

⁷⁷ Velázquez Flores, Rafael (1995). *Ibid*, p. 89.

⁷⁸ AREM.- L-E.469.- Actas finales de la Reunión Interamericana sobre Problemas de Guerra y Paz, 1945. Quoted in Velázquez Flores, Rafael (2007). *La Política Exterior de México Durante la Segunda Guerra Mundial*. México. Plaza y Valdés Editores, p. 127.

United Nations as a non-permanent member.⁷⁹ Also, at Mexico's initiative, the Franco regime in Spain was not included in the United Nations. Moreover, the role of regional organizations in the United Nations system was accepted precisely in the way that the Mexican delegation proposed it, that is, that there would be compatibility between the United Nations and regional organizations.⁸⁰

It is worthwhile pointing out some of the proposals that Mexico presented at the San Francisco Conference. For example, the Ávila Camacho government achieved that the right to labour was included in the Charter, as well as the participation of women in the same circumstances as men in the United Nations' diverse organizations.⁸¹ These results were proof that Mexico enjoyed an ample international prestige and a high negotiating capacity.⁸²

At the same time, Mexico recognized that it was not a big power, and so the Secretary of Foreign Relations, Mr. Ezequiel Padilla, mentioned:

The small nations exist free of all ambition of power and conquest. They represent the highest aspirations of justice, and are builders of the strength of the rule of law. That is the reason why we, the small nations, do not find here—not because of military reasons that we do not possess, nor by virtue of a contribution that could be powerful to guarantee peace—We want security not only for ourselves, because we do not have elements for threatening it, but for the big powers that can be tempted more easily by the sinister desire of ambition and force.⁸³

Padilla shows how the Mexican position of contributing towards international cooperation and promoting respect to big and small nations alike formed the basis for and direction for its foreign policy. Moreover, the Mexican delegation voted in abstention regarding the veto right in the Security Council. In relation to the composition of this Council, Mexico coherently declared:

The Mexican delegation, by voting in favour of the text of the article in relation to the composition of the Security Council, wishes to express that, considering such text as an implicit implementation of the juridical principle of correlation between rights and

⁷⁹ Rodríguez Huerta, Gabriela (2019). *Ibid*, p. 96.

⁸⁰ Velázquez Flores, Rafael (1995). *Ibid*, pp. 89-90.

⁸¹ Velázquez Flores, Rafael (1995). *Ibid*, pp. 89-90.

⁸² Riguzzi, Paolo and De los Ríos, Patricia (2012). *Las relaciones México-Estados Unidos, 1756-2010. Volumen II. ¿Destino no manifiesto? 1867-2010*. Universidad Nacional Autónoma de México (UNAM). México, p. 295. http://www.historicas.unam.mx/publicaciones/publicadigital/libros/mexusa/v02/14_guerra_mundial_guerra_fria.pdf

⁸³ “Discurso del Secretario de Relaciones Exteriores de México, Ezequiel Padilla, durante los debates de la Conferencia de San Francisco”, en *Política Exterior de México 175 años de Historia*, Tomo III, México, SRE, 1985, p. 487. Quoted in Velázquez Flores, Rafael (2007). *Op. Cit.*, p. 133.

obligations, which maintains safe the basic principle of juridical equality among all States.⁸⁴

Mexico's position shows how it defended the international law order. Overall then, the Mexican foreign policy during the Second World War was characterized by its constant attachment to international law, to Inter-American solidarity, and to its rejection to Nazism and Fascism. These affirmations are confirmed by these facts: Mexico was one of the countries that greatly promoted Inter-American cooperation; it always showed solidarity with nation under attack; it protested the aggressions of the Axis countries; and it condemned the use of force as an instrument of international dominance. In this way, the Mexican foreign policy at this stage respected the previous foreign policies as its posture was a continuation of its historic experiences. Mexico assumed these positions as result of the international threat that the advances of Nazism and Fascism represented, and as an alternative to assure the defense of its national sovereignty, territorial integrity, and political independence.⁸⁵

Mexican foreign policy in this historic period contributed to the establishment of Mexican political stability and the promotion of economic development. However, the actions aimed at promoting the popular classes decreased during the Ávila Camacho government (1940-1946), because inflation harmed the working classes' purchasing power. The Camacho administration understood the primacy of national interest over foreign threats.⁸⁶

It is important to highlight that Mexico found the necessary conditions for complying with its project of foreign policy in this period, which was based on its traditional principles: non-intervention, self-determination of the peoples of the world, legal equality of countries, and peaceful settlement of disputes. Even though Mexico participated in the War with defensive purposes, the decision was completely legitimate. In defense of national sovereignty, the government rejected the installation of foreign military bases on its national territory; it did not allow external intervention in matters of national interest, and it modernized the army so that it could be prepared to confront any contingency.

In terms of the economy, Mexico increased its exports, signed favourable commercial agreements, and attracted again foreign investments to foster growth and development—even

⁸⁴ García Robles, Alfonso. *México en las Naciones Unidas*. Tomo I. México. UNAM. 1970, pp. 14-15. Quoted in Velázquez Flores, Rafael (2007). *Ibid*, p. 134.

⁸⁵ Velázquez Flores, Rafael (1995). *Op. Cit.*, p. 90.

⁸⁶ Velázquez Flores, Rafael (1995). *Ibid.*, pp. 90-91.

though its purpose of getting closer to the Latin American markets was not achieved because selling its products to the United States was far more profitable. By 1946, Mexican trade with the United States represented almost 90% of total exports.⁸⁷ This commercial position was certainly a setback for Mexico because its interests became more aligned with those of the United States by the end of this period.⁸⁸

In sum, Mexican foreign policy was coherent both in its internal and external reality. Mexico had to participate actively in the international field by diplomatic means—i.e., through solidarity and cooperation—with the aim of protecting national sovereignty and guaranteeing territorial integrity. Hence, Mexico’s foreign policy was consequential with the internal policy because international solidarity helped face the Nazi and Fasci threats. Moreover, foreign policy and the national unity policy were two congruent positions.

Thus, Mexico was an international actor with ample prestige and high negotiating capacity. Taking into consideration: that the American and the Mexican government signed a commercial agreement for the first time, that many of the Mexico’s initiatives were approved unanimously in the Inter-American system, and that some of its proposals were included in the Charter of the United Nations, among all the significant historic facts presented in this section.

3.3 What was Mexico’s Place, Internationally, in Terms of its Negotiating Capacity?

According to Antonio Ortiz Mena, an important lesson that emerges from the performance of Mexico both in Bretton Woods and at the IMF in the years that came, is that, in periods of crisis, opportunities open to adjust the rules of the game. At those points in time, a good strategy, technical capacity and negotiating skills can give a country’s representatives much greater power than that derived from the country’s material conditions, such as its geographic location and size, its economy’s size, and its population. Ortiz Mena also adds that: “It is in periods of crisis and uncertainty when ideas can have an important weight in shaping the rules of the game, and this potential can only be used by participating in it.”⁸⁹

⁸⁷ Velázquez Flores, Rafael (1995). *Ibid*, p. 91

⁸⁸ Velázquez Flores, Rafael (2007). *Op. Cit.*, pp. 171-178.

⁸⁹ Ortiz Mena, Antonio. “Mexico ante el Sistema Monetario y el Comercial Internacional: Lecciones de Bretton Woods a la Actualidad”. En Schiavón, Jorge; Spenser, Daniela; y Vázquez Olivera, Mario (editores). *En Busca de una Nación Soberana: Relaciones Internacionales de México, siglos XIX y XX*. México. CIDE y SRE, p. 549.

In this way, he presents two important ideas. First, that the Mexican delegation had all the elements to succeed at Bretton Woods: a good strategy, technical capacity, and negotiating skills, which were additional elements to Mexico's favored geographic location and size, its economy's size, and its population. Second, that Mexico could use all those elements by participating in the Bretton Woods negotiations. Had Mexico remained in the shadows of the Conference, all this talent and commitment would have been useless. Therefore, this section explores all the factors involved in Mexico's international negotiations at that point in history.

3.3.1 Mexico's External Factors

3.3.1.1 Mexico's International Prestige

Mexico's international image at the beginning of the Second World War was highly positive due to its progressive trajectory in favour of the defense of international law, and its rejection of the use of force. Mexican diplomats had earned a good reputation and prestige due to their international performance and the success of Mexican diplomatic doctrines. For example, the *Juárez, Carranza, Estrada, and Cárdenas Doctrines* had a good reputation in the world, while Matías Romero, Isidro Fabela, Genaro Estrada, and Lázaro Cárdenas were statesmen who left a profound mark on the consolidation of Mexican international principles. These doctrines and statesmen reflect the Mexican foreign policy from the early 19th century to the beginning of the 20th century. Those principles were strongly defended by Mexico in all international forums and were a consequence of its own history. In addition, these principles, such as the non-intervention, the self-determination of the peoples of the world, the peaceful settlement of disputes, the juridical equality of states, among others, gave Mexico the international prestige that allowed it to have a high international negotiating capacity.⁹⁰

3.3.1.2 International Organizations

At the beginning of the Second World War, the League of Nations was still current, but the purpose for which it was created was not achieved: maintaining world peace. It was obvious that the War

⁹⁰ Velázquez Flores, Rafael (2007). *Op. Cit.*, pp. 100-101.

reflected the inoperability of the League of Nations. On the other hand, the Inter-American solidarity had gained strength at the time. Mexico's participation in the Inter-American system was among the more meaningful in Latin America because it maintained a regional leading position as consequence of its political stability. This factor allowed Mexico to have more independent negotiations with other countries, and the support from its neighbours in the global South in case it was needed.⁹¹

3.3.1.3 International Situation

The international situation during the War represented a threat to all countries due to the generalization of armed conflict. Initially, this issue did not represent a negotiating factor for Mexico in a direct way. However, it represented a better position for Mexico because it could take advantage of the international situation for getting benefits internally. For example, it fostered economic development and certain political unity in the face of external threats. In addition, the international conflict forced the main powers to focus their attention on the unfolding of events, which gave developing countries greater autonomy in their foreign policy.⁹²

3.3.1.4 United States' Attitude towards Mexico

Mario Ojeda points out that the overall picture of the US-Mexico relationships, characterized by a permanent conflict, was suddenly transformed with the Second World War, and that a new era of cooperation was inaugurated. Thus, the Second World War constitutes a breakthrough in the US-Mexico relationships. The United States switched its old policy towards Latin America, characterized by the interventionism of the big stick and dollar diplomacy, for a new one: the Good Neighbour policy.

The United States sought the cooperation of the Latin American countries in three different aspects. In the military aspect, it aimed at obtaining authorization to establish of bases for their armed forces, and to strengthen the capacity of Latin American armies against a possible internal attack induced by the Axis powers. In the political field, it had the purpose of countering the Nazi

⁹¹ Velázquez Flores, Rafael (2007). *Ibid*, p. 101.

⁹² Velázquez Flores, Rafael (2007). *Ibid*, p. 102.

and Fascist groups within the continent. And, in the economic arena, it wanted to maintain access to Latin American sources of raw materials, which were strategic for the Allies, and to prevent them from being accessed by the Axis powers.⁹³

This new United States' attitude, according to Velázquez, also gave Mexico a new degree of international negotiating capacity because Mexico found solidarity and cooperation with the United States, instead of open pressures and direct interventions. This situation allowed Mexico to make decisions with the assurance that the United States would not intervene militarily.

Therefore, the conjunction of internal and external factors at the beginning of the Second World War allowed Mexico to have a high capacity for international negotiation. In other words, political stability and economic development on the one hand, and the new international situation on the other, would give Mexico the capacity to achieve its main national goals.⁹⁴

3.3.2 Mexico's Internal Factors

3.3.2.1 Geography

According to Velázquez, Mexico's geographical position represented a strategic factor in terms of geopolitics. The fact that Mexico was located at the south of one of the most important nations in the world gave it a key role in the United States' military plans. For this reason, Washington considered Mexico as a first-priority zone in terms of its national security, once the international conflict was over. Hence, its geographic location represented a very important factor which increased Mexico's negotiating capacity because the government of President Ávila Camacho could impose conditions in the event of a joint defense plan.⁹⁵

3.3.2.2 Natural Resources

Velázquez explains that the country had natural resources in large amounts that were indispensable for the countries at war. On the one hand, Mexico had agricultural and food products, which were

⁹³ Ojeda, Mario. "El Futuro de las Relaciones entre México y Estados Unidos." *Las Relaciones entre México y Estados Unidos*. México. FCE. 1981, p. 832. Quoted in Velázquez Flores, Rafael (2007). *Ibid*, pp. 102-103.

⁹⁴ Velázquez Flores, Rafael (2007). *Ibid*, p. 103.

⁹⁵ Velázquez Flores, Rafael (2007). *Ibid*, p. 95.

very necessary across the battlefronts. On the other hand, oil and mineral products were priority resources for the elaboration of military implements and fuels. Thus, Mexico was in such a strategic position that it could impose conditions for selling these raw materials because these inputs were indispensable for a war economy.⁹⁶

3.3.2.3 Economic Development

By 1940, Mexico's economy showed remarkable growth. A strong economy expanded Mexico's scope for action because it now had more autonomy in its relations abroad. In addition, the conjunction of the international scene and the domestic economic policy generated a new productive model. The Second World War created propitious conditions so that the growth process within the country became more relevant. On the one hand, nascent industries found greater opportunities for concurring towards an international market where scarcity was the rule, thus achieving high prices for its products. On the other hand, the impossibility of finding in the international markets the manufactures that were traditionally imported, forced the market to produce them internally.⁹⁷ Hence, the internal and external economic conditions during this period gave birth to the import-substitution model.

In addition, 1940 was the year that Mexico received the least number of foreign investments in the 20th century. This is a very important aspect because it allowed Mexico to maintain independence from the economic interests of other countries. Therefore, the high economic growth, on the one hand, and the reduced dependency on foreign investments, on the other hand, allowed Mexico to increase its capacity for international negotiations because it had autonomy in making both internal and external decisions.⁹⁸

3.3.2.4 Population

By 1940, Mexico's population registered an accelerated growth because of an improvement in public health services, an increase of migration from the countryside to the cities, and

⁹⁶ Velázquez Flores, Rafael (2007). *Ibid*, pp. 95-96.

⁹⁷ Aguilera, Manuel (1976). *La Desnacionalización de la Economía Mexicana*. México. FCE, p. 50. Quoted in Velázquez Flores, Rafael (2007). *Ibid*, p. 96.

⁹⁸ Velázquez Flores, Rafael (2007). *Ibid*, pp. 97.

consequently, a rapid urbanization process. At the same time, most of the population was comprised of young people. These social facts meant that Mexico had good potential for industrialization, that is, that it had young and strong labour force. A larger population also fostered an increase in Mexico's negotiating capacity, because the population became a strategic element for the requirements of the war. For example, the Mexican government could now impose conditions for its nationals to work in other countries, or it could decide whether to send Mexicans to the battlefronts.⁹⁹

3.3.2.5 State Ideology

The political model that the Mexican state supported was democracy as an ideal. This model placed Mexico on the democratic nations' side, which were the majority; and against the totalitarian ones, which were the minority. Thus, the ideology that the Mexican state presented also became an important factor in its international negotiating capacity, given that the aim of solidarity would offer better alternatives than the use of force as an instrument of international prevalence.¹⁰⁰

3.3.2.6 Political System

Mexico began to have political stability by 1940 because at the time, the institutionalism of the political system began to take roots through presidentialism and corporatism. This political stability also imprinted a notable degree of international negotiating capacity because the best way to confront an international contingency was through internal strengthening and the stability of the country's political institutions. A stable political system gave foreign policy greater consistency as negotiations became more trustworthy.¹⁰¹ Mexico found in this period the necessary conditions to fulfill its foreign policy project, based on its traditional principles. In defense of national sovereignty, the government rejected the installation of foreign military bases in the national territory, it did not allow external interference in internal matters, and it modernized the army to

⁹⁹ Velázquez Flores, Rafael (2007). *Ibid*, pp. 97.

¹⁰⁰ Velázquez Flores, Rafael (2007). *Ibid*, pp. 98-99.

¹⁰¹ Velázquez Flores, Rafael (2007). *Ibid*, p. 99.

face any contingency.¹⁰²

3.3.2.7 Social Cohesion

Despite the political effervescence of 1940, the popular classes were, in their vast majority, associated in labour unions which presented their demands to the State using the institutional path. In 1938, the government found strong support in these organizations to expropriate the oil companies. In addition, diverse political parties supported the Mexican foreign policy of that time. For instance, the leftist parties were in favour of Mexico's position facing the events that occurred before the Second World War. These factors gave a stronger consistency to the Mexican foreign policy and, consequently, a higher international negotiating capacity.¹⁰³

3.4 What was Mexico's Place, in Diplomatic Terms, from the Early 19th Century Onwards?

3.4.1 Juárez, Carranza, and Estrada Doctrines: Mexico's Long Diplomatic History Defending the Sovereignty and Juridical Equality of Nation-States

In this section it is important to acknowledge Mexico's past to appreciate its long diplomatic history in defending the sovereignty and juridical equality of nation-states as well as in its role at the Bretton Woods Conference. This explanation of Mexican history is needed because of the current state of the literature. An example of inadvertent misinterpretation in the current state of the literature is found in Christy Thornton's *Revolution in Development*, in which she includes a section specifically on "the Constitution and political economy of the *Carranza Doctrine*." There, she portrays the *Carranza Doctrine* as *the* nationalist Mexican perspective for protecting the Mexican sovereignty in the 20th century for a period of six decades.¹⁰⁴ However, as mentioned in Section 3.3.1.1 (Mexico's International Prestige), Mexico had maintained principles of foreign policy that gave it a good reputation in the world beginning in the early 19th century and through

¹⁰² Velázquez Flores, Rafael y Schiavón, Jorge A. (2021). *Introducción al Estudio de la Política Exterior de México*. México. UNAM, CIDE, CESPEM, pp. 179-182.

¹⁰³ Velázquez Flores, Rafael (2007). *Op. Cit.*, pp. 99-100.

¹⁰⁴ Thornton, Christy (2021). *Revolution in Development: Mexico and the Governance of the Global Economy*. University of California Press, pp. 25-26.

the 20th century: non-intervention, self-determination of the peoples of the world, legal equality of countries, and peaceful settlement of disputes. Mexico has been globally recognized by these principles for two centuries hitherto. In the introduction to *Revolution in Development*, Thornton mentions that:

... As the chapters that follow make clear, it was precisely the struggle over access to capital—over the legal structures that might govern it and the institutions that might provide it—that shaped the patterns of how Mexico intervened in debates over global economic governance.

‘Revolution in Development’ uncovers these patterns in Mexican advocacy, which began at the close of the First World War, as world leaders debated the purview of the new League of Nations, and culminated in the late 1970s, when Mexican President Luis Echeverría spearheaded the writing of the Charter of Economic Rights and Duties of States, the agreement that would underpin the creation of the NIEO.¹⁰⁵ (my emphasis)

This perspective, despite arguing for acknowledging Mexico’s important role in international relations, ignores that Mexico began defending the sovereignty of countries (political, juridical, and economic) since the proclamation of its independence from Spain in the early 19th century, not only in the six decades of the 20th century studied by Thornton.

More specifically, the guiding principle of the Mexican foreign policy for defending its sovereignty at the Bretton Woods Conference can be found in Mexico’s DNA. In the document *Feelings of the Nation*, José María Morelos y Pavón, leader of the insurgency against the Spanish colonial rule, presented on September 14, 1813, to the National Constituent Congress in Chilpancingo, Guerrero, in Mexico, the proclamation of independence, which began with: “America is free and independent of Spain and all other nations, governments, or monarchies...”¹⁰⁶

This ideal was carried throughout the 19th century by Mexico, and consequently it was also defended at Bretton Woods, where the Mexican delegation stated that:

¹⁰⁵ Thornton, Christy (2021). *Ibid.*, p. 10.

¹⁰⁶ Orden Jurídico. Sentimientos de la Nación: <http://www.ordenjuridico.gob.mx/Constitucion/1813.pdf>

It is because Mexico believes sincerely in not doing unto others what she would not wish to have done unto her, that we insist that this Commission approves a formula whereby due respect be paid to the sovereign rights of small and large nations alike.¹⁰⁷

The strength of Mexico's argument in favour of defending national sovereignty is shown in these words. Moreover, it is worth noting that the principle of respecting other countries' rights is established in the Mexican Constitution, Article 89, Section X. In other words, these principles of Mexican diplomatic relations are part of its highest normative body.

Furthermore, this principle was defended by President Benito Juárez in 1867. When the Mexican Republic was reinstated after the French Intervention, he proclaimed that "between individuals as between nations, respect for the rights of others means peace." This ideology has been known in international diplomacy as the *Juárez Doctrine*. Juárez' proclamation represents the rights to self-determination of the peoples of the world, diplomatic non-intervention, and legal equality of states, which are renowned diplomatic Mexican principles hitherto—that certainly did not suddenly emerge in the historical period studied by Thornton's *Revolution in Development*, which takes as starting point the Mexican Revolution (1910-1921) and the Mexican Constitution issued in 1917.

Mexico is one of the few countries that specifies the responsibilities of the President in matters of foreign policy in its Federal Constitution. This precedent dates to the mid-19th century. Patricia Galeana explains that the epoch of the *Reform (1858-1861)*, the *French Intervention (1861-1864)* and the *Second Empire (1864-1867)*¹⁰⁸ is known as 'the great national decade,' and constitutes a pivotal time in Mexico's history because the Mexican War of Independence from Spain lasted from September 16, 1810, to September 27, 1821. However, many assets remained under the control of the Catholic Church. Thus, *the Reform Laws* are very important in Mexican history because they defined the path of Mexican history towards the secularization of the State.¹⁰⁹

¹⁰⁷ US Department of State. *Op. Cit.*, Document 353, "Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies," July 14, 1944, pp. 1178-1180.

¹⁰⁸ The Second Empire refers to a period when France imposed Maximilian of Habsburg, an Austrian Archduke, as Emperor of Mexico.

¹⁰⁹ This period is important because Mexico was consolidated as a republican and secular State: after a war between Conservatives and Liberals, the Liberal government of Benito Juárez promulgated the *Reform Laws* in 1859. On July 12, the Law of Nationalization of Ecclesiastical Assets. On July 23, the Civil Marriage Law. On July 28, the Organic Law of the Civil Registry, and the Law on the Civil Status of People. On July the 31st, the Decree that declared that all intervention of the clergy in cemeteries ceased. On August 11, holidays were regulated and the obligatory

According to Patricia Galeana, the generation that carried out these events was forged in the struggle for the construction of the Mexican state, as well as between the monarchical and republican regimes, between federalism and centralism, and between liberalism and conservatism. That generation experienced the whims of Antonio López de Santa Anna—a military leader without ideology—and suffered the trauma of the loss of over half of the nation’s territory (February 2, 1848).¹¹⁰ In those defining years of the *Reform* period, when Mexican diplomacy and politics fluctuated between surrendering and heroism, Mexico had men of great moral and intellectual stature such as Benito Juárez, Melchor Ocampo, Matías Romero, and Jesús Terán, who placed their intelligence and life at Mexico’s service.¹¹¹

Internal political struggles, the bankruptcy of the treasury, and foreign invasions had seriously jeopardized national independence. The Independence War (1810-1821) was followed by the French occupation. The Republic seemed to fade, and the government was reduced to its minimum expression. The nation could be lost: the country could have become a French protectorate or an American one.¹¹² This historic period explains how the principle of non-intervention emerged.

The first French invasion began on April 16, 1838. It is better known as the “War of Cakes” or “Pastry War.” After the War of Independence, several French citizens residing in Mexico City, including a pastry cook whose last name was Remontel, demanded compensation for damages suffered in 1828 from Mexican officials. It is worth mentioning that Mexico was not fully internationally recognized as an independent country at the time, since Spain acknowledged Mexico’s independence until 1836.¹¹³

The operations of the “War of Cakes” were part of an attempt to obtain economic privileges in Latin America. A precedent between both nations is that, in 1827, an agreement was signed between Mexico and France under the name of Provisional Declarations, which laid the foundations for the future settlement of relations between the two countries. As the demands of

attendance to Church services was prohibited. A year later, on December 4, 1860, the Law on Freedom of Religion was enacted.

¹¹⁰ Galeana, Patricia (2007). “Antecedentes Históricos del Artículo 89 Constitucional”. México. UNAM, Vol 1, p. 1. retrieved from: <http://www.journals.unam.mx/index.php/anuhist/article/view/31580/29199>

¹¹¹ Galeana, Patricia (2007). Ibid, p. 1.

¹¹² Galeana, Patricia (2007). Ibid, p. 1.

¹¹³ Proceso. Gutiérrez, Alejandro. “Cuando la Independencia de México Marcó la Geopolítica Internacional”. Septiembre 15, 2021: <https://www.proceso.com.mx/nacional/2021/9/15/cuando-la-independencia-de-mexico-marco-la-geopolitica-internacional-272038.html>

the French citizens, including the pastry cook, were not accepted by the Mexican government, the French fleet opened fire on the fort of *San Juan de Ulúa* and the port of *Veracruz* on November 21, 1838, beginning the war between the two nations. This conflict ended on March 9, when the peace treaty was signed. In this treaty, Mexico agreed to pay compensation and France committed to withdraw its naval fleet, in addition to returning the seized Mexican ships.¹¹⁴

Therefore, a French baker among other French citizens sued the Mexican government for exorbitant amounts of money for alleged damages to its bakery during some movements after the War of Independence as an excuse for France to invade Mexico. Hence, the “War of Cakes” is relevant because it was the same argument that France used with Haiti, forcing that country to pay ridiculous amounts of money for the freedom of its citizens, for generations that would come. This historical decision in 1791 is what impoverished Haiti and enriched French banks forever. The *New York Times* summarizes it in these words: “In 1791, enslaved Haitians did the seemingly impossible. They ousted their French masters and founded a nation. But France made generations of Haitians pay for their freedom—in cash. How much has remained a mystery, until now. *The Times* scoured centuries-old documents to find the answer.”¹¹⁵ On the contrary, Mexico paid only what was proportional to the real damages incurred to the baker, and it had to repel the French invasion. This was an important characteristic of that young nation.

Years later, the liberal government led by Juárez between 1858 and 1872, lived in a state of exception due to the war against the foreign intervention. After the triumph of the Republic, there was not a single year of peace, and conservative elements still thought of overthrowing the Republic in 1868. Later, the struggle for the presidential succession also motivated armed rebellions: first by the supporters of Jesús González Ortega and later by Porfirio Díaz. During this period, the *Juárez Doctrine* was created, which is the antecedent of Article 89 of the Constitution.¹¹⁶

When Mexico split into two governments, before the civil war against the liberal Constitution of 1857, all the countries that had relations with Mexico, followed the common diplomatic practice of recognizing the *de facto* government. As a result, they recognized the

¹¹⁴ Gobierno de México. “Inicio de la ‘Guerra de los Pasteles’”. <https://www.gob.mx/siap/articulos/inicio-de-la-guerra-de-los-pasteles?idiom=es>

¹¹⁵ New York Times. Porter, Catherine; Méheut, Constant; Apuzzo, Matt; and Gebrekidan, Selam. “The Roots of Haiti’s Misery: Reparations and Enslavers.” <https://www.nytimes.com/2022/05/20/world/americas/haiti-history-colonized-france.html>

¹¹⁶ Galeana, Patricia (2007). *Ibid*, pp. 1-2.

conservative government, established in Mexico City. The liberal government established in Veracruz was not recognized by the international community.¹¹⁷

The Juárez government took some provisions. He instructed its representative in the United States, José María Mata, to obtain recognition of the liberal government without losing the integrity of the national territory, nor selling or disposing of any part of the country, nor compromising national debt and incomes. Among the liberal ranks there was a well-founded fear that a war with foreign nations could occur in addition to the civil war. In a message addressed to the nation in October 1858, Juárez warned about such a possibility so that Mexico would prepare to reject any aggression. However, he knew that he had no resources and that it was better to avoid any foreign confrontation.¹¹⁸

In May of 1859, José Santos Degollado intercepted a letter from José María Gutiérrez de Estrada announcing that the French intervention project was progressing. In September of 1859, Andrés Oseguera confirmed from Paris that Gutiérrez de Estrada and Father Francisco Miranda had taken advantage of their relationship with the Chancellor of the Austrian Empire, the Duke of Metternich, so they could be heard by Napoleon III. They asked that a Bourbon would not be brought to Mexico, but rather a Habsburg, to decrease the interest of Austria in Tuscany and Modena. Thus, Oseguera asked the liberal government to stop such a project by enforcing the Monroe Doctrine.¹¹⁹

The relations of the Juárez government with that of the United States were the subject of the worst crisis in Mexican history. At the bloodiest moment of the civil war, the James Buchanan government wanted to take advantage of the situation. However, Melchor Ocampo, the Chancellor in Juárez government, obtained the agreement from the United States' representative that they would not ask from Mexico to sell any of its territory because Mexico had recently overthrown Santa Anna for having sold La Mesilla.¹²⁰

Melchor Ocampo held back the United States' representative, Robert McLane, for eight months of difficult negotiations. Faced with the confirmation of the agreement between Mexican

¹¹⁷ Galeana, Patricia (2007). *Ibid*, p. 2.

¹¹⁸ Galeana, Patricia (2007). *Ibid*, p. 2.

¹¹⁹ Galeana, Patricia (2007). *Ibid*, p. 2.

¹²⁰ Galeana, Patricia (2007). *Ibid*, pp. 2-3.

monarchists and Napoleon III, the final text of the McLane-Ocampo Treaty was drafted in Washington, D.C., between the United States representative in Mexico and José María Mata.¹²¹

Eventually, it was possible to exchange a territorial sale treaty—which was what the United States demanded in exchange for recognizing Mexico as an independent nation—for a commercial transit treaty which had been compromised since the Treaty of La Mesilla, and a military alliance in the attached convention, to confront the French intervention.¹²²

In 1860, when the United States requested to extend the ratification period so that the McLane-Ocampo Treaty could be discussed again by its Senate, Juárez did not accept even though most of his ministers were in favour of the extension, since he thought that without the treaty Mexico would not have the necessary resources to oppose a foreign intervention.¹²³

At the opening of the Federal Congress' ordinary sessions, on April 15, 1862, before the imminent advance of the French army, Juárez called to defend the homeland. He recalled that:

... nations have to fight until they are saved or succumb when someone tries to put them outside of the common law and take away from them the right to exist by themselves and to govern themselves by their own right.¹²⁴

A month later, the President added his desire that “the triumph of Mexico would serve to ensure the independence and respectability of the sister republics.”¹²⁵ The Mexican Republican government made extraordinary efforts to stop French imperialism. On November 3, 1863, President Juárez appointed Jesús Terán as extraordinary envoy and plenipotentiary minister to the governments of Spain and England. In addition to improving relations with these countries, his mission was to ward off the advent of the French Intervention and the Second Empire. The recognition of the legitimacy of the constitutional government by the European governments was meant to hinder the French intervention. That was the importance of Jesús Terán's sensible diplomatic approach to the European governments. Minister Terán was a man of political experience. He was a lawyer, Governor of Aguascalientes, and Minister of the Interior in the

¹²¹ Galeana, Patricia (2007). *Ibid*, p. 3.

¹²² Galeana, Patricia (2007). *Ibid*, p. 3.

¹²³ Galeana, Patricia (2007). *Ibid*, p. 3.

¹²⁴ Discurso de Benito Juárez, 15 de abril de 1862, en J. L. Tamayo, op. cit., vol. 6, cap. I, p. 105. Quoted by Galeana, Patricia (2007). *Ibid*, p. 3.

¹²⁵ Discurso de Juárez, pronunciado el 31 de mayo de 1862, al cerrar las sesiones ordinarias del Congreso, en J. L. Tamayo, op. cit., vol. 6, cap. lvii, p. 100. Quoted by Galeana, Patricia (2007). *Ibid*, p. 3.

government of Ignacio Comonfort. With Juárez, he led the Relations Office and the Secretariat of Justice.¹²⁶

Terán had discretely arranged an interview with Maximiliano before the latter accepted to be Emperor of Mexico. In that meeting, Terán made Maximiliano understand the mistake that he would make by coming to govern a country that had legal authorities.¹²⁷ Terán informed President Juárez about his meeting with the Austrian Archduke, stating that he had given Maximiliano a detailed vision of the true situation in Mexico.¹²⁸

Once the Archduke girded himself with Mexico's crown, Terán did not lose heart in his efforts and dedicated the rest of his life to the defense of the republican cause. From Florence on April 20, 1865, Jesús Terán proposed to the Juárez government change the guidelines of Mexico's future foreign policy, as follows:

The triumph that the government obtains over the foreign forces that have invaded Mexico is, in my opinion, the most opportune occasion and perhaps the only one that can present itself to modify the old treaties with the European cabinets, which have hurt the nation so much. [...] Since, on the other hand, they have ignored the national government when the law of nations did not authorize them to do so, I believe that it is within Mexico's right to terminate the old treaties.

My opinion, consequently, is that the government abstains itself from any relationship with the European powers, holding itself to fulfilling as best as possible the pending pecuniary commitments; waiting for them to demand the observance of the old treaties and then telling them that, having themselves terminated them, Mexico will not engage in diplomatic relations with them, but by means of new treaties, promising in the meantime a strict adherence to the laws and to the law of nations with foreigners.¹²⁹ (my emphasis)

Foreign Minister Sebastián Lerdo de Tejada replied to Terán's communication, expressing that he shared his opinion. At the triumph of the Republic, Terán's suggestions were put into practice, carrying out an independent and dignified foreign policy. In addition, he put great effort to redeem

¹²⁶ Galeana, Patricia (2007). Ibid, pp. 3-4.

¹²⁷ Galeana, Patricia (2007). Ibid, p. 4.

¹²⁸ Galeana, Patricia (2007). Ibid, p. 4.

¹²⁹ "Libro de minutas de don Jesús Terán", en J. L. Tamayo, op. cit., vol. 10, p. 29. Quoted in Galeana, Patricia (2007). Ibid, pp. 4-5.

Mexico's name from false accusations in European newspapers.¹³⁰ From Paso del Norte, in June of 1866, Juárez endorsed Terán's proposal:

"We must console ourselves with the future—in my opinion almost near and certain—that after the present war, the American republics—I do not speak about Washington's—at least that of Mexico, will be absolutely free from the triple yoke of the state religion, privileged classes, and onerous treaties with the European powers. Their recognition to the Emperor Maximilian has broken the pacts with which they reduced us to a pupillage."¹³¹ (my emphasis)

The defense of the principle of non-intervention became the basis of Juárez' foreign policy. Upon the triumph of the Republic in August of 1867, Juárez pointed out that:

*... the fair principles of international law... uphold the principle of non-intervention as one of the first obligations of governments, with due respect for the freedom of peoples and the rights of nations.*¹³² (my emphasis)

In France, Napoleon III faced the opposition of the Parliament and gradually reduced the number of his troops in Mexico. Maximilian was imprisoned by the liberal troops in Mexico, and then sentenced to capital punishment. With the defeat of Maximilian and the conservatives who supported him, from the Restored Republic in 1867, only one national project remained in Mexico: the republican and liberal.¹³³

The countries in the old continent did not recognize the Republican government and it did not seek such recognition either. *The new Mexican policy on international relations established the non-subsistence of the treaties and conventions signed with the interventionist countries, as well as with those that supported the Empire. It was an act of sovereignty: Mexico demanded the respect of the international community as an independent country*¹³⁴*—one century before the Bretton Woods Conference.*

¹³⁰ Galeana, Patricia (2007). Ibid, p. 5.

¹³¹ "Carta de Juárez a Pedro Santacilia, El Paso, 1 de junio de 1866", en J. L. Tamayo, op. cit., vol. 11, cap. clxxxi, p. 11. Quoted in Galeana, Patricia (2007). Ibid, p. 5.

¹³² "Contestación del Presidente de la República al discurso que Marcos Otterbourg pronunció al presentar sus credenciales como enviado extraordinario y ministro plenipotenciario de Estados Unidos en México, 19 de agosto de 1867", en J. L. Tamayo, op. cit., vol. 12, cap. ccxxviii, p. 19. Quoted in Galeana, Patricia (2007). Ibid, p. 5.

¹³³ Velázquez Flores, Rafael y Schiavón, Jorge A. (2021). *Introducción al Estudio de la Política Exterior de México*. México. UNAM, CIDE, CESPEN, pp. 125-126.

¹³⁴ Galeana, Patricia (2007). Op. Cit., p. 5.

The policy of dignity applied by Juárez and his Chancellor, Lerdo de Tejada, was a response to the attacks that Mexico had suffered. Terán's proposal was well taken, *to ignore the ruinous treaties that Mexico had had to sign in exchange for recognition. Most treaties had been signed precisely with the countries that were the aggressors*¹³⁵—again, Mexico defended its national sovereignty from power-imbalanced treaties one century before the Bretton Woods Conference even took place.

Continuing the precedent begun in 1861, Juárez recognized the solidarity provided by the nations of the American Continent. On December 8, 1867, at the opening of the sessions of the Fourth Federal Congress' first period, he set the guidelines that he was going to follow in foreign policy:

The attempt of European monarchical intervention made Mexico maintain good relations of friendship only with the American Republics, due to the identity of the same democratic principles and institutions. During our fight, those Republics showed their sympathy for the cause of Mexico's independence and freedom.¹³⁶

President Juárez made special mention of the Latin American countries:

The peoples and governments of some of the South American Republics made special demonstrations for the defenders of Mexico's cause and its government.¹³⁷

All the countries of Hispanic America showed their solidarity towards Mexico, except for Guatemala and Brazil, who recognized the Empire. Some of them were even willing to join Mexico's fight and declare war on France. They all placed pressure on the US government so that, according to the Monroe Doctrine, they would demand the withdrawal of the European troops. There were those who collected money for this cause, like the residents of Copiapó in Chile. At the triumph of the Republic, everyone recognized Juárez as a symbol of the defense of national sovereignty of new nations against the neocolonial imperialist attempts of the European powers.¹³⁸

Latin American fraternity manifested itself throughout the decade of the civil war and foreign occupation. This solidarity was fundamental in instilling courage to the Mexican

¹³⁵ Galeana, Patricia (2007). Ibid, p. 6.

¹³⁶ "Discurso de inauguración de Benito Juárez en el Cuarto Congreso, 8 de diciembre de 1867", en J. L. Tamayo, op. cit., vol. 12, cap. ccxlv, p. 889. Quoted in Galeana, Patricia (2007). Ibid, p. 6.

¹³⁷ El Siglo Diez y Nueve, México, 9 de diciembre de 1867. Quoted in Galeana, Patricia (2007). Ibid, p. 6.

¹³⁸ Galeana, Patricia (2007). Ibid, pp. 6-7.

republicans, who had the conviction that justice was on their side and that they would triumph in “upholding the fair principles of international law.”¹³⁹

In turn, the United States’ support was decisive, after signing the McLane-Ocampo Treaty, so that the Juárez government did not succumb to the attack by land and sea planned by conservative Miguel Miramón, who had ships contracted in Havana. When the conservatives were declared pirates by Juárez, they were apprehended by the US squad in Antón Lizardo. This situation helped the liberals win the war.¹⁴⁰

The United States’ role was volatile during this period. During the French Intervention, fearing that Napoleon III would want to intervene in its territory, the United States refrained from enforcing the Monroe Doctrine and even broke neutrality by selling arms to the French. After the French civil war ended, United States’ diplomatic actions prevented Europe from sending more volunteers to support the Second Empire in Mexico.¹⁴¹

When the Republic triumphed, the Mexican President highlighted the good relationship that existed with its northern neighbour:

With the United States of America we maintain the same good friendship relations that existed during our fight. The constant sympathies of the American people and the moral support that its government lent to our cause, have deserved and rightly deserve the sympathy and consideration of the Mexican people and its government.¹⁴²

Juárez also referred to Europe, stating that:

Because of the intervention, our relations with the European powers were cut off. Three of them, by virtue of the London Convention, went to war with the Republic. Later, France alone continued the interventionist project, but later the so-called government, supported by it, was recognized by the other European governments that had had relations with the Republic, which they ignored, separating themselves from the condition of neutrality. In this way, those governments broke their treaties with the Republic and have cut off their relations with us.¹⁴³ (my emphasis)

¹³⁹ “Contestación de Juárez a Marcos Otterbourg, 18 de agosto de 1867”, en J. L. Tamayo, op. cit., vol. 12, cap. cxxviii, p. 19. Quoted in Galeana, Patricia (2007). Ibid, p. 7.

¹⁴⁰ Galeana, Patricia (2007). Ibid, p. 7.

¹⁴¹ Galeana, Patricia (2007). Ibid, p. 7.

¹⁴² El Siglo Diez y Nueve, México, 9 de diciembre de 1867. Quoted in Galeana, Patricia (2007). Ibid, p. 7.

¹⁴³ El Siglo Diez y Nueve, México, 9 de diciembre de 1867. Quoted in Galeana, Patricia (2007). Ibid, pp. 7-8.

The new foreign policy that Mexico adopted as a result of these experiences sought to establish equitable international relations that would not exist at the expense of the country's interests. This idea was reiterated by Juárez:

The conduct of the government of the Republic has had to be regulated in view of that of those governments. Without having claimed anything from them, it has taken care that nothing is done that could justly be considered as a motive of offense and will not oppose any difficulty so that in opportune circumstances new treaties can be signed, under fair and convenient conditions, with specialty in what refers to the interests of commerce.¹⁴⁴ (my emphasis)

Thus, Juárez was proclaiming, one century before the Bretton Woods Conference, that the international agreements that Mexico would sign, would have to respect national sovereignty. Correspondingly, he declared that all foreigners would be safe in Mexico:

The government has also taken care that the subjects of those nations who are residing in the Republic, can be under the protection of the laws and authorities. The effectiveness of that protection has been sufficient so that there is no room for complaints. It has practically been shown that, by the enlightenment of our people and by the principles of our liberal institutions, foreigners residing in Mexico, without the need for the special protection of treaties, are considered equally to Mexicans and enjoy the rights and the guarantees granted by law.¹⁴⁵ (my emphasis)

This new policy gave Mexico a small margin to avoid paying interests on its foreign debt. Naturally, the debts contracted by the French Empire and the conservative governments of Félix María Zuloaga and Miguel Miramón were not recognized. Although debts prior to the French Intervention were recognized—for the moment without relations with the European countries—their payment was suspended. In this way, the government postponed the fulfillment of its credit obligations so it could instead use its meager resources in the reconstruction of the country.¹⁴⁶

The foreign policy put into practice by the Juárez government was continued by the regime chaired by Sebastián Lerdo de Tejada, its former Chancellor, and it became *the Juárez Doctrine*. The *Juárez Doctrine* includes the principles of defense of national sovereignty: the right of self-

¹⁴⁴ El Siglo Diez y Nueve, México, 9 de diciembre de 1867. Quoted in Galeana, Patricia (2007). Ibid, p. 8.

¹⁴⁵ El Siglo Diez y Nueve, México, 9 de diciembre de 1867. Quoted in Galeana, Patricia (2007). Ibid, p. 8.

¹⁴⁶ Galeana, Patricia (2007). Ibid, p. 9.

determination of the peoples, the equality of states, and the foreign non-intervention that Juárez had proposed since his manifesto of 1858. When the French government signed an alliance with Great Britain and Spain to come and collect their debts, to cover up their intentions to establish a protectorate in Mexico, Juárez rejected the use of force.¹⁴⁷

The *Juárez' Doctrine* coincide with what became known years later as the *Calvo Clause*, long time before this doctrine was incorporated into international law. Carlos Calvo (1822-1906) was born in Buenos Aires, Argentina, and studied international law. He dedicated most of his life to diplomatic missions to European governments. In 1863 he published his *Theoretical and Practical International Law of Europe and America*, which became known as the *Calvo Doctrine*. It establishes the principle that no government should support financial claims against another country. His writings include a thorough compilation of treaties and other diplomatic agreements of all Latin American states in eleven volumes, and theoretical works on international law.¹⁴⁸

Although the United States opposed to the *Calvo Doctrine*, it was included in the Charter of the Organization of American States in Bogotá in 1948. Its Article 15 reads:

The jurisdiction of the States within the limits of the national territory is equally exercised over all the inhabitants, whether national or foreign.

At the same conference, the Pact of Bogotá was approved, of which Article 7 reads:

The Parties commit to not to attempt a diplomatic claim to protect their nationals or to initiate a dispute before the international jurisdiction when those nationals have had the expedited means to go to the competent national courts of the respective State.¹⁴⁹

The Juárez' fight in defense of Mexican sovereignty also coincides with what would be the *Drago Doctrine*, coined in 1902. This doctrine establishes the equality of states, the non-intervention, and the prohibition of the use of force as well as territorial occupation, as fundamental principles of international law. For instance, on April 12, 1862, before the landing of the invading troops, Juárez proclaimed that:

Mexico is a so free, so sovereign, and so independent people as the most powerful peoples on Earth... We have faith in the justice of our cause, let us have faith in our own efforts,

¹⁴⁷ Galeana, Patricia (2007). Ibid, p. 9.

¹⁴⁸ Galeana, Patricia (2007). Ibid, p. 9.

¹⁴⁹ Galeana, Patricia (2007). Ibid, p. 9.

and united we will save our country and the principles of respect and inviolability of the sovereignty of nations.¹⁵⁰

Argentine Foreign Minister Luis María Drago created this doctrine in 1902, to oppose the bombing of Venezuelan ports by Germany, Great Britain, and Italy, who were trying to force Venezuela to pay its debts. Even though such aggression was contrary to the Monroe Doctrine—that is, America for the Americans—the United States justified the aggression of the three European countries with the “First Roosevelt Corollary.” It refrained from the application of the Monroe Doctrine to cases of acquisition of territories in the American Continent by non-American powers, and supported the intervention of foreign-regional powers to collect their debts. Such events were seen in Latin America as a threat to the entire region. Hence, the Argentine Foreign Minister outlined that “the public debt cannot give rise to an armed intervention, much less to the material occupation of the soil of the American nations by a European power.” The *Drago Doctrine* was a condemnation of both European and American interventionist practices.¹⁵¹

The *Juárez Doctrine* was retaken by Venustiano Carranza at the triumph of the Mexican Revolution. On September 1, 1918, at the opening of sessions of the Chamber, Carranza spoke against any type of intervention, not even for the protection of Mexicans, since the laws of the country should be the same for everyone. He demanded respect for both laws and institutions, based on the equality of all nations. Hence, he demanded that Mexico be respected as any sovereign nation. The *Carranza Doctrine* can be summarized in the following principles:

- All countries are equal, and they must scrupulously respect their institutions, laws, and sovereignty.
- No country should intervene in any way and for no reason in the foreign affairs of another.
- Everyone must submit strictly and without exception to the universal principle of non-intervention.
- No individual should claim a better situation than that of citizens of the country where he will settle, nor make his status as a foreigner a title of protection and privilege. Nationals and foreigners must be equal before the sovereignty of the country in which they reside.

¹⁵⁰ “Manifiesto de Benito Juárez, México, 12 de abril de 1862”, en J. L. Tamayo, op. cit., vol. 6, p. 246. Quoted in Galeana, Patricia (2007). Ibid, p. 10.

¹⁵¹ Gustavo Ferrari, *La Argentina del ochenta al centenario*. Buenos Aires, Sudamericana, 1980, p. 63. Ver también Alberto Conil Paz, *Historia de la Doctrina Drago*. Buenos Aires, 1975, y Carlos Alberto Silva, *La política internacional de la nación Argentina*. Buenos Aires, Imprenta de la Cámara de Diputados, 1946, pp. 492-517. Referred by Galeana, Patricia (2007). Ibid, pp. 9-10.

- Laws must be uniform and equal as far as possible, without establishing distinctions based on nationality, except in relation to the applicability of sovereignty.¹⁵²

The *Juárez Doctrine* also influenced the *Estrada Doctrine*, which revolves around the recognition of the governments that the peoples of the world decide to have, with strict respect for the principle of self-determination of the peoples. During the government of President Emilio Portes Gil (1928-1930), the Secretary of Foreign Relations, Genaro Estrada, formulated the doctrine that bears his name in a statement from the Mexican Ministry of Foreign Affairs of September 1930. The Mexican thesis was a true revolution of principles in respect to the doctrines of recognition of the nation-states. It consists substantially in the suppression of any kind of foreign recognition. Minister Estrada considered that when foreign nations demand the legitimacy or illegitimacy of a new government, they are only claiming the power to judge and review the acts of the internal authorities of the new regime and intervene abusively in the internal functions of the state, violating in this way its national autonomy.

The *Juárez, Carranza, and Estrada Doctrines* constitute historical principles, which are incorporated in the Constitution that governs Mexico. Article 89, Section X, establishes the guidelines that the Mexican foreign policy must observe, namely:

- The self-determination of the peoples.
- Non-intervention.
- The peaceful settlement of disputes.
- The proscription of the threat or use of force in international relations.
- The legal equality of states.
- International cooperation for development.
- The respect, protection, and promotion of human rights and the fight for international peace and security.¹⁵³

Hence, this section has shown that throughout its history, Mexican diplomacy has advocated for considering the rights of developing nations. This advocacy began in the early 19th century, while Mexico defended its national sovereignty. This diplomatic tradition has prevailed over the 20th and

¹⁵² “Doctrina Carranza”, en Diccionario de Política Internacional. México, Porrúa, 1988, pp. 21-22. Referred by Galeana, Patricia (2007). Ibid, pp. 9-10.

¹⁵³ Mexican Constitution, retrieved from the website of the Federal Congress: <http://www.diputados.gob.mx> It is worth mentioning that this Article has been amended on: May 11, 1988; February 12, 2007; and June 10, 2011.

21st centuries. As an example: at the UN Security Council, Mexico voted against the United States' invasion of Iraq in 2003, citing these same diplomatic principles.

Therefore, Thornton's position, in which Mexican diplomatic advocacy for the principles that she titles "Recognition and Representation: the Mexican Revolution and Multilateral Governance" in Chapter One of her monograph, are just one part of Mexican diplomatic history, which dates from the early 19th century. This section provides ample evidence of the basis for a diplomatic history which formed Mexico's position in international relations for the past two centuries.

"Recognition and representation" are just two sides of the same coin about the juridical equality of states, which Mexico has defended for two centuries now; much longer than the six decades studied by Thornton. Mexico's diplomatic tradition includes not only the *Carranza Doctrine*—studied by Thornton from the perspective that the Mexican vision derived from the Mexican Revolution, which allegedly decided Mexico's role in the world in the 20th century¹⁵⁴—but also the origins of the Mexican diplomatic bases developed since the *Juárez Doctrine*, followed by the *Carranza and Estrada Doctrines*, which established the principles of non-intervention, self-determination of the peoples of the world, legal equality of countries, and peaceful settlement of disputes.

Especially important were the actions taken by President Juárez in which he refused to recognize abusive commercial agreements with European countries that wanted to turn Mexico into a European protectorate, clearly showing a nationalist policy of autonomy towards the countries who had tried to take advantage of their position as former colonial powers. Mexico survived this chapter of its history in the early 19th century, and it was not going to take a step back at Bretton Woods in the mid 20th century.

¹⁵⁴ Thornton, Christy (2021). *Op. Cit.*, p. 24.

3.5 What was Mexico's Place *vis à vis* Latin America?

3.5.1 In the 20th Century: Counteracting the United States and Obtaining some Internal Legitimacy

Rafael Velázquez Flores and Salvador Gerardo González Cruz explain that during the nearly 70 years that the PRI Party ruled (1929-1970), Mexico used its relationship with Latin America for two fundamental purposes.¹⁵⁵ The first was to counteract the strong link with the United States, and the second was to obtain some internal legitimacy.

Regarding the first purpose, a cordial relationship with its Latin American neighbours served to increase Mexico's negotiating capacity *vis à vis* its northern neighbour in the context of the Second World War and the Cold War. Alliances with Latin American countries allowed Mexico greater margin of maneuverability *vis à vis* Washington. As the United States needed Mexico as an ally during the Cold War, the PRI governments sought to strengthen their ties with South America to show greater autonomy in their decisions abroad.¹⁵⁶

Hence, Mexico sought to project an autonomous foreign policy *vis à vis* Latin America to demonstrate a greater degree of independence in relation with the United States. The case of Cuba was the best example. Mexico dared to contradict Washington's dictates regarding the island nation within the framework of the Organization of American States (OAS) after the establishment of a socialist regime supported by the Soviet Union. The PRI government abstained from supporting the United States' proposal to expel Cuba from the OAS during the Seventh Consultation Conference of Ministers of Foreign Affairs held in Punta del Este, Uruguay, in 1962. Two years later, Mexico was the only country that voted against the US proposal to sever diplomatic relations towards the island. According to Rafael Velázquez Flores and Salvador Gerardo González Cruz, this policy was a sign of the independence that Mexico sought to have from its northern neighbour.

¹⁵⁵ Velázquez Flores, Rafael and González Cruz, Salvador Gerardo (2016). "La Política Exterior de México hacia América Latina en los Gobiernos de la Alternancia: Encuentros y Desencuentros". In Velázquez Flores, Rafael, González Cruz, Gerardo, and López Leyva, Santos (Coordinadores). *Relaciones Internacionales y Desarrollo Global: América Latina en el Contexto Regional*. México. Fontamara, pp. 172-173.

¹⁵⁶ Ojeda, Mario (1976). *Alcances y Límites de la Política Exterior de México*. México. El Colegio de México. Referred in Velázquez Flores, Rafael and González Cruz, Salvador Gerardo (2016). "La Política Exterior de México hacia América Latina en los Gobiernos de la Alternancia: Encuentros y Desencuentros". In Velázquez Flores, Rafael, González Cruz, Gerardo, and López Leyva, Santos (Coordinadores). *Ibid*, p. 172.

The second purpose of Mexico's relationships with Latin America was to obtain internal legitimacy. The PRI Party used Latin America as a mechanism to obtain the democratic legitimacy that it had not achieved in electoral processes. Thus, Mexico deployed a cordial and leading foreign policy towards Latin America to satisfy the nationalist groups that demanded a good relationship with the region and a policy of independence *vis à vis* the United States.¹⁵⁷

This policy served the PRI Party to obtain greater internal control. The case of Cuba also serves to illustrate this situation. Mexico sought a policy of support of the socialist regime to prevent Castro from financing and promoting subversive movements in Mexico. In addition, this policy of independence from the United States was the one that most nationalist groups liked the most, including the PRI Party itself.

Under these two purposes, Mexico sought to project leadership in the region during and after the Second World War. The country became an important participant in Inter-American forums, where it defended its traditional principles of foreign policy, such as non-intervention, the self-determination of the peoples, the legal equality of states, and the peaceful settlement of disputes, among others. Mexico was one of the countries that presented the most proposals and initiatives to regulate the relations of the states belonging to the region. This intense participation gave the country a high international prestige. Even in the 1970s, the country became an important interlocutor between the United States and Latin America, and it was also one of the countries that defended the autonomy of Latin America against the enormous power of the United States.¹⁵⁸

3.5.2 Since the 19th Century: the Inter-American System

Mexico, and Latin America in general, participated in the origins and development of the international order through the Pan-American Union, which was created in 1889-1890 as a result of the cooperative efforts that took place in the region during the 19th century. *That is, it was created twenty-nine years before the end of the First World War and the creation of the League of Nations, and over five decades before the Bretton Woods Conference.*

¹⁵⁷ Velázquez Flores, Rafael y Schiavón, Jorge A. (2021). *Introducción al Estudio de la Política Exterior de México*. México. UNAM, CIDE, CESPEM, p. 216.

¹⁵⁸ Velázquez Flores, Rafael and González Cruz, Salvador Gerardo (2016). "La Política Exterior de México hacia América Latina en los Gobiernos de la Alternancia: Encuentros y Desencuentros". In Velázquez Flores, Rafael, González Cruz, Gerardo, and López Leyva, Santos (Coordinadores). *Op. Cit.*, p. 172.

The Organization of American States (OAS) is the oldest regional organization of the world. It dates to the First International Conference of American States, held in Washington, D.C., from October 1889 to April 1890. In this meeting, the International Union of American Republics was created.

It is important to study this historic period because Thornton's *Revolution in Development*, as representative of the current state of the literature, portrays the image that Mexico's advocacy for the international justice among countries began from the Mexican Revolution and the Mexican Constitution issued in 1917. However, Mexico's participation in the origins and development of the international order dates to a century back. The Pan-American Union was an organization dependent on the Union of American Republics created since the 19th century. In April of 1948 it was replaced by what is currently known as the Organization of American States (OAS). This section explores this evolutionary process.

It is possible to divide the history of the Inter-American movement into two stages. The first of them takes place in the years between 1824 and 1888. The second stage begins in 1889 and lasts to this day. The first historical period can be divided into two parts: the time of political conferences, between 1826 and 1864; and the time of legal conferences, from 1864 until 1888.

3.5.2.1 First Stage

a) Political Conferences

The very first attempt of Pan-Americanism starts with the invitation issued by Simón Bolívar to the governments of Spanish America on December 8, 1824, on the eve of the Ayacucho Battle. The purpose was to form a confederation "in order to reach a guarantees system that, in war and peace, be the shield of our destiny...". The plenipotentiaries met in Panama to discuss the details.¹⁵⁹

Then, between 1826 and 1864, various conferences and conventions were held to promote collective action among the signatory states in the event of foreign aggression. The first and most notable of these was the Congress of Panama in 1826, convened by the liberator Simón Bolívar. It was attended by representatives of Colombia, Mexico, Peru, and Central America. The result of

¹⁵⁹ Sepúlveda, César (2013). *Derecho Internacional*. México. Porrúa, p. 352.

this congress was the signing of the Union, League, and Confederation Treaty, which created an alliance to maintain sovereignty and independence against foreign domain. The Congress of Panama represented the first attempt to establish a continental movement in the newly created countries.¹⁶⁰

From December 11, 1847, to March 1, 1848, an American Congress was held in Lima, attended by representatives of Bolivia, Chile, Ecuador, New Granada, and Peru. As in the Congress of 1826, a Union, League, and Confederation Treaty was signed to maintain their sovereignty, independence, and territorial integrity. Subsequently, the Continental Congress of 1856 took place in Santiago de Chile, with delegations from Chile, Ecuador, and Peru, which resulted in the signing of another Treaty of Alliance and Confederation. Several months later, representatives from Costa Rica, El Salvador, Guatemala, Mexico, New Granada, Peru, and Venezuela met in Washington, D.C. From November 14, 1864, to March 13, 1865, a Second American Congress was held in Lima, in which Bolivia, Chile, Colombia, Ecuador, Guatemala, Peru and Venezuela were represented, and which resulted in a Union and Alliance Treaty, as well as another treaty to maintain peace. The principles established in the political conferences have always been recognized and long accepted in the international practice of the nations of the continent: international cooperation, mutual service, and mutual assistance in solving common problems.¹⁶¹

b) Legal Congresses

With the threats of reconquest disappearing, and once the independence of most of the American states was recognized, the need for defense treaties disappeared. The American Congresses of Jurists held in Lima in 1877, followed by the South American Legal Congress of Montevideo in 1888-1889, were intended to simplify the principles of international law applicable in the countries of the American continent. The first was attended by delegates from Argentina, Bolivia, Costa Rica, Chile, Ecuador, Peru and Venezuela. Guatemala and Uruguay adhered to the conclusions of the first Congress, from which emerged a treaty to establish uniform norms on private international law and a convention on extradition. The Second Congress resulted in treaties on civil,

¹⁶⁰ Ortiz Ahlf, Loretta (2012). *Derecho Internacional Público*. Mexico. Oxford University Press, p. 321.

¹⁶¹ Ortiz Ahlf, Loretta (2012). *Ibid*, pp. 321-322.

commercial, criminal, and international procedural law, copyright, artistic property, trademarks, patents, and the practice of the liberal professions.¹⁶²

3.5.2.2 Second Stage

In 1889, the first International American Conference met in Washington, marking the beginning of the current Pan-American movement. Its importance is the very fact of its celebration, under the circumstance that 18 countries met to discuss common problems. At the Bretton Woods Conference, a Commercial Office of the American Republics was established, limited to the collection and publication of commercial information, customs laws, consular regulations, and commercial statistics. This office served as the body of the Organization of American States (OAS). The resolution that established the Commercial Office declared that the countries formed an association: the International Union of the American Republics, different from the attempts of union of the political conferences.¹⁶³

At the Mexico City Conference in 1902, the Commercial Office, which had originally been established for a period of 10 years, was maintained under the name of the International Office of the American Republics. At the Fourth Conference of Buenos Aires, in 1910, it was replaced by that of the Pan-American Union, but its competence was broadened and included activities of a social nature. At this conference, the old union began to be characterized by a political tone.¹⁶⁴

At first, this commercial office was under the supervision of the United States Secretary of State, but in 1896 an executive committee of five members was created: four of them elected by draw, with the United States Secretary of State as President. This committee was charged with the supervision of that office. It had a breakthrough in Mexico City when the Board of Directors of the International Office of the American Republics was created, which was entrusted with the administration and direction of the Pan-American Union. The Council was made up by the United States Secretary of State as President, and diplomats of the other republics.¹⁶⁵

In 1923, at the Fifth International American Conference, held in Santiago de Chile, a declaration was adopted regarding the organization of the Pan-American Union, which provided

¹⁶² Ortiz Ahlf, Loretta (2012). *Ibid*, p. 322.

¹⁶³ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 322.

¹⁶⁴ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 323.

¹⁶⁵ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 323.

that the position of President of the Directing Council should be elective, and that the Council should be formed of special representatives designated only for states not accredited to the United States. In 1945, at the Inter-American Conference on Problems of War and Peace, held in Mexico, it was established that the President of the Council would last one year and could be re-elected, and that the Council would be formed by *ad hoc* representatives. Thereby, it was given full independence from the United States of America.¹⁶⁶

The American regional system, which developed between 1890 and 1948, was not regulated by a code or by a single, consolidated instrument. Therefore, the next stage was to bring these separate and different organisms together, incorporating them into one. On April 30, 1948, this step was fulfilled with the OAS Charter, adopted in Bogotá on April 30, 1948, during the Ninth International American Conference, which was more a codification work than an instrument that enunciated new principles, new forms, and new entities. It was signed by 21 nations. Since then, it has expanded to the Caribbean nations and Canada.¹⁶⁷

Since the beginning of the Inter-American Organization in 1890, a Union of American Republics existed, but it constituted a moral union, as defined by the Havana Convention of 1928. The Union found expression through several interrelated, but quite independent, bodies. In the Bogotá Charter (OAS Charter), this association became tangible, and the various elements of the system had a closer contact.¹⁶⁸

When the Union was completed, its members sought to use terms that would not involve the creation of an entity superior to the parties (i.e., a super state), and thus the title of Organization was adopted. The term “states” was used instead of “republics” to broaden the bases of association with the intention that non-republican states could enter, as in the case of Canada.¹⁶⁹

Therefore, unlike the United Nations (UN), the OAS was not created in a single act, but was conformed over time. It is interesting to note that, unlike other international organizations, the OAS lacked a conventional basis, which it acquired in the Bogota Charter of April of 1948. From 1890 to 1948, it functioned according to resolutions of the inter-American conferences.¹⁷⁰

¹⁶⁶ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 323.

¹⁶⁷ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 323.

¹⁶⁸ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 323.

¹⁶⁹ Ortiz Ahlf, Loretta (2012). *Ibid*, pp. 323-324.

¹⁷⁰ Ortiz Ahlf, Loretta (2012). *Ibid*, p. 324.

Today, the OAS is defined as a regional body linked to the UN. Article 1 of the Charter establishes that:

The American States enshrine in this Charter the international organization that they have developed to achieve an order of peace and justice, promote their solidarity, strengthen their collaboration, and defend their sovereignty, territorial integrity, and independence. Within the United Nations, the Organization of American States is a regional body.

The Organization of American States has no other powers than those expressly conferred by this Charter, none of the provisions of which authorizes it to intervene in the affairs of the internal jurisdiction of the member states.

The first part of the second paragraph establishes that the competences of the OAS are specific and exhaustive, which is why the OAS cannot exercise any implicit authority. The second sentence similarly reiterates Principle 2, paragraph 7, of the UN Charter.

The OAS Charter was signed in Bogota in 1948 and entered into force in December of 1951. Later, the Charter was amended by: the Buenos Aires Protocol, signed in 1967; the Cartagena de Indias Protocol, signed in 1985; the Managua Protocol, signed in 1993; and the Washington Protocol, signed in 1992. To this day, the OAS has 36 member states.¹⁷¹ In addition, the Organization has granted the rank of Permanent Observer to 72 states, and to the European Union.¹⁷²

In the most recent historic period of the OAS, there are two key conferences in which Mexico has participated. First, the Inter-American Conference on Problems of War and Peace, held in Mexico City in 1945, which took concrete steps to reorganize, consolidate, and strengthen the Inter-American system. In the Act of Chapultepec signed there, the consultation system was expanded, and it was stated, among other things, that:

The security and solidarity of the continent are affected the same when there is an act of aggression against any of the American nations by a non-American state, as when the act of aggression comes from an American state against another or other American states, and an assault on one or more of these will be considered an assault on all of them.¹⁷³

¹⁷¹ Organization of American States, retrieved from its website: https://www.oas.org/en/about/our_history.asp

¹⁷² Organization of American States, retrieved from its website: https://www.oas.org/en/ser/dia/perm_observers/countries.asp

¹⁷³ Instituto de Investigaciones Jurídicas UNAM (2005). *Diccionario Jurídico*. México. UNAM, Tomo III, pp. 2706-2707.

Second, the Inter-American Conference for the Maintenance of Peace and Security of the Continent, held in Rio de Janeiro from August 15 to September 2, 1947, which implemented the provisions of the Act of Chapultepec through the Inter-American Treaty of Reciprocal Assistance (Treaty of Rio), which constituted the first comprehensive convention on collective security issues signed by all the American states.¹⁷⁴

The Rio Treaty, to which Mexico is a party by having deposited its instrument of ratification on November 23, 1948, asserts that its members agree that an armed attack by any state against an state of the American Continent will be considered as an attack against all American states, and consequently, each of the contracting parties undertakes to help face the attack in exercise of the right of legitimate defense (Article 3). This Inter-American Treaty of Reciprocal Assistance constitutes the basis of the defense system of the Western Hemisphere, and is one of the most decisive measures in the long process of international relations.¹⁷⁵

Some of the critiques to the Inter-American system have been the disproportionate weight the United States has in the system. However, as explained in the previous section, Mexico has balanced the equation. According to Jorge Castañeda:

The Inter-American system has not been historically a defense but, quite the contrary, it has served as instrument to intervene in the internal life of Latin American countries. In the three cases referred (Guatemala, Cuba, and Santo Domingo) the interventionist aim of the Organization was given by the United States. Fortunately, in each one of them, Mexico opposed to the intervention... the basic hypothesis of an armed foreign aggression, in which it rests the Inter-American Treaty, has not been presented, not even once... By contrast, the Rio Treaty has been used for condemning and eventually toppling internal Latin American regimes.”¹⁷⁶

In this way, this section has shown that Mexico, and Latin America in general, participated in the origins and development of the international order through the Pan-American Union, which was created in 1910, as a result of the cooperative efforts that took place during the previous century. Thus, Mexico’s interventions advocating for a fairer international system, which would respect the equal sovereignty of all countries, were based on Mexico’s heritage from one century before.

¹⁷⁴ Instituto de Investigaciones Jurídicas UNAM (2005). *Diccionario Jurídico*. México. UNAM, Tomo III, p. 2707.

¹⁷⁵ Instituto de Investigaciones Jurídicas UNAM (2005). *Diccionario Jurídico*. México. UNAM, Tomo III, p. 2707.

¹⁷⁶ Castañeda, Jorge (1977). “El Sistema Interamericano”, *Nuevo Orden Internacional*, México, vol. 1, num. 4. Quoted in Instituto de Investigaciones Jurídicas UNAM (2005). *Ibid*, pp. 2708-2709.

In addition, this section also acknowledged the important international conferences that created the UN system at the time. One of those conferences took place in Mexico City in 1945, which shows the leading role played by Mexico in the international arena at the time both in the UN and in the Inter-American system.

3.5.3 Acknowledging Human Rights, even Before the Universal and the Inter-American Declarations

Contemporarily, Mexico was also an important human rights' advocate since the Chapultepec Conference, in 1945. This conference took place three years before the Universal Declaration of Human Rights (France, 1948) and the American Declaration of the Rights and Duties of Man (Colombia, 1948).

The international movement in favour of a human rights system practically began on Mexican soil, at the Conference of American States on Problems of War and Peace in Chapultepec (February 21 to March 8, 1945). Latin Americans made several policy inputs to the drafting of both the UN Charter and the Universal Declaration of Human Rights. The Chapultepec Conference proclaimed the following resolutions that were recalled at the San Francisco Conference, which took place from April 25 to June 26, 1945:

- Resolution IX, which categorically proclaimed “the adherence of the American Republics to the principles enshrined in international law for the safeguarding of human rights,” and it advocated for a system of international protection of those rights.¹⁷⁷
- Resolution XXVIII recommended the abolition of any existing discrimination by reason of sex.¹⁷⁸
- Resolution XXXI also recommended that governments consider “the cooperation of women in the formulation of their respective delegations to international conferences, including the San Francisco Conference.”¹⁷⁹

¹⁷⁷ Sepúlveda, César (2013). *Op. Cit.*, p. 510.

¹⁷⁸ Ramcharan, Bertrand. “Normative human rights cascades, North and South.” In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge, p. 96.

¹⁷⁹ Ramcharan, Bertrand. *Ibid*, p. 96.

- Resolution XL, titled the “Declaration of Mexico,” by which the Inter-American Juridical Committee was entrusted with a project for a Regional Convention on the international rights and duties of man.¹⁸⁰
- Resolution LV called for the drafting of a Charter of Women and Children by the Inter-American Commission of Women in cooperation with other appropriate organizations.¹⁸¹
- Resolution LVIII contained a “Declaration of the Social Principles of America,” which advocated international protection for the essential rights of man. It also requested that the Inter-American Juridical Committee prepare a “Draft Declaration of the International Rights and Duties of Man” and affirmed the principle of equal rights without regard to race or religion.¹⁸²

In addition, Bertrand Ramcharan mentions that Ruth Russel’s *A History of the UN Charter* comments that “enthusiasm for these various objectives carried over into suggestions by the Latin American governments for amendments and additions to the Dumbarton Oaks Proposals.”¹⁸³ Also, in relation to the Universal Declaration, Russel points out that the Mexican delegate, Pablo Campos Ortiz, considered that the Universal Declaration was a truly fundamental document, commenting that Mexico “with the Delegations of Brazil, Ecuador, the Dominican Republic, Cuba and Panama... have submitted concrete proposals which are the basis of the Articles of the Charter referring to human rights... in a peaceful world it is essential to ensure respect for human rights.”¹⁸⁴

In this way, the Chapultepec Conference allowed Mexico to present meaningful proposals at the San Francisco Conference, which took place just a few weeks later. The 20 states of Latin America made up a powerful bloc among the fifty-one nations that formed the UN system. Thus, many of the ideas recently aired in Chapultepec made their appearance in San Francisco, in April, and were reflected in the text of the Charter. For example, Mexico succeeded to include the right to labor in the Charter, and the participation of women under the same circumstances than men at the diverse organisms of the United Nations.¹⁸⁵ This topic deserves a deeper study. However, it is clear that Mexico was a pioneer in acknowledging human rights in this period of history. So much,

¹⁸⁰ Sepúlveda, César (2013). *Op. Cit.*, p. 510.

¹⁸¹ Ramcharan, Bertrand. *Op. Cit.*, p. 96.

¹⁸² Ramcharan, Bertrand. *Ibid*, p. 96.

¹⁸³ Russel, Ruth. *A History of the United Nations Charter*, pp. 568-569. Quoted in Ramcharan, Bertrand. *Ibid*, p. 96.

¹⁸⁴ A/PV.181, in Schabas, *The Universal Declaration*, 3050. Quoted in Ramcharan, Bertrand. *Ibid*, p. 96.

¹⁸⁵ Velázquez Flores, Rafael (1995). *Op. Cit.*, pp. 89-90.

that it acknowledged these principles at the Chapultepec Conference, and made important proposals at the San Francisco Conference, where the United Nations was created.

3.6 What was Mexico's Place, from a Current North American Perspective? Examples of Inadvertent Biases

3.6.1 Introduction. It Would Seem that the Role of Developing Countries was Determined Just to the Extent to which they Received a Place at the Negotiations, rather than Acknowledging their Claims for a More Inclusive and Fairer World—which are Legitimate and Valid Hitherto

This chapter vindicates Mexico's participation as a '*promoter of economic inclusiveness and fairness for the postwar world order*' at Bretton Woods. It is important to consider that Mexico's arguments foresaw the imbalances of this multilateral system. Eventually, history proved Mexico to have been right with the disappearance of the gold standard in 1971 and the establishment of floating currency exchanges in 1973. Dr. Suárez claimed that neither developed nor developing countries would have any reason for implementing these [non-inclusive and non-representative] agreements. Moreover, Helleiner explains that the Bretton Woods Agreements were never implemented, which an important reason why the gold standard was eliminated in 1971. Furthermore, had Mexico's perspective been listened to, it would have contributed to a world in which there would not be as much discontentment with the international liberal order, as evidenced by the current nationalisms and populist movements in both developing and developed countries.

The main argument in this chapter is that Mexico has a personality of its own in the Global Governance history, advocating for the human implications of the international economic system that was being created at Bretton Woods. However, these important contributions have been ignored or misunderstood. For example, in Helleiner's *Forgotten Foundations of Bretton Woods*, Mexico's role is mainly described in Chapter 6 "Latin America Backing for Bretton Woods."¹⁸⁶ However, the archival evidence demonstrates that Mexico did much more than just back the United

¹⁸⁶ Helleiner, Eric (2014). *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. Cornell University Press.

States and the United Kingdom. Mexico also presented arguments and proposals that were opposed to those of these big economic powers. Thus, Mexico's participation went beyond a complementary role backing the interests of these powers.

As shown in Chapter 6 of this dissertation, Mexico was conscientious and defiant at Bretton Woods. It persistently argued that the humblest countries of the world could not achieve happiness with this international monetary system that was not accounting for the costs that the developing countries were paying nationally for the international community's use of the gold standard. These costs would be nationally borne by the poorest peoples of the world, who would also bear the economic and political costs of the distribution of the voting quotas for the exchange rates. For example, Mexico was paying \$35 dollars per ounce of gold as established by the United States after the devaluation since 1934. Mexico even quoted US President Roosevelt to clearly state the importance of silver for monetary stability and for the peoples of the world. Additionally, Mexico presented a range of arguments explaining how this system was not respectful of the developing countries' economic, legal, and democratic sovereignty, while also arguing in favor of economic development and of the right of the developing countries to achieve it.

Before Mexico's arguments are detailed and scrutinized in Chapter 6 of this dissertation, this chapter explores the content about Mexico in Helleiner's important book, which is the most comprehensive study about the neglected origins of the Bretton Woods Agreements. As noted in Section 1.2.1 (Mexico's Proposals at Bretton Woods Sidelined), Helleiner's book contains a twofold argument. On the one hand, he shows that Bretton Woods was a system whose architects included representatives from many of the emerging economic powers, including Mexico. Moreover, that the architects of that system did so in order to reconcile the international development goals and North-South relations in the international liberal order of the postwar world. The first argument is presented since the preamble of the book:

This book offers an unconventional interpretation of the birth of the international postwar economic order... I had long assumed that international development goals and North-South relations played little role in the creation of the Bretton Woods system... These are forgotten foundations of Bretton Woods and *they are not just of historical interest. They deserve to be remembered at a time that there is much discussion about how to reconcile the existing liberal international economic order with the development aspirations of emerging Southern powers.* The Bretton Woods architects addressed this issue squarely

and creatively “at the creation,” and they included representatives from many of the key emerging economic powers of today such as Brazil, China, India, and Mexico.¹⁸⁷ (my emphasis)

This quotation sheds light on Helleiner’s focus on how the international development goals and the North-South relations played an important role in the creation of the Bretton Woods system. Moreover, according to Helleiner, the importance of these factors is not only historical, but also provides a reference to the challenges of the current international economic system to reconcile the liberal order with development aspirations. The creators of the postwar system attempted to address this challenge at Bretton Woods by giving a place at the table of negotiations to the emerging powers in the Global South.

On the other hand, in addition to describing that the developing countries were given a place at the table of negotiations, Helleiner’s second argument states that once at the table, the emerging countries made important contributions to the Bretton Woods system:

...Indeed, many of the key emerging economic powers today—Brazil, China, India, and Mexico—helped to build the forgotten development foundations of Bretton Woods.¹⁸⁸

This quotation also shows that Helleiner’s book, despite having an inclusive vision regarding the participation of the developing countries in the creation of the multilateral economic system, still presents these countries’ contributions as only secondary, instead of showing their full complexity and helpfulness in the history of multilateralism and hitherto. Hence, Helleiner’s second argument elaborates on his first: because developing countries were given a place at the negotiations, they made important contributions to the Bretton Woods Agreements.

This argument is shared by Christy Thornton. She explains that Mexico tried to provide a voice and a vote to the nations of the Global South at Bretton Woods:

Through their continuous advocacy for an international system that would guarantee voice and vote to the smaller countries of the world, Mexican experts shaped how the United States would project its power through multilateral institutions for decades to come.¹⁸⁹ (my emphasis)

¹⁸⁷ Helleiner, Eric (2014). *Ibid*, p. vii.

¹⁸⁸ Helleiner, Eric (2014). *Ibid*, p. 3.

¹⁸⁹ Thornton, Christy (2017). “Voice and Vote for the Weaker Nations: Mexico’s Bretton Woods.” In Scott-Smith, Giles. *Global Perspectives on the Bretton Woods Conference and the post-war world order*. Cham, Switzerland, p. 160.

Thornton's quote claims that Mexico's participation at Bretton Woods was instrumentalized by the United States. This is a very interesting argument indeed. However, the words "smaller countries" are highlighted because they show an involuntary conception of the developing countries as being 'small' whereas in countries such as Mexico, that has not always been the case. Moreover, this was certainly not the case for Mexico at Bretton Woods, having been the chair of one of the three commissions of the Conference, and having taken the important leading role of representing the Latin American block, which consisted of 19 out of 44 attending countries.

In her citation above, Thornton basically seconds Helleiner's argument that the role of developing countries—even though active, informed, and useful—was determined by the developed nations' interests. She makes the same argument in another publication about Latin America and the interwar origins of development:

By examining the history of development from the perspective of a country like Mexico, we can begin to understand the exchange between center and periphery—of activists, diplomats, and intellectuals; the ideas with which they analyzed their world; and the policies they put in place to shape it—not as a one-way diffusion from West to rest, but a multidirectional and reciprocal process unevenly structured by power. We can come to see that it was, in fact, through the process of responding to the demands made by Mexican and Latin American experts that US planners learned how development might be a useful idiom for global economic power, and shaped the institutions that would govern it. If we shift our perspective, we can see that Mexico did, indeed, have the theories—and that development was, just as Berle put it so presciently, learned in the laboratory of Latin America.¹⁹⁰

Hence, Thornton repeats Helleiner's argument that Mexico contributed to the origins of the multilateral world order, and that it was the US-Latin American negotiations, and not the United States by itself, the real authors of the ideas about a US-led multilateral world. Moreover, Thornton argues that these ideas were instrumentalized by the United States to legitimize the international postwar system. This acknowledgement is very much appreciated by international scholars and diplomats.

¹⁹⁰ Thornton, Christy (2018). "Mexico Has the Theories": Latin America and the Invention of Development in the 1930s," in *The Development Century: A Global History*, Stephen Macekura and Erez Manela, eds. New York: Cambridge.

However, to label Mexico's role only as a contributor to the extent to which the major powers allowed it, is insufficient and inaccurate. If the results of the Bretton Woods Conference are taken into account, then the role of the United States and the United Kingdom as authors of the gold standard is completely flawed. These countries are not looked upon with the same light in the literature, as evidenced in Section 6.5 (Mexico's Proposals and their Impacts) after a thorough analysis of the archival evidence issued by the United States.

Thus, the results of Mexico's contributions can be understood in an isolated moment in time, or they can be taken in an integral way, given how the international liberal order has unfolded. In this way, this dissertation builds upon Helleiner's twofold argument, as Mexico had a very proactive role in the history of multilateralism: it strongly advocated for considering and including the human implications of the costs of the monetary and power-structured decisions that were made at the Bretton Woods negotiations. Furthermore, there is still time to listen to these postulates because they remain relevant.

The Mexican delegation presented its arguments in a technically supported and politically perseverant way against the position of the dominant countries and regions. It provided a thorough explanation of how the developing countries were absorbing nationally the financial costs of the international community's use of the gold standard. In addition, these countries would bear the economic and political costs of the distribution of the voting quotas for the exchange rates. Likewise, it argued for the importance of including development alongside reconstruction as a main goal of the IBRD. These were Mexico's actual arguments and proposals at Bretton Woods.

3.6.2 Long Diplomatic History, International Prestige, and High Negotiating Capacity versus Obtaining "Concessions" from the United States

Despite the brilliant role that Mexico portrayed in the international field, its policies have been misunderstood by scholars who have studied this period through the lenses of the mercantilist and/or colonial archives of the time. Thus, this section highlights this contrast between the archives and the scholarly arguments, as further evidence for the need of decolonizing the scholarly knowledge.

Despite the factors that gave Mexico a high international negotiating capacity (presented in the previous section), inclusive and progressive authors such as Christy Thornton depict these

hard-won diplomatic victories as “concessions” from the United States. She uses this term a dozen times in her book,¹⁹¹ in a compassionate and/or patronizing way. Let us look at a couple of examples:

Even when their more radical proposals were stymied by the interests of Northern bankers and industrialists, Mexican officials and their allies won important concessions from the world powers, using a politics of immanent critique to hold the United States accountable to the promises of multilateral liberalism...¹⁹²

...

Having argued repeatedly for mechanisms for obtaining long-term capital that would support Mexican industrialization, Mexico would begin to reap the benefits of the concessions it had been able to squeeze out of multilateral institutions and the United States, contracting billions of dollars in foreign credit, both public and private. As economist Víctor Urquidi put it looking back on the period, “Bretton Woods fitted very nicely into Mexico’s needs.”¹⁹³ (my emphasis)

This perspective expressed by Thornton, in which Mexican officials allegedly won “concessions” from the world powers (that they were able to “squeeze” out of multilateral institutions and the United States) is a completely different vision than that existing from a Mexican perspective, as explained in the previous section. One cannot help to wonder, why the difference of perspectives? Do North American authors have a colonial mindset? And if so, how to change this vision so as to offer a fairer-minded perspective about our closest international partners?

Another inadvertent bias is that Thornton focuses on the United States: what it instrumentalized from its relationship with Mexico to build and legitimize the multilateral international system—thereby sidelining the validity of Mexico’s message. In the conclusion, she mentions:

... In Revolution in Development then, we get a new angle of vision on the US rise to power: one in which Mexico’s demands, and sustained campaigns to organize like-minded

¹⁹¹ Thornton, Christy (2021). *Op. Cit.*, pp. 8, 15, 22, 26, 60, 90, 132, 148, 150, 152, 173, and 205.

¹⁹² Thornton, Christy (2021). *Ibid.*, p. 8.

¹⁹³ Transcript of the interview of Víctor Urquidi by Thomas G. Weiss, Oslo, June 18-19, 2000, United Nations Intellectual History Project, p. 23. Quoted by Thornton, Christy. *Ibid.*, p. 152.

Third World actors to press their cause, structured the contours of legitimacy within which the United States sought to govern the global economy.¹⁹⁴ (my emphasis)

This dissertation questions this point asking: what is the focus of the study of Mexico's *Revolution in Development*? This quotation shows, then, that the focus is not Mexico and its ideals at the time, but rather the part of Mexico's proposals that the United States instrumentalized for its own purposes.

Another inadvertent bias in Thornton's *Revolution in Development* is that she grounds her research on Mexico's archival sources dating to a few decades of the 20th century, which is relevant but does not have an adequate representation of the history of the Mexican political system. For example, she mentions:

... Methodologically, this requires returning to the archive and reading Mexican sources—state records from the office of the presidency; the Secretaría de Relaciones Exteriores (SRE), Mexico's foreign ministry; and the Secretaría de Hacienda y Crédito Público, Mexico's finance ministry; as well as the personal papers of Mexican economists, diplomats, and political figures, and the Mexican press—along with and against the grain of US and European archival sources. Bringing these sources together often reveals contention that has been hidden by the exclusive reliance on Northern records, uncovering multidirectional influences disavowed by powerful actors seeking to legitimate that power...¹⁹⁵

... While this book tells a story of elites, it is one in which they operate in uneven, hierarchical systems of international power.¹⁹⁶ (my emphasis)

These examples show the sources used in Thornton's analysis. While it is important to have primary sources of the public officials and institutions that participated in the historical events studied in her book, this research should be accompanied by an integral study of Mexican history, otherwise the study becomes an archival analysis, instead of a historic analysis.

For instance, there are two examples of the lack of accurate representation of Mexico's reality in Thornton's book. First, in the chapter about Bretton Woods, Thornton mentions the "ideologically laissez-faire Monterrey Group."¹⁹⁷ However, that term is a bias of one of the

¹⁹⁴ Thornton, Christy (2021). *Ibid.*, p. 197.

¹⁹⁵ Thornton, Christy (2021). *Ibid.*, pp. 6-7.

¹⁹⁶ Thornton, Christy (2021). *Ibid.*, p. 13.

¹⁹⁷ Thornton, Christy (2021). *Ibid.*, p. 65.

archives at the time, immersed as they were in the Liberalist vs. Communist fight of the Cold War. The Monterrey Group was far from being a “laissez faire” group. It provided health services for its workers since 1918 (better than those that are currently known as “public health services” and that in Mexico were created in 1943). The members of this group were precursors to the welfare state, providing many labour benefits, and founded one of the best universities in Latin America, *Tecnológico de Monterrey*. A more accurate label, if needed, might be “corporate social responsibility group.”

The Monterrey Group’s ideology is summarized on the website of the *Tecnológico de Monterrey*. This industrialist group was led by Mr. Eugenio Garza Sada (1892-1973), and his biographical sketch is included below:

To talk about Don Eugenio Garza Sada, is to describe a tireless hard-working man of few words and with a precise manner of speaking. Don Eugenio was renowned not only as a successful businessman, but also as an active promoter of the development of his community, constantly acting congruently, with enormous simplicity and a deep sense of humanity, focused on the improvement of all those who surrounded him, without distinction.

Don Eugenio defined the Cuauhtémoc Ideology -also known as the “Don Eugenio Garza Sada Ideology”- long before companies talked about codes of ethics or mission statements. This document contains 17 personal principles and concepts, and was distributed among his colleagues, with the request to keep it in a visible place in their offices; he was the first to set an example. His ideology remains to date as a life example for the new generations.

- I. Recognize the merit of others.
- II. Control one’s temper.
- III. Never mock others.
- IV. Be polite.
- V. Be tolerant.
- VI. Be punctual.
- VII. If you are vain, you must hide it.
- VIII. Do not alter the truth.
- IX. Let others speak.

- X. Express yourself concisely.
- XI. Refine your vocabulary.
- XII. Be sure to enjoy your job.
- XIII. Recognize the enormous value of the manual worker.
- XIV. Think of the benefit of the business over your own.
- XV. Analyse over and above the inspiration or intuition.
- XVI. Dedication to work.
- XVII. Be modest.¹⁹⁸

Thus, it is clear that the Monterrey Group was led by businessmen with social responsibility. Any other interpretation is just part of the Cold War archives at the time: communism versus capitalism, the Soviet Union against the liberal and free world. However, that battle had nothing to do with the humanist vision of that entrepreneurial group that led Mexico's development during decades of the 20th century, until Mr. Garza Sada was killed.

The second example of inadvertent historic bias in Thornton's book is that she neglects to mention that Mexico's Alfonso García Robles earned the Nobel Peace Prize for his work in disarmament and nuclear weapon-free zones. Mexico has earned three Nobel Prizes, including the Peace Prize awarded to Alfonso García Robles in 1982 for his "work for disarmament and nuclear weapon-free zones" and ongoing advocacy against the nuclear arms race during the Cold War.¹⁹⁹ Thornton barely mentions him in her book, only mentioning in a single line that he was Mexico's ambassador to the United Nations, and was part of a group of people who wrote a speech in a specific moment of time.²⁰⁰ By contrast, she highlights the role of other characters of less historical importance such as Porfirio Muñoz Ledo—a Mexican politician, not a diplomat—in several pages,²⁰¹ guided by her archival findings on books written by Muñoz Ledo himself, in which he depicts himself "as a sort of Mexican Henry Kissinger."²⁰²

To address some of these biases, this dissertation draws on the archival sources issued by the US government and by Suárez' and Urquidi's memoirs. As a needed complement to these archival findings, this dissertation studies the history of the Mexican political system to show how

¹⁹⁸ Tecnológico de Monterrey. "Eugenio Garza Sada": <https://tec.mx/en/about-us/our-history/eugenio-garza-sada>

¹⁹⁹ The Nobel Prize 1982, alongside Sweden's Alva Myrdal. Retrieved from The Nobel Prize 1982. "Alfonso García Robles, Facts": <https://www.nobelprize.org/prizes/peace/1982/robles/facts/>

²⁰⁰ Thornton, Christy (2021). *Ibid.*, p. 181.

²⁰¹ Thornton, Christy (2021). *Ibid.*, pp. 176, 179, 181, and 197.

²⁰² Thornton, Christy (2021). *Op. Cit.*, p. 169.

the diplomatic principles that Mexico defended at Bretton Woods were part of its DNA since it became an independent nation in the early 19th century, over a century before. In this way, this research stresses the broader significance of the Mexican delegation's claims for Bretton Woods as well as for the fairness and inclusiveness of the multilateral world order itself.

3.6.3 Mexico's Inner Strength in the Political System versus a "Struggle of Classes"

Mexico was a strong country with high negotiating capacity at Bretton Woods. In all these sections, this dissertation has presented the characteristics that made Mexico a strong diplomatic participant in the international field. However, the political changes that Mexico underwent also made it an important nation in the construction of the new global order.

Despite this important fact, some inclusive and progressive authors, such as Christy Thornton, present Mexico in a simplistic way, as if it were formed by just the "poor" and the "rich." An example of this simplification is the following quotation:

... the revolutionary process itself provided an important ideological justification for Mexican advocacy. Mexican economic ideas were rooted in the juridical force and ideological weight of Mexico's 1917 constitution, which redefined property and subsoil rights as vested not in the individual but in the nation. Of course, putting the constitution's lofty provisions into practice domestically was a long and contested process, subject to the same social struggles that had marked the constitutional convention itself, as workers and campesinos on the one hand and industrialists and landholders on the other pressed their claims upon the state.²⁰³ (my emphasis)

This passage shows a problem in understanding Mexico's position at Bretton Woods because how could such a developing country's proposals be taken into consideration and understood, if Mexico was only considered a land of workers and peasants against industrialists and landholders? The major success of the PRI Party—the party that *institutionalized*²⁰⁴ the Mexican Revolution and

²⁰³ Thornton, Christy (2021). Op. Cit., p. 9.

²⁰⁴ The concepts of "PRI-system" and "institutionalization of the Revolution" are elaborated in Garrido, Luis Javier (1982). *El Partido de la Revolución Institucionalizada*. México. Siglo XXI.

remained in power for 71 years—was to encompass the different sectors of the population in its *corporatist apparatus*.²⁰⁵

The population was more complex than this. It was not simply one comprised division of workers and peasants versus industrialists and landholders. In the 1940s, Mexico began a process of urbanization, and agrarian structures began to get dismantled. The groups that had existed during the 20th century and that the PRI succeeded to manage in *sectors* or *corporations* were: the militia, the bureaucrats, the peasants, the workers, the middle/popular classes, the businessmen, industrialists, and employers, as well as strong labour unions formed by teachers, and the people working in the oil and electricity sectors, respectively.

The PRI Party was not created out of the blue. Its formation process lasted for almost two decades, during which period this political party shaped and was reshaped by national identity as well, as explained by Víctor López Villafañe. First, in 1928-1929, it was titled the National Revolutionary Party (PNR), created by President Plutarco Elías Calles (1924-1928). Then, President Lázaro Cárdenas (1934-1940) transformed it into the Party of the Mexican Revolution (PRM) in 1938. Finally, President Manuel Ávila Camacho (1946-1952) established the Institutionalized Revolution Party (PRI—to the best of my translation abilities) in 1946, name that bears to this day. This section briefly explores this historic period, in which Mexico participated in the formation of the United Nations—and thus in the United Nations Monetary and Financial Conference—as a country that was re-building its own identity, founded in an epoch of creation of national institutions.²⁰⁶

Luis Javier Garrido explains that when Calles formed the National Revolutionary Party (PNR) in 1929, he did so not to meet the demands of the Mexican Revolution, which were postponed until the Cárdenas period, but to consolidate the state apparatus. This apparatus was based on an indirect structure, since it was organized locally and regionally, thanks to the parties and caciques who controlled the popular masses. The PNR claimed to be the ‘heir to the Revolution’, yet it was only its conservative representatives (landowners, industrialists, and bankers). Hence, the Revolution as legitimizing element, served only to recognize that the land,

²⁰⁵ Kaufman, Robert and Stallings, Barbara. “The Political Economy of Latin American Populism.” In Dornbusch, Rudiger and Edwards, Sebastian (1991). *The Macroeconomics of Populism in Latin America*. USA. The University of Chicago Press, p. 22

²⁰⁶ López Villafañe, Víctor (2005). *La Formación del Sistema Político Mexicano*. México. Siglo Veintiuno Editores.

freedom, and social justice that had been sought in the armed struggle were only abstract concepts in the minds of the people and in the hands of the political bureaucracy.

A decade later, when Cárdenas changed the name of the party to that of the Mexican Revolution (1938), he did so to fill in the missing elements in the initial structure. There was then an expansion of the popular bases, and the masses were initially organized into five sectors: workers, peasants, popular classes, the militia, and the political bureaucracy. This structure allowed the President to carry out an extensive program of social reforms. This was the process in which the party-system got its corporative-hegemonic nature.

This political and social distribution is understood by analyzing the elements of the nation-state: territory, legal system, population, and power. The territory was already delimited. The President introduced the tradition of centralizing the legal system by controlling the federal Legislative Power, as Felipe Tena Ramírez explains: “to such a degree that most of our common legislation has been the work of the Executive Power.”²⁰⁷ Pablo González Casanova shows that from 1935 to 1941, 100% of bills were approved in the Federal Congress by unanimity. In 1943, 91.66% of bills were approved unanimously, and by 1947, 73.68% of bills were approved by unanimity.²⁰⁸

Hence, power grew by organizing and dividing the population and its representatives. Cárdenas used the Machiavellian principle of “divide and conquer,” since he not only divided and co-opted his enemies, but also his friends: the corporations that he created were subordinated to the political party. Each one of the four main corporations—labour unions, peasants, the popular classes, and military leaders—had to pass through the filters of the other three within the party in order to influence national policies. Despite the above, the PRM statutes insisted that a democratic system would be achieved through internal mechanisms in the appointment of candidates, but the imposition of Ávila Camacho as the official presidential candidate in 1940 and the electoral fraud of his victory against Juan Andreu Almazán determined the emptiness of these precepts.

However, this government project jeopardized the unifying apparatus that Cárdenas had sought. Government participation in the economy, land distribution, massive education, the expropriations of the railway and oil companies, and the participation of the militia in politics, were too strong political strategies that would become a two-edged sword. Realizing that he would

²⁰⁷ Tena Ramírez, Felipe (2000). *Derecho Constitucional Mexicano*. México. Editorial Porrúa, p. 241.

²⁰⁸ González Casanova, Pablo (2000). *La Democracia en México*. México. Ediciones Era, p. 235.

not maintain the unity of the various interest groups within the party, Cárdenas began to stop the series of reforms that had been carried out since 1934, and appointed a more conservative general as his successor, Manuel Ávila Camacho, who at the end of his term created the PRI Party in 1946.

Garrido explains that, with this party structure, the political and social processes would no longer be achieved through a ‘class struggle,’ but rather through the ‘collaboration’ of the social groups that had been corporatized and coopted through the main political and union leaders. Over time, leftist discourse became nuanced and rightist practices that were implemented did not agree with the interests of the Revolution and even less with Cardenista populism. However, what prevailed was the leadership of the federal Executive Power. Susanne Soederberg summarizes this system with these words:

... Mexico’s corporate political system helped to provide the institutional and ideological glue for pacts between the state, capital and workers (both urban and rural). This arrangement gave voice and power to capitals by bringing them into the political sphere. It further acted to legitimize the demands of the subordinate class and thereby limit inter-class conflicts.²⁰⁹

Thus, this is how the PRI-system was consolidated (i.e., institutionalized) in the period between 1940 and 1945: as the bureaucratic apparatus at the President’s service, and as conciliator of the national interests. Mexico’s corporate system was successful during this period both politically and socially.

Later, there were two factors that allowed civilians to enter the presidency. First, outside of this structure, criticism from businessmen, the right-wing press, and the only two surviving right-wing parties (PAN and UNS) decreased the popularity of the organization. The second factor was Ávila Camacho’s personal decision so that the *revolutionary* party-system would transcend. In Enrique Krauze’s words:

When the first civilian President, Miguel Alemán (1946-1952), took office, the Mexican Revolution became *institutionalized*. Ávila Camacho chose him precisely for this purpose.

After the “Poppy of the Revolution” [Miguel Alemán], the happiest man in Mexico was President Avila Camacho. His personal style had paid off: peace with foreign relations, order within the country, progress in the cities. A sensitive conciliatory policy presided

²⁰⁹ Soederberg, Susanne (2004). *The Politics of the New International Financial Architecture: Reimposing Neoliberal Domination in the Global South*. UK. Zed Books, p. 36.

over the relations with the Church. Personally, he felt perhaps the added satisfaction of leaving a legacy. Like the old founder of a family business that cedes control to a university son, Ávila Camacho bequeathed power to his symbolic son. “How good that university students are now reaching the presidency!” He commented on the penultimate day of his six-year term to Torres Bodet. “I belong to the army, and I love it very much. But the time of the generals has passed for Mexico. I am sure that the civilians will succeed in fulfilling their duties.”²¹⁰

This was the last stage of the *institutionalization* of the PRI-system. Mexico’s army gave in for civilians to be in power. Mexico opened the door to a more ‘modern’ epoch. This was the political class that brought the *Mexican Miracle*: three decades of economic growth. This is also the period of the beginning of the Import-Substitution Industrialization (ISI). Indeed, this is also a very interesting and prosperous period, but unfortunately it is not part of the historical period studied in this dissertation.

Hence, this section showed how, internally, Mexico became a strong and united country during the years that surrounded the Bretton Woods Conference. Furthermore, it also showed that, as opposed to the view of some North American authors, Mexico was not formed by a simple society in a “struggle of classes.” The Mexican political system was formed by a mosaic of social groups that got united around the presidential figure, revolving around both: its power and its protection. This political and social cohesiveness supported the fact that the Mexican President took international agreements on behalf of the country. Furthermore, this cohesiveness also supported the fact that Mexico undertook economic decisions in favour of economic development in a process that would improve the economic and social conditions of the country, and that would last for almost four decades.

²¹⁰ Torres Bodet, Jaime (1969). *Memorias. Años contra el Tiempo. México*. Porrúa, p. 334. Quoted in Kauze, Enrique (1997). *La Presidencia Imperial: De Manuel Ávila Camacho a Carlos Salinas de Gortari*. México. Tusquets Editores, p. 85.

3.6.4 Mexico's Oil Indemnified-Expropriation versus "Radical-Confiscation"

At the time of the Bretton Woods Conference, Mexico was conducting serious social reforms to leave its colonial legacies of the Spanish Empire. However, Mexico's policies have been misunderstood by scholars who have studied that period through the lenses of the mercantilist and/or colonial archives of the time. Thus, this section continues to analyze the historic period in which the Bretton Woods Conference took place.

Helleiner addresses the Mexican oil expropriation as one of the reasons for the US government wanting to broaden its collaborative relationships with Latin America. He offers a reinterpretation of the origins of the Bretton Woods Agreements, signed in 1944.²¹¹ In "Reinterpreting Bretton Woods: International Development and the Neglected Origins of Embedded Liberalism," he explains that the United States looked for economic cooperation with the Latin American region. For this purpose, the United States considered diverse situations, including the Bolivian and Mexican expropriation of American oil companies in 1937 and 1938, respectively, as well as the need to replace German markets because of the Second World War. Regarding Latin America, Helleiner explains these factors in these terms:

US policy makers were also driven by a fear of what Green (1971) has termed Latin American 'revolutionary nationalism'. In the wake of the Great Depression, liberal regimes across Latin America were increasingly challenged by domestic political groups—on the right and left of the political spectrum—that rejected the laissez-faire, export-oriented economic policies of the pre-1930s era in favour of more statist economic policies that would promote industrialization, the growth of an internal market, national ownership, and better social conditions. The trend of Latin American economic policy clearly threatened some US economic interests in the region, as highlighted by dramatic developments such as Bolivian and Mexican confiscation of US oil property in 1937 and 1938.

... From the perspective of US government and business elites, it became increasingly imperative for the US government to endorse a new model of economic co-operation with Latin America to try to offset both the Nazi influence and the appeal of radical economic ideologies (Gardner, 1964; Gellman, 1979; Green, 1971; Grow, 1981; Pike, 1995).²¹² (my emphasis)

²¹¹ Helleiner, Eric (2006). Op. Cit.

²¹² Helleiner, Eric (2006). Ibid., pp. 945-946.

Although Helleiner studies the importance of the US-Latin American economic cooperation, which is a valuable academic involvement, it is important to clarify this era of US-Mexico history because, according to these examples, it would seem as though Mexico were acting arbitrarily, led by “radical economic ideologies” and “confiscating” American oil properties. This idea is also mentioned in *Forgotten Foundations of Bretton Woods*:

In addition to serving these goals, the new partnership with Latin America helped to address US concerns about how increasingly *unorthodox economic policies in Latin America—coming from both left- and right-wing governments—*could threaten American economic interests... As Latin American economic policies moved in increasingly statist and nationalist directions, some of these US economic interests were threatened directly, *a point brought home clearly by the 1937 Bolivian and 1938 Mexican confiscations of US oil companies’ property*. By offering help for more moderate development goals of Latin American governments, US policymakers hoped to promote political and economic stability and offset the appeal of more radical economic ideologies.²¹³

... *In the aftermath of the Bolivian and Mexican confiscations of US properties*, many US corporations with direct investments in the region also joined the bondholders in opposing economic assistance for countries that had not settled with investors, a position that found some support in Congress and among more conservative members of the Roosevelt administration.²¹⁴ (my emphasis)

Hence, from Helleiner’s choice of words, it would seem that Mexico was led by radical ideologies. This alleged “revolutionary nationalism” was a purported threat against the basis of the American economic system, that is, against private property.

However, what is not mentioned by this inclusive and progressive author is that the internationally acknowledged legal term for these actions was not ‘confiscation’ but ‘expropriation.’ An expropriation is a well-known concept in international law that describes a forced purchase agreement due to public interest.²¹⁵ By contrast, a confiscation is a state-led deprivation of private authority. In any country that respects the rule of law, confiscation is illegal.

²¹³ Helleiner, Eric (2014). *Op. Cit.*, “for the various US motivations, see Gardner 1964, Gellman 1979, Green 1971, Grow 1981, Pike 1995,” p. 32.

²¹⁴ Helleiner, Eric (2014). *Ibid.*, “Langer and Gleason 1970, 207; Gellman 1979, 156,” p. 35.

²¹⁵ Instituto de Investigaciones Jurídicas, Universidad Nacional Autónoma de México (2005). *Diccionario Jurídico Mexicano*. Editorial Porrúa. México: Tomo II, pp. 1629-1634.

In Mexico, confiscation is forbidden in the Federal Constitution in its Article 22.²¹⁶ That is, the Mexican government paid in full the indemnification of those properties. This fact is acknowledged by Helleiner himself a few pages later in his book because it was Eduardo Suárez, alongside Harry Dexter White on the US side, who negotiated the payment of the compensation:

... Those economic ties grew much closer in 1941 after the signing of an agreement that included compensation for the petroleum and land expropriation. Suárez was later selected for the high-profile role of chairing of one of the three “commissions” at the Bretton Woods conference.²¹⁷ (my emphasis)

In Chapter 2 of Helleiner’s book, focused on Inter-American Bank project, he portrays the voice of a US Treasury official in a mention of these expropriations, as though they were illegal or out of order, whereas Harry D. White did not respond to that public servant’s petition. Helleiner writes it in these words:

... In early January 1940, Hanson urged White to clarify to Latin American governments in advance of the IAB’s creation whether the United States would vote to block loans to countries because of past defaults or expropriations, but no such declaration was issued.²¹⁸ (my emphasis)

Given that Mexico was paying for the oil expropriation, if White had blocked loans to Mexico, as was proposed by Hanson, it would had been wrong both legally and financially. Therefore, these passages show a clear historic struggle of bias against Mexico’s actions as if they were issued by a “radical” government.

Christy Thornton repeats this idea. For example, from the very beginning of *Revolution in Development*, she presents Mexico as an uncivilized or savage country:

... At the other end of the 20th century, Mexico endured more than a decade of fractious and bloody social revolution, in which property was destroyed or expropriated and debt ignored or repudiated...²¹⁹

Thus, the Mexican Revolution is portrayed in her book not as the result of valid social struggles against American domination, nor the struggle for social liberties as that of the Civil War of the

²¹⁶ Instituto de Investigaciones Jurídicas, Universidad Nacional Autónoma de México (2005). *Diccionario Jurídico Mexicano*. Editorial Porrúa. México: Tomo I, pp. 724-725.

²¹⁷ Helleiner, Eric (2014). *Op. Cit.*, pp. 38-39.

²¹⁸ Helleiner, Eric (2014). *Ibid*, “Hanson to White, January 5, 1940, p. 2,” p. 74.

²¹⁹ Thornton, Christy (2021). *Op. Cit.*, p. 7.

United States of America, but rather as a “bloody social revolution,” in which the basic standards of the rule of law (i.e., respect for property and money) were “ignored or repudiated.” In this context, it is attractive or interesting for her to study: “how could Mexico matter at the time?”²²⁰

Regarding the devaluations and debt crises highlighted by Thornton in her initial statement about Mexico, it is worth noting that many countries faced economic crises after 1929. That was one of the causes of the Second World War in Europe. Mexico was part of the global system that was affected by the stock market crash of 1929, which contributed to the Great Depression of the 1930s. In addition, Mexico indeed fell into default during the Mexican Revolution, just as the United States and France during their civil wars. That is no reason for presenting a country that was so important geopolitically as among “the poorer, weaker, debtor countries” as Thornton repeatedly mentions it throughout her book.²²¹

In this tenor, *Revolution in Development* presents in the introduction the following statements:

Who governs the global economy? Who establishes the agenda, makes the decisions, and structures the institutions that set the rules of the game? According to the conventional wisdom, such governance has been largely the purview of the most powerful nations and empires in the world. Rich countries set the rules, and the poorer and weaker ones are compelled to follow them. In this story, the idea that **a country like Mexico** could influence the governance of the global economy seems a dubious proposition. Wracked by devaluations and debt crises, Mexico... Against the conventional narrative, this book presents...²²² (my emphasis)

Thus, this introduction presents a Mexican scholar with the question “what does *a country like Mexico* mean to Thornton?” The reason for this question is that Mexico’s perspective is absent from this analysis regarding the “devaluations and debt crises.”

For example, for Mexico, the oil industry is very important both historically and currently: the government had to expropriate the oil companies and their land because those companies were not respecting basic labour and social rights. Those companies arrived in the country thanks to tax exemptions, preferential custom taxes, and licenses for unlimited access to oil reservoirs.

²²⁰ Thornton, Christy (2021). *Ibid.*

²²¹ Thornton, Christy (2021). *Ibid.*, pp. 1, 2, 3, 4, 5, 14, 49, 71, 80, 91, 97, 99, 117, 120, 121, 196.

²²² Thornton, Christy (2021). *Ibid.*, p. 1.

However, despite these fiscal and legal benefits, they did not pay fair wages, nor did they provided medical service to the workers, and they employed children, among others.

Thus, the strikes commenced within the oil companies on May 25, 1937, and the labour union—made up of 18,000 workers—filed a suit with the Federal Labour Tribunal. Official investigations were ordered by the Federal Labour Tribunal against both the companies and the union. Then, on December 18, 1937, the Federal Labour Tribunal ruled in favour of the workers. However, the companies did not accept the ruling, and the case escalated to the Supreme Court which, after four months of analyses and deliberations, ratified the Tribunal's ruling.²²³

What the official investigations revealed was that those companies had many accounting schemes. For instance, they transferred their revenues to other countries in order to avoid paying taxes. They declared them to be Mexican, but some of the seventeen companies were English, some American, and some from England-The Netherlands, where they really paid taxes. Moreover, around 60% of crude petroleum was exported to the United States and the United Kingdom, and the profits did not go back to Mexico but rather to those countries. Furthermore, those oil companies doubled their accounting statements: they had one in which they reported budgetary loses—on which the lack of proper wages and respect to labour rights were based—and the other declared profits to their shareholders in the United States, England, and The Netherlands.

In this way, after over two years of failed negotiations between the oil companies and the labour union, the government had to expropriate the oil industry on March 18, 1938. Moreover, compensation was paid from the public budget and oil, and also with the contributions of thousands of Mexicans, who donated their money, jewelry, farm animals, etc., in order to pay what was due to the foreign companies. This is how the oil industry became a state-owned company. Mexicans united with the government to re-gain oil not only as a national asset, but also as a symbol of respect to labour and social rights. Oil was a social vindication from then until 2014, when the government passed a constitutional and legal reform to allow international private industries to participate in the energy sector, which was an extremely controversial reform.²²⁴

²²³ Meyer, Lorenzo (2000). *Historia General de México*. El Colegio de México. México, pp. 872-879.

²²⁴ Meyer, Lorenzo. *Las Raíces del Nacionalismo Petrolero en México*. México. And Krauze, Enrique. *Biografía del Poder*. México. Quoted in EL UNIVERSAL. “Con joyas y gallinas se pagó la deuda por la Expropiación: con la nacionalización del petróleo, el gobierno de Lázaro Cárdenas adquirió una deuda que sobrepasaba sus posibilidades de pago. El pueblo de México acudió sin dilación a cooperar para hacer frente al compromiso. Eran días de emoción”. March 17, 2018: https://www.eluniversal.com.mx/colaboracion/mochilazo-en-el-tiempo/nacion/sociedad/con-joyas-y-gallinas-se-pago-la-deuda-por-la?utm_source=web&utm_medium=social_buttons&utm_campaign=social_sharing&utm_content=email

Thus, the perspective in which the Mexican state acted on behalf of social rights, and legally paid compensations for the oil expropriation, is very different from the perspective that it was led by an irrational, “radical-leftist” government. The latter could have been the narrative of the American oil companies at the time, but it is definitely not Mexico’s perspective on this important chapter of its history. Furthermore, Lázaro Cárdenas is a very appreciated President in Mexico because he procured the wellbeing of the population. He provided public education and health not only to the middle classes but also to the most vulnerable populations, and distributed lands to peasants.²²⁵

These public investments and other financial and infrastructure projects, which were fundamental to the developmental thinking of public officials at the time, comprised the bases of the Mexican political system, and what is known as the *Mexican Miracle*: a period of almost four decades of sustained economic growth. A list of projects put forward by Eduardo Villaseñor, one of Cardenas’ leading official advocates for the Inter-American Bank, included: the construction of highways, the building of dams to provide water and hydroelectric power, the modernization of ports, improvements to land, the creation of settlement schemes, the building of steamship lines and shipyards, and the establishment, improvement, and modernization of factories.²²⁶

3.6.5 The Presidential Mexican System in Search for Legitimacy versus Echeverría as “the Last Gasp” in *Revolution in Development*

An inadvertent bias in the current state of the literature is that Thornton’s *Revolution in Development* inflates an argument about Mexico’s international role over the 20th century, taking for granted what the Mexican elites said in those archives three decades after Bretton Woods. Thornton links the policies of President Luis Echeverría Álvarez (1970-1976) to those of the Mexican public servants in the 1930s and 1940s. These quotations show Thornton’s view:

²²⁵ Velázquez Flores, Rafael (1995). *Introducción al Estudio de la Política Exterior de México*. México. Editorial Nuestro Tiempo: 83-91.

²²⁶ Villaseñor, Eduardo (1941). ‘The Inter-American Bank’, *Foreign Affairs* 20(1), pp. 165–174. Referred by Helleiner, Eric (2019). “Multilateral Development Finance in Non-Western Thought: From Before Bretton Woods to Beyond.” *Development and Change*, published by John Wiley & Sons Ltd on behalf of the Institute of Social Studies, pp. 171–174.

... They argued for new multilateral agreements, outlined innovative new international institutions, and fought during crucial global negotiations for both the rights of the poorer states and the duties of the richer ones. This fight, waged over more than five decades, was Mexico's revolution in development.²²⁷

...

If the Charter of Economic Rights and Duties of States represented the culmination of Mexico's long 'revolution in development,' however, perhaps it also marked its last gasp.

A new international economic order was, indeed, on the horizon, but not the one that Echeverría or Muñoz Ledo had envisioned.²²⁸ (my emphasis)

These passages show Thornton's perspective, in which Mexico's advocacy for the right causes in the international field allegedly began with the implementation of the reforms that took place after the Mexican Revolution and ended with the Echeverría government. However, what she does not realize is that the government narrative became more misaligned from Mexican reality as the 20th century passed. Moreover, Mexican historians would not argue that Echeverría tried to "export" the Mexican Revolution to the world and/or that he shared the values of the presidential administrations of the 1930s and 1940s.

Rather, Echeverría tried to legitimize his government given its disapproval by the Mexican people, as explained by Rafael Velázquez and Salvador González Cruz, referred above. This lack of legitimacy was given by the authoritarian political system, but especially because Echeverría was the Secretary of the Interior in 1968, and he ordered the "Tlatelolco Killing" of students on October the 2nd. He also ordered another killing of students in 1971, when he was already President. No President in the 1930s would have ordered the killing of students. On the contrary, Cárdenas' most fruitful policies consisted in massive public education programs, even in the most rural places. For instance, Octavio Paz, Nobel Laureate in Literature, resigned as Ambassador of Mexico in India as a means of expressing his opposition to the Mexican government at the time of the Tlatelolco killing. Thus, it is hard to sustain the idea that there is a coherent string between these two historic points in Mexican history.

Furthermore, there is no point of comparison between the Echeverría (1970-1976) and the José Lopez Portillo (1976-1982) presidential administrations, and the social reforms put in place

²²⁷ Thornton, Christy (2021). *Op. Cit.*, p. 8.

²²⁸ Thornton, Christy (2021). *Op. Cit.*, p. 197.

in the 1920s, 1930s, and 1940s. The latter was the epoch of creation of institutions at the Mexican people's service, by officials with strong convictions of social justice such as Plutarco Elías Calles, Lázaro Cárdenas, Manuel Gómez Morín, José Vasconcelos, Jaime Torres Bodet, Octavio Paz, among many others. By contrast, Echeverría and López Portillo had the most serious economic crises that the country had not seen since the end of the Mexican Revolution, with high levels of inflation.

Moreover, Enrique Cárdenas, commenting on the chapter written by Carlos Bazdresch and Santiago Levy, explains that these two periods of Mexican history are completely different:

The authors also consider that in contemporary Mexico there were two episodes of populist policies: Cárdenas and Echeverría-Lopez Portillo. I have no doubt that they are right, but I would only mention that Cárdenas was careful not to ignore the macro constraints that his successors did. During the most expansionist years of the Cárdenas period, the fiscal deficit was about 1% or 2% of GDP. During the Echeverría period the deficit reached 10% of GDP, whereas during the Lopez Portillo administration, the fiscal deficit reached a peak of almost 17% of GDP. Naturally, Echeverría and Lopez Portillo would love to be placed in the same package as Cárdenas, but I do not think that should be the case.²²⁹ (my emphasis)

Thus, this dissertation shares the perspective of Bardesch, Levy, and Cárdenas: the Mexican archives studied by Thornton—as written as they were by the official party—might give the impression that Echeverría and López Portillo belong to the same historical period than Lázaro Cárdenas, Manuel Ávila Camacho, and the Bretton Woods Conference, which unfortunately is completely inaccurate.

Another author who makes evident the disassociation of Echeverría's policies with those of the 1940s, is Daniel Cosío Villegas (who was part of Mexico's Delegation at Bretton Woods since he was Director of the Department of Economic Studies of the Bank of Mexico at the time). Enrique Krauze synthesizes Cosío Villegas' writings in the 1970s about Echeverría:

I frequently visited Mr. Daniel Cosío Villegas since 1971. It was exciting to see him participating in public life. It was a living chair of republicanism in an environment of

²²⁹ Cárdenas, Enrique commenting on Bardesch and Levy. "Populism and Economic Policy in Mexico." In Dornbusch, Rudiger and Edwards, Sebastian (1991). *The Macroeconomics of Populism in Latin America*. USA. University of Chicago Press, p. 260.

absolute monarchy and a class of liberalism in an atmosphere adverse to freedoms. In his articles published in ‘Excelsior’ and his essays in ‘Plural,’ his readers understood the importance of respectful and reasoned debate for public life. One day he told me: “I have decided to go into exile,” showing me the filthy libel that the Echeverría government had circulated against him. But he was not intimidated. He wrote *The Personal Style of Governing*, which sold over a hundred thousand copies. He portrayed the president as the king of the fable: naked in his irresponsible and erratic decisions, his ideological closure, his monomania, his megalomania, his dreams of world leadership, his physiological need to preach and his intolerance: “Echeverría is convinced that, perhaps like no other revolutionary president, he literally goes out of his way to do good for Mexico and for Mexicans. From there he jumps to believe that whoever criticizes his procedures actually doubts or denies the goodness and cleanliness of his intentions.” The book *Crítica del Poder* [Criticism of Power] collects the texts of Mr. Daniel in that final part of his life. It is needed to reissue it.

In the issue number two of the ‘Vuelta’ magazine (January 1977) Gabriel Zaid published “El 18 Brumario de Luis Echeverría” [Luis Echeverría’s 18th Brumaire²³⁰]. He ends with this sentence: “instead of using the powers that he had to serve the country, he reinvested them in acquiring more power: he devoted himself passionately to growing the presidential chair, until it was too big for him.”

In the last issue of ‘Plural’ (July 1976) a posthumous essay by Cosío Villegas on the Echeverría succession appeared. It contains this phrase: “Because of his insatiable thirst for power and his personal temperament, Echeverría has ended up believing himself to be a Messiah, that is, the one chosen by God to reveal the Truth to the world.”²³¹

Therefore, just to be completely clear, this dissertation shares Cosío Villegas’ and Enrique Krauze’s perspectives as well. That is, Mexican policies and statesmen at the time of the Bretton Woods Conference were radically different from those of the Echeverría period, and it was

²³⁰ This term refers to Napoleon Bonaparte’s *coup d’État*. The Coup of 18 Brumaire brought General Napoleon Bonaparte to power as First Consul of France, and in the view of most historians ended the French Revolution. This bloodless *coup d’État* overthrew the Directory, replacing it with the French Consulate. This occurred on November 9, 1799, which was 18 Brumaire, Year VIII under the French Republican calendar. Retrieved from: Google Arts & Culture. “Coup of 18 Brumaire”: <https://artsandculture.google.com/entity/m024rjc?hl=en>

²³¹ Reforma. Krauze, Enrique. “Frente a Echeverría”. Enero 9, 2022. <https://busquedas.gruporeforma.com/elnorte/BusquedasComs.aspx>

strongly stated during the Echeverría government by one of the Mexican Delegates to Bretton Woods. Thus, the Mexican archives studied by Thornton are historically inaccurate, and Echeverría was not trying to promote and/or export the Mexican Revolution, unfortunately.

This section is additional and complementary to the previous one (Section 3.4 What was Mexico's Place, in Diplomatic Terms, from the Early 19th Century Onwards?) where it is made clear that Mexican officials at Bretton Woods fought for the legal equality of all states, and that this was not a fight that Mexico began overnight. Rather, it was an ideological fight that had been taking place over a century before the Bretton Woods Conference, in which Mexico promoted these diplomatic principles. That is, Mexico's advocacy at that Conference was not only the advocacy of the Mexican Revolution's ideals (1910-1921), as proposed by Christy Thornton's *Revolution in Development*, despite all her good intentions to recognize Mexico's role in the 20th century. Her analysis is inadvertently biased because it is solely based on the archival documents written by the hegemonic presidential political system that *institutionalized* the Revolution, i.e., the PRI-system (elaborated on in Section 3.6.3 Mexico's Inner Strength in the Political System versus a "Struggle of Classes").

3.6.6 Mexico (an Independent Country) and Cuba (a Recent US Colony before Castro's Revolution) versus "Cuba and Mexico, Leading Figures in the Latin American Coalition, Working Closely with US Officials"

Helleiner's book seems to label Mexico as a country similar to Cuba, which was under the domain of the United States at the time. By contrast, Mexico was working in a very active and bold way on its proposals, primarily on its proposal about silver and its human implications for the world. Mexico's proposals are fully analyzed in Chapter 6 of this dissertation, but it is helpful to shed some light first on the current state of the literature. In Helleiner's words:

*... At the Bretton Woods conference itself, leading figures in the Latin American coalition, such as Cuba's Luis Machado and Mexico's Antonio Espinosa de los Monteros, worked closely with US officials.*²³² At one point on July 10, Luxford told his US colleagues that

²³² Helleiner, Eric (2014). *Op. Cit.*, "Eckes 1975, 154. Goldenweiser, who attended the conference, also identified Monteros and Machado as key leaders of the Latin American officials (E. Goldenweiser, "Bretton Woods," p. 2, CSF,

Machado had “assured me we could get a vote on any issue we wanted to.”²³³ At the end of the conference, White also noted privately that Cuba “has given us more help than all the others combined,” and insisted that the country be given a speaking role in the final ceremonies.²³⁴ (my emphasis)

This excerpt displays one aspect about the image that the current state of the literature presents about Mexico. In this ‘image,’ Mexico is labelled alongside Cuba regarding their collaboration with the United States, without seeing the difference both in their political independence from the United States, and in the content of their proposals at Bretton Woods. Here, it is worth differentiating that Cuba simply seconded the US proposals, whereas Mexico acted as a representative of the Latin American block, advocating for economic development, defending developing countries’ sovereignty, and making developed countries see the human implications of the monetary system designed at that Conference.

Helleiner’s chapter about Cuba, once connected with his chapter about Latin America, is even clearer regarding both Mexico’s role and Helleiner’s twofold analysis. This is so because he classifies Mexico together with countries such as Cuba, which at the time was under the United States’ domain. Because of the Paris Treaty of December 10, 1898, Cuba stopped being a Spanish colony only to become a US colony until 1902, but US influence remained on the island until the end of the Cuban Revolution on January 1st, 1959.²³⁵

Therefore, it is evident that Mexico was pigeonholed when its role is described in the same way as that of Cuba, which had until recently been a US colony at the time that the Bretton Woods Conference took place. At that summit, Mexico actively advocated for economic development and for considering the human implications of international economic decisions, as shown in Chapters 6 and 7 of this dissertation. Mexico’s position on the financial monetary system being prepared for the postwar world was quite bold in comparison to that of the United States and the other dominant

001.411). Luxford also identified Machado as the leader (MD, book 752, p. 5). For the tendency of Latin America to support the United States at the conference, see also Mikesell 2000, 43,” p. 161.

²³³ Helleiner, Eric (2014). *Ibid* “MD, book 752, p. 5. According to a later account from a Soviet source, White apparently also joked with Soviet officials privately that he could mobilize the support of Latin American votes to secure decisions (Steil 2013, p. 249), but the credibility of this source is questionable since it claims White talked of mobilizing “the votes of the 22 Latin American Republics” when there were only 19 Latin American countries represented at the conference,” p. 161.

²³⁴ Helleiner, Eric (2014). *Ibid* “9. MD, book 756, p. 273. The other invited speakers were from Brazil, Britain, Canada, France, Norway, and the Soviet Union,” p. 161.

²³⁵ US Department of State. Office of the Historian. “A Guide to the United States’ History of Recognition, Diplomatic, and Consular Relations, by Country, since 1776: Cuba”: <https://history.state.gov/countries/cuba>

countries. By contrast, Cuba was officially under the United States' domain, and thus US' decisions were translated into Cuba's position at the Bretton Woods Conference.

It is worth noting that Helleiner recognizes the US-Cuban monetary relations at the time. He explains it in these terms:

At the time of the Cuban mission, Cuba was without a central bank and US dollars were used alongside the national currency, the peso. The dollar's role within the country dated back to the turn of the century when Cuba had first become a US protectorate and the dollar had become legal tender alongside a chaotic mix of French and Spanish gold and silver coinage. When the Cuban government created its own gold-based currency in 1914 and called in French and Spanish coins, the dollar retained its legal tender status and its use was reinforced by the fact that the new peso's value was tied to it. By the 1920s, dollars in fact became the dominant currency used in Cuba. United States officials and businesses at the time applauded how the dollar's role guaranteed monetary stability in Cuba and facilitated US-Cuban commerce.²³⁶ Some also saw the currency's standing in the country as linked to the Platt Amendment, the codicil to Cuba's 1901 Constitution that allowed for US military intervention and restricted Cuba's autonomy in foreign policy.²³⁷

This quotation sheds light on the fact that Cuba was under US political, monetary, financial, and military domain. Cuba did not have a central bank, and dollars had become the dominant currency to support the US-Cuban commerce, which was the island's main income until the 1950s due to the American embargo. Furthermore, this closeness was even associated to the Constitution that Cuba had during the official American colonization in 1901.

The US embargo on Cuba is a topic in itself. It began only as a measure to prevent selling weapons in 1958, but it became more severe in 1960 due to Fidel Castro's expropriation of US properties, and in 1962 US economic embargo included food and medicines. In 1992 the embargo became American law, and it was expanded to US prevent transnational companies from doing business on the island in 1999. Eventually, President Barack Obama reversed some of these

²³⁶ Helleiner, Eric (2014). *Op. Cit.*, "see for example F. Kellogg to Andrew Mellon, September 21, 1926, CSF, 301.12(6)," p. 81.

²³⁷ Helleiner, Eric (2014). *Ibid.*, "see for example Ward Albertson to Mr. McCord, May 9, 1919, CSF, 301.12(6)," p. 81.

decisions in 2014, although they were later reimposed by President Donald Trump in 2016. Under President Biden’s administration, these sanctions could be possibly eased.²³⁸

As a country politically and economically under US’ domain, Cuba was under American financial and military intervention at the time of the Bretton Woods Conference, and it had no autonomy in its foreign policy. Thus, this section is especially important in the analysis of the chapter about Latin America in Helleiner’s book because it provides further background for seeing and understanding Helleiner’s twofold argument.

3.7 What was Mexico’s Place at Bretton Woods in Terms of Results?

This section presents Mexico’s main accomplishments at the Bretton Woods Conference. To summarize these achievements helps to better understand the expertise and preparation of its delegation, its values, its position, and its goals at that international conference.

The historic and economic context of that epoch is explained by Ricardo Solís, from the book written by Eduardo Turrent Díaz of the analyses and debates of the Mexican delegation before and during the Conference, as well as its proposals.²³⁹ Before the United States entered the Second World War, it reached favorable agreements with Mexico on most of the major issues of the bilateral agenda: claims for damages suffered by US’ citizens during the Mexican Revolution (1910-1917), compensation to US oil companies expropriated in 1938, and the renegotiation of the external debt. These agreements were signed by Eduardo Suárez, Mexico’s Secretary of the Treasury, and Henry Morgenthau, United States’ Secretary of the Treasury.²⁴⁰

Specifically, regarding the Bretton Woods Conference held in July of 1944, Eduardo Suárez himself explained the main achievements of the Mexican delegation in his memoirs. This compendium of his experiences was published in 1977 with an introduction by his son, Francisco

²³⁸ Bloomberg Law, Banking Law News. “Export Controls, Sanctions Policies Could Shift Under Biden Administration.” February 19, 2021: <https://news.bloomberglaw.com/banking-law/export-controls-sanctions-policies-could-shift-under-biden-administration>

²³⁹ Turrent Díaz, Eduardo (2016). *Historia del Bank of Mexico: Reorganización Programática, Volumen V*. México. Bank of Mexico: <https://www.banxico.org.mx/publicaciones-y-prensa/e-library/d/%7BC6821EDD-7D3B-114D-BFB2-4E553D31A3A4%7D.pdf>

²⁴⁰ Solís, Ricardo (2011). “Eduardo Turrent Díaz, México en Bretton Woods. México, Bank of Mexico, 2009.” *América Latina en la Historia Económica* No. 35. México, enero/junio: 2011, pp. 333-339. http://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S1405-22532011000100019

Suárez Dávila.²⁴¹ There, Suárez Dávila highlights the four accomplishments of the Mexican delegation at Bretton Woods:

- First, the acknowledgment that economic policy must have as priority the increase, and a fairer distribution, of income, and that for this goal to be achieved, monetary policy should be healthy and stable.²⁴²
- The second was the acceptance of Mexico's proposal about the Bank, so that the same weight was given to the 'development' of smaller economies as it was to the 'reconstruction' of European countries. Keynes agreed to this proposal, "in fact, of those proposed by the multiple Delegations, it was the only one that deserved his attention," and even the name of the Bank was approved as the Mexican delegation proposed it.²⁴³

In this regard, Solís explains that regarding the reasons for the success of the Mexican delegation at the Conference in 1944, and Suárez Dávila presents the reasons proposed by Turrent in addition to those derived from his own analysis. These reasons for the achievements of the Mexican delegation are:

- 1) The careful preparation of the meeting by a high-level group formed by various specialists.
- 2) The relations of friendship between the Mexican delegation and others, especially the United States, because of the links between the secretaries Morgenthau and Suárez, and between Harry White and Espinosa de los Monteros.
- 3) The organization of the works during the meeting and the capacity of the Mexican delegates to present the issues, even though not all of those issues were foreseen in the agenda proposed by the dominant countries, and even though in many cases some of those arguments provoked irritation from some of their representatives.
- 4) Mexico's leading position in Latin America.²⁴⁴

²⁴¹ Suárez, Eduardo (1977). *Comentarios y Recuerdos (1926-1946)*. México. Senado de la República, Segunda Edición (2003): https://www.senado.gob.mx/BMO/pdfs/biblioteca_digital/historia/historiaX.pdf and http://www.senado.gob.mx/BMO/pdfs/biblioteca_digital/historia/historiaXI.pdf

²⁴² Suárez, Eduardo (1977). *Ibid*, pp. 104-105.

²⁴³ Suárez, Eduardo (1977). *Ibid*, p. 137.

²⁴⁴ Solís, Ricardo (2011). *Op. Cit.*, p. 335.

- The third achievement is mentioned by Suárez Dávila and Solís, who argue that this Conference was attended by 44 countries, 28 of which were developing countries, of which 19 were Latin American. These authors also explain that this group behaved like a bloc, and that thanks to this alliance, they got the region two seats (and later three) at the executive direction of the IMF approved at the Bretton Woods Conference. In this regard, it is important to note that in the first elective period, Mexico's Rodrigo Gómez occupied one of those two chairs.²⁴⁵ These authors highlight that ever since the years of the Bretton Woods Conference, it has been difficult to find a country, in addition to the United States, the United Kingdom, Russia, China, and France, that achieved such a prominent trajectory in the international financial agenda.
- The fourth is explained by Suárez Dávila, who states that the Mexican delegation achieved an acceptable treatment and reasonable perspectives regarding silver. The Bretton Woods Agreements established that governments could keep their international reserves of silver thanks to the discussions held at Commission III, chaired by Dr. Suárez.²⁴⁶

These achievements are highly important both for the history of multilateralism and Global Governance, as well as for this dissertation, because they summarize to some extent the official achievements Mexico accomplished at the Bretton Woods Conference. Chapter 5 of this dissertation discusses the differences between the current state of the literature versus the real position of Mexico based on the official archives issued by the US Department of State.

Thus, having an up-front vision from the Mexican historical perspective, helps this dissertation to elaborate on all these primary and secondary sources to develop an analytical framing that locates Mexico's articulation for a fairer, more inclusive, and more sustainable approach to the international economic system. Eventually, history proved Mexico to have been right with the disappearance of the gold standard in 1971 and the establishment of floating currency exchanges in 1973. Dr. Suárez claimed that neither developed nor developing countries would have any reason for implementing these [non-inclusive and non-representative] agreements. Moreover, Helleiner explains that the Bretton Woods Agreements were never implemented, which was an important reason why the gold standard was eliminated in 1971.

²⁴⁵ Suárez, Eduardo (1977). *Op. Cit.*, p. 134.

²⁴⁶ Suárez, Eduardo (1977). *Ibid.*, pp. 106 and 139.

In this way, the following section presents the key actors of these important contributions at this international conference. This will allow for an understanding of who these people were, when their speeches and press releases at the Bretton Woods Conference are discussed in Chapter 6 of this dissertation.

3.8 Members of the Mexican Delegation. Expertise Acquired Since the League of Nations Put at the Bretton Woods System's Service

The statesmen and the international public officials that participated at Bretton Woods had acquired experience since their service at the League of Nations. That expertise was useful during the construction of the multilateral institutions at the end of the Second World War and the years ahead. Just as Mazower explains:

... As a diplomatic vehicle the League was a failure; as a source of expertise and international action, it became the agent or beneficiary of the kind of organic growth in cooperative behavior that Wilson, Smuts, and Zimmern had believed in. The international parliament—in the shape of the Assembly—proved its value to Great Powers only by its impotence; but the international bureaucracy, the internationalism of technical, intellectual, and scientific specialism, proved its value through what it did.²⁴⁷

This is an example from Mazower's *Governing the World* dedicated to "Statesmen and Experts" within the chapter about the League of Nations. This section allows for an understanding of the professionalization of the international bureaucrats that participated at the League of Nations, of which Mexico was a member state. The members of the Mexican delegation at Bretton Woods were public officials with great experience in both domestic and diplomatic service.²⁴⁸ The profiles of the Mexican delegates at the Bretton Woods Conference are included below in order to contextualize the expertise and knowledgeability of their speeches and proposals.

²⁴⁷ Mazower, Mark (2012). *Governing the World: The History of an Idea. 1815 to the Present*. Penguin Books. USA. p. 143.

²⁴⁸ The members of the Delegations are included in US Department of State. *Op. Cit.*, Document 231, "Officers of the Conference, Members of the Delegations, and Officers of the Secretariat," pp. 291-306 (esp. 300).

3.8.1 Eduardo Suárez Aránzolo, Minister of Finance; Chairman

Eduardo Suárez Aránzolo was born in 1894 in Texcoco, Estado de México, and died in 1976 in Mexico City.²⁴⁹ He was the senior officer in charge of the Office of the General Secretariat of Government of the State of Hidalgo. As a lawyer of the Secretariat of Foreign Affairs, he represented Mexico at the Conference on Codification of International Law held in The Hague, The Netherlands, in 1930, and was Chairman of the Mexican delegation to the League of Nations in 1932.²⁵⁰ He participated in the commissions that wrote the Federal Labour Law, the Organic Law of the Bank of Mexico (i.e., the Central Bank of Mexico) in 1931, and the Law on Titles and Operations of Credit and of Credit Institutions in 1932. He was Secretary of Finance from 1935 to 1946, during the governments of Presidents Lázaro Cárdenas del Río and Manuel Ávila Camacho. In this role, among other appointments, in 1941 he participated in the official committees to resolve claims for damages caused to foreigners during the Mexican Revolution, with representatives from the United States, England, and France. He was Chair of the first Board of Conciliation and Arbitration of Mexico City. He was also advisor to public companies and social and cultural institutions. He was appointed as Ambassador to Great Britain in 1965, the last public office that he accepted.²⁵¹

3.8.2 Antonio Espinosa de los Monteros, Executive President of Nacional Financiera; Director of Bank of Mexico

Antonio Espinosa de los Monteros was Executive President of Nacional Financiera (Nafin) from 1936 to 1945.²⁵² Nafin is the Mexican Bank for Development and it was created in 1934. His participation at the Bretton Woods Conference is explained by Turrent and Solís, as he was part of the technical study group of the Bretton Woods document that was sent by the US government in 1942. That group was formed by Daniel Cosío Villegas, Javier Márquez, Raúl Martínez Ostos, José Medina Echavarría, and Víctor Urquidi.²⁵³ Antonio Espinosa de los Monteros, as Nafin's Executive President, attended the Conference's preparatory meetings, including the one held in

²⁴⁹ Wikipedia. "Eduardo Suárez Aránzolo." https://es.wikipedia.org/wiki/Eduardo_Suárez_Aránzolo

²⁵⁰ Solórzano Marcial, Carmen (2002). "Eduardo Suárez: Legista y Gestor de la Intervención Económica." *Sistema Político Mexicano. Estudios Políticos*, Num. 30, Sexta Época, Mayo-Agosto, pp. 213-256 (216).

²⁵¹ Solórzano Marcial, Carmen (2002). *Ibid.*, p. 216.

²⁵² Nacional Financiera. "Historia." <http://www.nafin.com/portalfn/content/sobre-nafin/historia.html>

²⁵³ Solís, Ricardo (2011). *Op. Cit.*, p. 334.

Atlantic City. Espinosa de los Monteros received a M.A. in Economics from Harvard,²⁵⁴ where he met Harry D. White, and Rodrigo Gómez. Later, he was Mexican Ambassador to the United States (1945-1948), Governor of the IMF (1946-1947), and Governor of the World Bank (1946-1948).²⁵⁵

3.8.3 Rodrigo Gómez Gómez, Manager of Bank of Mexico

Rodrigo Gómez Gómez was born in Linares, Nuevo León, in 1897, and died in Mexico City, in 1970. He joined the Bank of Mexico in 1933, and was its general director from 1952 to 1970, during the period known as “Stabilizing Development.” Rodrigo Gómez was one of the architects of the period of progress and stability that extended from 1954 to 1970 due to the application of a prudent monetary policy. In this way, he also maintained a fixed exchange rate (\$12.50 Mexican pesos per US dollar), and the monetary reserve showed an upward trend throughout that period. The governors of the Latin American central banks established the annual “Rodrigo Gómez” Award in 1970 to foster studies on central banks.²⁵⁶ He was also IMF’s Executive Director (1946-1948, 1958-1960), IMF’s Alternate Governor (1946-1947, 1953-1956, 1960-1968), and IMF’s Governor (1957-1959).²⁵⁷

3.8.4 Daniel Cosío Villegas, Director of the Department of Economic Studies, Bank of Mexico

Daniel Cosío Villegas was born in Mexico City in 1898 and died in 1976. He earned his bachelors’ degree in 1925. He studied economics at Harvard University, the University of Wisconsin, and Cornell University, then at the London School of Economics, and at the *École Libre des Sciences Politiques* in Paris, France. He was member of the Board of Directors of Bank of Mexico (1933-1936) and Director (1941) of its Department of Economic Studies. He was professor at the National School of Economics. He was a founder in 1934 of the journal *El Trimestre Económico*, which he

²⁵⁴ Babb, Sarah (1996). *Managing Mexico: Economists from Nationalism to Neoliberalism*. Princetown University Press, U.S.A.: <https://books.google.ca/books?id=Uuk9DwAAQBAJ&pg=PA41&lpg=PA41&dq=%22antonio+espinosa+de+los+monteros%22+AND+%22banco+de+mexico%22&source=bl&ots=bVOhR1iKK&sig=aMU1RjRgj4 qL Lzf04HiXsT7 M&hl=en&sa=X&ved=0ahUKEwiAyZDoxKvaAhXKTLwKHde3Ar0Q6AEIXTAM#v=onepage&q=%22antonio%20espinosa%20de%20los%20monteros%22%20AND%20%22banco%20de%20mexico%22&f=false>

²⁵⁵ Schuler, Kurt and Bernkopf, Mark (2013). “Who was at Bretton Woods?” http://www.centerforfinancialstability.org/bw/Who_Was_at_Bretton_Woods.pdf

²⁵⁶ Wikipedia. “Rodrigo Gómez Gómez.” https://es.wikipedia.org/wiki/Rodrigo_Gómez_Gómez

²⁵⁷ Schuler, Kurt and Bernkopf, Mark (2013). Op. Cit.

led until 1948. He founded and directed the Economic Culture Fund. He was Mexico's delegate to various congresses, assemblies, conferences and international seminars. He was also in charge of the Legation of Mexico in Portugal (1936-1937), where he promoted the arrival of Spanish intellectuals to Mexico. He was co-founder of the House of Spain in Mexico (that later became *El Colegio de México*), which he chaired from 1957 to 1961. In 1951 he became member of *El Colegio Nacional*. He founded and directed (1951-1961) the journal *Historia Mexicana*. He was Ambassador of Mexico to the Economic and Social Council of the UN (1957-1968) and its chair in 1959. He founded and directed the journal *Foro Internacional* (1969-1963). He participated in seminars about politics and economics at universities in Mexico and in the United States. He also wrote history books on Mexico and earned national and international prizes because of his work.²⁵⁸

3.8.5 General Secretaries

a) **Salvador Duhart, First Secretary, Mexican Embassy, Washington, D.C.**

Salvador Duhart was a very active Mexican diplomat in the United States, as it is possible to find various articles in newspapers about his work representing Mexico. For instance, newspapers of those days mentioned that he was Consul General of Mexico in California, who had his office for four years in Los Angeles by 1953, and that he frequently participated in Mexican celebrations and events.²⁵⁹

b) **Julian Sáenz Hinojosa, Mexican Consul, New York**

Julián Sáenz Hinojosa was born in 1908 in Ciudad Mier, Tamaulipas, Mexico, and died in 1982 in Washington, D.C. He studied at the University of Nuevo León, in Monterrey, and he completed graduate studies at the College of the City of New York and Columbia University. He entered the Mexican diplomatic service during the Second World War. In 1955, Sáenz was transferred to Washington, D.C., as counselor of the Mexican Embassy from 1954 to 1958, where he was the Mexican representative to the economic and financial committees of the United Nations. He

²⁵⁸ El Colegio de México. "Daniel Cosío Villegas." <http://biblio.colmex.mx/info/cosio.htm>

²⁵⁹ Newspapers.com, Independent Press-Telegram from Long Beach, California. "From Beyond the Border." February 15, 1953: <https://www.newspapers.com/newspage/17811264/>

attended the US-Mexico Interparliamentary Conference, which meets in alternate years in the United States and Mexico. He was Mexico's representative to the International Institute for Cotton, and Vice Chairman of the International Cotton Advisory Committee. He was appointed minister of the Embassy of Mexico in Washington, D.C., in 1962 and held that position until his death.²⁶⁰

3.8.6 Víctor Luis Urquidi Bingham, Economist, Department of Economic Studies, Bank of Mexico; Technical Secretary

Víctor Luis Urquidi Bingham was born in Neuilly, France, in 1919, and died in Mexico City, in 2004. He earned an economic degree from the London School of Economics in 1940, and in 1941 he joined the Economic Studies Department of the Bank of Mexico. He also worked for the Mexican Federal Secretariat of Finance, the Economic Commission for Latin America and the Caribbean (ECLAC), and he was member of the Executive Committee of the *Club of Rome* in the 1970s. In addition, he worked at the World Bank between 1949 to 1957. He was also the editor of the journal *El Trimestre Económico* during those years. In 1964, Urquidi was one of the founders of the Center for Economic and Demographic Studies of the *Colegio de México*, which enabled the creation of Mexico's first postgraduate course in economics. He served as Chair of *El Colegio de México* from 1966 to 1985, and he was named Professor Emeritus in 1989. In 1960, he was elected to lead the *Colegio Nacional*, but resigned in 1968. He received the National Science and Arts Prize in 1977, and the National Demographic Award in 1994 for his research on Mexican migration to the United States.²⁶¹

²⁶⁰ The Washington Post. "Julian Saenz Hinojosa, Mexican Minister." September 10, 1982: https://www.washingtonpost.com/archive/local/1982/09/10/julian-saenz-hinojosa-mexican-minister/3b8210a8-b1ca-4e74-9c01-9cf79aa27387/?utm_term=.8c1f5e27de53

²⁶¹ Wikipedia. "Víctor Urquidi." https://en.wikipedia.org/wiki/V%C3%ADctor_Urquidi

3.8.7 Members of the Mexican Delegation. Continuous Commitment

It is worthwhile to mention that the members of the Mexican delegation at Bretton Woods continued with a high-profile commitment to Mexico and to economic development. Helleiner also mentions that Urquidi worked for Prebisch at the UN Economic Commission for Latin America and the Caribbean, as follows:

After being rebuffed for the IMF position, Prebisch assumed a leadership role in ECLA, promoting the kinds of ideas he had begun to express in the early 1940s. He challenged the “false sense of universality” of mainstream economic theory and urged activist state policies to promote more diversified, industrialized economies in Latin America.²⁶² In an increasingly assertive manner, Prebisch—with much Latin American backing—also called on the United States to foster the region’s development with more financial assistance, support for commodity stabilization programs, and the creation of a regional development bank.²⁶³ *Across much of Latin America, his reputation and that of ECLA soared, and he was able to attract prominent economists to work for the organization, including Urquidi, who was employed in ECLA’s Mexican office between 1951 and 1958.*²⁶⁴ (my emphasis)

Thus, as can be seen, personal efforts by these officials continued. Likewise, as shown in this section, all the Mexican diplomats who were part of the Mexican delegation at Bretton Woods were highly accomplished throughout their careers as public officials.

In the conclusion of his book, Helleiner makes a note of the creation of the G-20 after the 2008-2009 economic crisis. In this group, the leading countries included emerging powers such as China, India, Brazil, Mexico, Indonesia, and South Africa. Thus, it seems that this was an inclusive and legitimizing moment for the world economy. Therefore, as this dissertation concludes, let us learn from history and not make the same mistakes of past generations.

²⁶² Helleiner, Eric (2014). *Op. Cit.* “Quote from Dosman 2008, 249. See also chaps.11, 12, and 13,” p. 268.

²⁶³ Helleiner, Eric (2014). *Ibid.*, “Dosman 2008, 292–94,” p. 268.

²⁶⁴ Helleiner, Eric (2014). *Ibid.*, p. 268.

3.9 Reflections. Mexico: a Country with a Long Diplomatic Tradition and High Negotiating Capacity at the Bretton Woods Conference

This chapter has shown that Mexico's position at Bretton Woods was that of the officials who served the country at the time: people with strong convictions about the cooperative nature of the new international order, and about the respect that should be paid to big and small nations alike. Mexico did not acquire these ideals out of the blue, nor only because of the Mexican Revolution three decades earlier. These ideals are part of Mexico's DNA: they come from the early 19th century, when the young nation struggled to become an independent nation, free from the yoke of the Kingdom of Spain, then from the French Intervention, and finally by American interests.

The *Juárez, Carranza, and Estrada Doctrines* define Mexico's diplomatic vision of the world. These doctrines established the principles of non-intervention, self-determination of the peoples of the world, legal equality of countries, and peaceful settlement of disputes, for which Mexico is highly recognized internationally. That is the reason why, at Bretton Woods, Mexico's vision was one in which international law should be the rule for all the countries, not only for some of them. And, it is a vision in which the international economic agreements should be at the service of all nations, not only the old colonial ones.

It is especially interesting to analyze the actions undertaken by President Juárez, in the early 19th century, in which he refused to recognize the abusive commercial agreements with the European countries that tried to make of Mexico an European protectorate. Mexico's officials had these diplomatic principles in mind, and they advocated for a vision of the world that was fair for everyone. This was the diplomatic heritage that the Mexican delegation brought to Bretton Woods.

Mexico's foreign policy during the Second World War was characterized by its constant adherence to international law, its display of Inter-American solidarity, and its invariable rejection of Nazi and fascist ideology, as explained by Velázquez. Mexico was one of the countries that promoted Inter-American cooperation the most. It showed invariable solidarity with the attacked nations. It protested against the aggressions made by the Axis countries, condemning the use of force as an instrument of international dominance.

During the Cardenismo and Second World War, Mexico's foreign policy was characterized by a high capacity for international negotiations, according to Velázquez. From a pragmatic perspective, the Cárdenas (1934-1940) and Ávila Camacho (1940-1946) administrations took

advantage of this special circumstance to obtain important diplomatic achievements and maintain a constant presence on the international scene. Mexico's foreign policy in the Cárdenas nationalist period and during World War II contributed to the consolidation of internal political stability and the promotion of economic development. To boost economic growth, the country increased its exports, it entered into favorable trade agreements and attracted again foreign investment.

It is also important to acknowledge Mexico's external and internal factors presented by Velázquez that gave it a leading role and high negotiating capacity in the Bretton Woods negotiations. Among the external factors, Mexico's international image was well founded on a century of diplomatic history advocating for the defense of the international juridical order and the respect of the sovereignty of the nations of the world. Thank to this, Mexico was well-positioned in the international organizations, both at the United Nations and also at the regional level, to the extent that Mexico hosted an important summit for the organization of the post-war world order: the Chapultepec Conference, in 1945. The international situation was that of the Second World War, in which the world accommodated itself around the values of democracy and multilateralism. And, the attitude of the United States was that of respect and the peaceful solutions of disputes.

Among the internal factors are that Mexico shares a 3,200 kms-long-border with the United States, the main winner of the Second World War, and that Mexico is rich in natural resources needed for war purposes, such as oil. However, there were other factors such as the economic development that the country reached during those years, which was in average of 7% of its GDP. The population increased, its mortality rates decreased, it got urbanized, and the political system was well legitimized around the figure of the President, which provided a sense of democratic cohesion.

Therefore, Mexico enjoyed of a privileged position to glow in the international arena at the Bretton Woods Conference by proposing a world that would be fairer and more inclusive. Throughout all of its participations, which will be analyzed in the following chapters, Mexico proposed that all countries would have a voice and a vote at the international monetary and financial decisions, and to not leave the destiny of the world to only three countries: the United States, the United Kingdom, and the Soviet Union, the winners of Second World War.

Unfortunately, it is also important to realize that Mexico's diplomatic vision and history have been misunderstood even by some of the most inclusive and progressive scholars on these topics. Moreover, that these misunderstandings mean that these revisionist perspectives shape not

only historians' perspectives, but also the policy debates of our time. How is it possible to respect our neighbours, if we think that they are not able to understand the vision for a fair and sustainable world that we share? Let this dissertation be a bridge towards a better understanding of what Mexico argued at Bretton Woods. Mexico was not worried about silver and developmentalism as ends by themselves. Rather, Mexico tried to contribute towards a more solidary and fair post-war international economic system.

This research uncovered unexpected findings in the study about Mexico's role at Bretton Woods. Unwittingly, the literature has three biases: first, the authors support their research on Mexico's 20th century archival records, which results in an excellent archival work but is devoid of history of the Mexican political system. Second, they build an argument about Mexico's international role throughout the 20th century, by taking for granted what Mexican elites expressed three decades after Bretton Woods, which is a narrative that grew misaligned from Mexican reality as the 20th century passed. Third, they still focus on the United States, especially what the United States instrumentalized from its relationship with Mexico to build and legitimize the multilateral international system, sidelining the validity and legitimacy of Mexico's message. This doctoral dissertation studies these topics in an intertwined way, as they are braided in real life through the way in which the international order has evolved before and after the Bretton Woods Conference.

Accordingly, this dissertation details the ways in which the Mexican delegation advocated for making the international monetary system of the postwar world more flexible and inclusive. This advocacy can be seen in Mexico's proposals on the quotas for voting the currency exchanges and the inclusion of silver to be considered as collateral. Additionally, Mexico advocated for economic development through its proposals for the IBRD, both for including the goal of development alongside that of reconstruction in the purpose of the bank, as well as questioning the veto power of the lending countries. All these proposals allow to reflect on *Was Bretton Woods Working for the Common Good? Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference*, which will be analyzed in the following chapters.

In addition, the examples of inadvertent biases in the current state of the literature presented in this chapter are evidence that there is an external view in these North American books that, inadvertently, include a bias against the real Mexico. The actual Mexico had hard-won diplomatic victories; it was the home country of a diplomat who was a Nobel Prize Laureate; and above all,

it was a country that influenced the historic world trend of events at the time of the Bretton Woods Conference. Looking at both Mexican history books and the North American books about Mexico, it would seem that the latter present a fancy image of a developing country—Mexico—that is based only of research on some diplomatic archives of some conferences, and not on the history of the Mexican diplomatic and political system that surrounded these moments. That perspective fails to see that the Mexican delegation at the Bretton Woods Conference was formed by men with serious convictions about the creation of a fairer new world order, and that Mexico defended the sovereignty of all countries and the equality of states since the 19th century.

Lastly, this chapter analyzed the official achievements reached by Mexico at the Bretton Woods Conference and Mexico's role in the international arena at the time. At the time, Mexico was participating at international conferences that were held to address economic and security concerns. At those other summits, Mexico achieved important successes for economic development, human rights, and international security, as it was represented by public officials that were highly committed to economic development, both domestically and internationally.

This last section also included biographical sketches of the members of the Mexican delegation to contextualize their knowledge and expertise acquired since the League of Nations at the service of the Bretton Woods system. Those public officials were led by Eduardo Suárez, Secretary of Finance, who had represented Mexico at the League of Nations, and at other official institutions. They all had key roles in international diplomacy and political economy.

4. HISTORICAL FRAMEWORK: HOW THE BRETTON WOODS AGREEMENTS CAME ABOUT

... the implications of this whole question are very serious. It is because Mexico believes sincerely in not doing unto others what she would not wish to have done unto her, that we insist that this Commission approves a formula whereby due respect be paid to the sovereign rights of small and large nations alike.²⁶⁵

~ Eduardo Suárez Aránzolo at the Bretton Woods Conference

4.1 The Multilateral World Order: The Bretton Woods System as the Result of the Evolution of the Concert of Nations

Bretton Woods is relevant because it was the United Nations Monetary and Financial Conference that established the bases for the international postwar economic system. This fact means that the summit that took place at the end of the Second World War was part of the United Nations system. This system was in turn the result of the evolution of the League of Nations, created at the beginning of the 20th century, which in turn was the result of the evolution of the Concert of Nations created at the end of the Napoleonic Wars. This historic development is summarized in the following pages in order to contextualize the importance of this conference in the history of Global Governance, and thus in the evolution of the international economic multilateralism studied in this dissertation.

When nation-states were created, five centuries ago, their formation marked the beginning of state-led organization both within and between them. Niccolo Machiavelli wrote *The Prince* in 1513,²⁶⁶ Jean Bodin authored the *Six Books of the Republic* in 1576,²⁶⁷ Thomas Hobbes wrote the

²⁶⁵ US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944*. Washington, D.C. Document 353, "Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies," July 14, 1944, pp. 1178-1180.

²⁶⁶ Sabine, George (2000). *Historia de la Teoría Política*. México. FCE, pp. 265-279.

²⁶⁷ Sabine, George (2000). *Ibid.*, pp. 313-322.

Leviathan in 1651,²⁶⁸ and Jean-Jacques Rousseau created the Social Contract in 1762.²⁶⁹ Each one of these political thinkers, among others at their time, had their own specificities, but all of them shaped what is currently known as political realism. They also framed the contemporary understanding of concepts such as the nation-state, republicanism, nationalism, sovereignty, the common will, the social contract, men as citizens, and the role of religion within the state.

Political realism is an approach based on a predatory and anarchic state of nature of individuals²⁷⁰ that must be constrained by the state, as the legal owner of the monopoly of violence, for the sake of individuals and society as a whole. All nation-states have sovereignty that must be balanced in the international arena for the peaceful functioning of the international system. Therefore, the foundations of Global Governance can be found in these authors' thoughts, summarized in Thomas Hobbes' sentence, *homo homini lupus*, which means "man is the wolf of man" or "humankind is the wolf of humankind." In this ideological context, the Peace Treaties of Westphalia were signed in 1648, which according to some historiographies, decreed the beginning of modern states by commanding the mutual respect of territories and sovereignties.

Later, at the end of the Napoleonic Wars, the imperial countries (Austria, the United Kingdom, Prussia, and Russia) established in 1815 at the Congress of Vienna, a balanced power-sharing system commonly known as "the Concert of Europe" or "Concert of Nations." In this structure there was not any dominant country, and they all had observance to this system for their own best interest. This regime worked well while they respected each other's interests, and while they wanted to remain at peace. This peace was disrupted with First and Second World Wars as detailed in Mark Mazower's *Governing the World*.²⁷¹ This book explains the conception and development of the international multilateral institutions that govern to some extent the world today.

According to Mazower, after the First World War, the League of Nations was created with the ideology of "practical idealism,"²⁷² in order to ensure the United States and the United Kingdom maintained peaceful control over the rest of the world. The League of Nations, as a way for regular informal conferences, was a prelude to the multilateralism of the post-1945 era. The

²⁶⁸ Sabine, George (2000). *Ibid.*, pp. 353-367.

²⁶⁹ Sabine, George (2000). *Ibid.*, pp. 439-453.

²⁷⁰ Rousseau would argue that individuals are good by nature but corrupted by society.

²⁷¹ Mazower, Mark (2012). *Governing the World: The History of an Idea. 1815 to the Present*. Penguin Books. USA.

²⁷² Mazower, Mark (2012). *Ibid.*, p. 91.

concept of the League of Nations was conceived by Jan Smuts (a key figure in the foundation of the British Commonwealth and the League of Nations) and Woodrow Wilson (the US President at the time), and provided an evolutionary argument for international association. Mazower explains it with these words:

They believed in reform, and in scientific and technical expertise being brought to be borne on society by the emergence of a new leadership class. Nothing could be done without institutions, but they had to be placed in the right hands.²⁷³

Hence, the emergence of institutions was legitimized by the moral superiority of science, and more specifically, by Darwinist science. Darwin's cousin Francis Galton thought "of some state, modeled after Plato's scheme." But Mazower argues that the person who thought "of this vision of disinterested social rule led by elites of the mind was Saint-Simon's former secretary and disciple, Auguste Comte"²⁷⁴, the father of positivism.

At the end of the Second World War, the multilateral institutionalization of the power structures that we know today was established with the knowledge gained by statesmen and the professional international civil service,²⁷⁵ and the negotiations that took place during those years.²⁷⁶ Starting with the United Nations (UN),²⁷⁷ and subsequently by reference to the multilateral spirit of the UN Charter, many other institutions were created: the Bretton Woods system,²⁷⁸ the Organization for European Economic Coordination (that later became the European Union, EU), the North Atlantic Treaty Organization (NATO),²⁷⁹ and the General Agreement on Tariffs and Trade (GATT, that later became the World Trade Organization, WTO).²⁸⁰ In the 1970s, other intergovernmental organizations, non-governmental organizations, and international meetings were created.

Mazower explains how the postwar system ushered in a world that since the second half of the 20th century has been (politically, economically, financially, militarily, and culturally) led by the United States and its allies, especially after the Cold War. This structural analysis of the

²⁷³ Mazower, Mark (2012). *Ibid*, p. 99.

²⁷⁴ Mazower, Mark (2012). *Ibid*, p. 99.

²⁷⁵ Mazower, Mark (2012). *Ibid*, pp. 141-153.

²⁷⁶ Helleiner, Eric (2006). *Op. Cit.*, pp. 943-967.

²⁷⁷ For instance, the UN Security Council is explained in Mazower, Mark. *Op. Cit.*, pp. 212-213.

²⁷⁸ Mazower, Mark (2012). *Ibid*, p. 201.

²⁷⁹ Mazower, Mark (2012). *Ibid*, pp. 228-229.

²⁸⁰ Mazower, Mark (2012). *Ibid*, pp. 359-363.

international system led by the United States is similar to that of Susan Strange.²⁸¹ She states that, even though there have been some challenges, the United States has structural power, supported by the financial, security, knowledge, and production systems. Therefore, United States' international hegemony remains.

Additionally, United States' alliances were expanded to the Inter-American region, to Southeast Asia and later to the Middle East, in which some countries would be part of the non-aligned movement (NAM) during the Cold War.²⁸² Then, in the 1970s, the United States began to focus on the economic and financial institutions that were easier to control to lead the international arena due to the number of participants. This way of leading the international arena was established because the UN General Assembly and other multilateral institutions had to expand their membership due to the great number of independent (or decolonized) countries that “were born” during those years. These countries, in general, advocated for the right to development through the international recognition of the interdependence between the developed and developing countries' economic dynamics through the New International Economic Order (NIEO),²⁸³ and for the respect to human rights and to the natural environment.²⁸⁴

Mexico participated in those movements of the 1970s, but what is relevant for this discussion is its leading and progressive participation at the Bretton Woods Conference, almost four decades before those international movements for promoting a fairer and more interdependent world took place!

4.1.1 Washed Out Sovereignty. The End of Classical International Law

From the 16th to the 18th centuries, sovereignty was a characteristic of states that denoted an absolute power within their territories, according to the statist theorists mentioned in the previous section, i.e., Machiavelli, Bodin, Hobbes, Rousseau, among others of that epoch. There was nothing above or outside the *potestas* of the state and, after the Westphalia Treaty, international relations were affairs between equally respected nations. This classical theory is applied to the

²⁸¹ May, C. (1996). “Strange fruit: Susan Strange’s theory of structural power in the international political economy.” *Global Society* 10(2), pp. 167-189.

²⁸² Mazower, Mark (2012). *Op. Cit.*, pp. 229-230.

²⁸³ McFarland, Victor (2015). “The New International Economic Order, interdependence, and globalization.” *Humanity* 6(1).

²⁸⁴ Mazower, Mark (2012). *Op. Cit.*, p. 310.

history of European countries, and this is the theoretical approach in which many Western scholars were educated.

However, there was another interpretation of sovereignty during the formation of the United Nations system. A very important factor that influenced the Bretton Woods system is the way in which sovereignty was being understood at the time. In the 19th century, the independence of many Latin American countries took place, as well as the liberation of Japan. These countries demanded the same recognition for their sovereignty in the international arena, which was not granted in the same terms as it was understood and respected in Europe. Therefore, when the United Nations Monetary and Financial Conference took place, there was a contradiction between the colonial power exerted for centuries and the classical theories about the equality between independent states.

This historical struggle between the colonial heritage and the implementation of the classical concept of sovereignty has been documented and studied by diverse Global Governance scholars. On one side of the spectrum, there are the authors who understand that the United Nations was created as a representative institution. For instance, Sunil Amrith and Glenda Sluga explain the inclusion of different cultures and races in this international institution:

The UN was based on the recognition of the equality of those alleged “civilizations,” just as it enshrined the sovereign equality of nations in the General Assembly. Levy-Strauss’s essay, like others in the UNESCO collection in which it appeared, gave that aspiration academic legitimacy by attempting to redefine the significance of cultural difference.²⁸⁵

Thus, these authors consider that the United Nations has been legitimized under the inclusive and representative perspective of one-nation, one-vote, at the General Assembly. Under this perspective, all civilizations and the social groups within them are represented and have an equally important voice and vote.

On the other side of the spectrum, there is literature that contends this perspective by arguing that the UN only seeks to enhance the power of the dominant actors regardless of moral principles. For example, Martti Koskenniemi argues that the scholarship that has emerged since the 1990s, advocating for international relations as if it were a new “Natural Law” is taking advantage of the Global Governance envisioned. Here, the concept of sovereignty, among other

²⁸⁵ Amrith, Sunil and Sluga, Glenda (September 2008). “New Histories of the United Nations.” *Journal of World History*, Volume 19, Number 3: pp. 251-274, p. 258.

concepts, are over-stepped: institutions become regimes; rules become regulation; government becomes governance; responsibility becomes compliance; law becomes legitimacy; lawyers become international relations experts. These new words have emerged to articulate a new reality, in which seemingly technical expressions take place. Thus, in this process of changing words, the purpose of the state and the law itself are instrumentalized to serve the interests of power.²⁸⁶

Especially important in this historical evolution is the analysis of Arnulf Becker Lorca's "Sovereignty Beyond the West: The End of Classical International Law."²⁸⁷ This article offers a study of the evolution from the classical to modern international law from a semi-peripheral perspective. In doing so, Becker explores how the concept of sovereignty in the 20th century, so longed by the developing countries during the 19th century, offered not as much autonomy and equality as expected. For example, Becker explains that at the Second Hague Conference, in 1907, the great powers submitted a proposal to create an international court, according to which they would have a larger representation than the Southern countries. At that summit, Rui Barbosa, a Brazilian politician and philosopher, defended the equality of sovereignty of states:

[S]overeignty is the prime and elemental right of constituted and independent states. Therefore sovereignty signifies equality. In theory, as in practice sovereignty is absolute. It knows no grades. The juridical administration of law is a branch of sovereignty. If there must be among States a common organ of justice, all the States must have of necessity an equivalent representation.²⁸⁸

This excerpt shows the desire of Southern nations to be considered equal partners in the international sphere. Statements like the one by Barbosa represented heroic efforts that were applauded by other developing nations whereas the dominant powers did not receive them well.

Another example of attempts to vindicate developing countries' sovereignty is Japan, that also demanded the respect of Western powers in the creation of the League of Nations:

The equality of nations being a basic principle of the League of Nations, the High Contracting Parties agree to accord, as soon as possible, to all alien nationals of States

²⁸⁶ Koskenniemi, Martti (2009). "Miserable Comforters: International Relations as New Natural Law," *European Journal of International Relations* 15 (3), pp. 395-422.

²⁸⁷ Becker Lorca, Arnulf (2011). "Sovereignty Beyond the West: The End of Classical International Law." *Journal of the History of International Law* 13, pp. 7-73.

²⁸⁸ Becker Lorca, Arnulf (2011). *Ibid*, "Rui Barbosa, 'The equality of sovereign states' (The Hague, 1907) (reprinted from the *The Independent*). This quotation, in a different translation, can be found in *International Peace Conference, The proceedings of the Hague, 150*," p. 25.

members of the League, equal and just treatment in every respect, making no distinction, either in law or fact, on account of their race or nationality.²⁸⁹

Overall, what these passages about the defense of the juridical equality of states clearly illustrate is that there has been a different interpretation of classic international law, that depends on where decisions are made. Becker explains that decades after these debates took place at the beginning of the 20th century, liberal internationalists emerged from this deliberation in the period of the creation of the United Nations in the mid-20th century. They did so by focusing on the power of institutions and the rule of international law.

What this meant for the Bretton Woods system is that there was a clear dispute between the colonial legacy and the modern interpretations of the classical concept of sovereignty at the aforementioned international conference. Developed countries, especially the United States, the United Kingdom, and the USSR expected to dominate the monetary and financial decisions by holding most seats in the IMF so they could make the resolutions on currency exchanges. By contrast, developing countries aspired to be considered as equal participants, in a postwar field that they thought was leveled by the United Nations system. These doctrinal and pragmatic struggles are thoroughly analyzed in Chapters 6 and 7 of this dissertation.

4.1.2 Sovereignty in the Globalized World. International Trade and Investment

What the evolution of the concept of sovereignty means in the post-Second World War era, is that the world economy has grown at unprecedented rates, as international trade and investment grew more rapidly than production, and these processes have impacted the sovereignty of developing countries as well. Transnational corporations (TNCs) emerged as key agents in the process of internationalization through free trade and investment agreements, global value chains (GVCs), and offshoring, as explained by Richard Baldwin,²⁹⁰ Virginia Haufler,²⁹¹ Peter Van den Bossche

²⁸⁹ Becker Lorca, Arnulf (2011). *Ibid*, “David Miller, The drafting of the Covenant (New York: G.P. Putnam’s Sons. 1928), vol. II: 324,” p. 43.

²⁹⁰ Baldwin, Richard (2016). “The World Trade Organization and the future of multilateralism.” *Journal of Economic Perspectives* 30(1), pp. 95-116.

²⁹¹ Haufler, Virginia (2018). “Producing Global Governance in the Global Factory: Markets, Politics and Regulation”, *Global Policy* 9(1), pp. 114-120.

and Werner Zdouc,²⁹² Susan Strange,²⁹³ John Ravenhill²⁹⁴, among others. However, this global structure of distancing and detachment between producers and consumers has impacts on the environments of places where the original resources of production are taken from. This system in turn puts social cooperation and sustainable ways of living of traditional communities at risk, as explained by Jennifer Clapp,²⁹⁵ Philip McMichael,²⁹⁶ Gustavo Oliveira and Mindi Schneider,²⁹⁷ and Peter Christoff and Robyn Eckersley.²⁹⁸

Moreover, this system and its social implications have been spreading exponentially over the past four decades. In the current global economy, there are more than 400 regional trade agreements, and between 3,000 and 4,000 investment agreements, as detailed by Kyla Tienhaara,²⁹⁹ Baldwin,³⁰⁰ Claire Cutler,³⁰¹ and Jayati Ghosh.³⁰² As an example of the impacts of this structure of international trade and investment, Nicola Phillips³⁰³ presents some reflections on Coxian insights in a world embedded in GVCs. She explains how the power struggles are not due to the manufacturing competition between Global North and Global South, but rather between global production networks. According to Phillips, around 80% of global trade and 20% of jobs are embedded in GVCs.

In this way, these global structural changes have been increasing in extreme ways, directly affecting all aspects of human life and sovereignty of states. For example, in cases such as the Argentinian financial crisis, it had to fight for amenities and social services, such as water, in international arbitration panels and courts. This issue was caused by investment agreements, as

²⁹² Van den Bossche, Peter and Zdouc, Werner (2013). *The Law and Policy of the World Trade Organization*. Third Edition. Cambridge University Press, p. 13.

²⁹³ Strange, Susan (1996). *Op. Cit.*, pp. 147-160.

²⁹⁴ Ravenhill, John ed. (2017). *Global Political Economy*, fifth edition.

²⁹⁵ Clapp, Jennifer (2016). "Distant agricultural landscapes." *Sustainability Science*. 10(2), pp. 305-311.

²⁹⁶ McMichael, Philip (2015). "The land question in the food sovereignty project." *Globalizations* 12(4): 434-451.

²⁹⁷ Oliveira, Gustavo and Schneider, Mindi (2016). "The politics of flexing soybeans: China, Brazil and global agroindustrial restructuring." *The Journal of Peasant Studies* 43(1): 167-194, pp. 190-191.

²⁹⁸ Christoff, Peter and Eckersley, Robyn (2013). *Globalization and the Environment*. UK. Rowman & Littlefield Publishers, Inc, pp. 50-51.

²⁹⁹ Tienhaara, Kyla (2017). "Regulatory Chill in a Warming World: The Threat to Climate Policy Posed by Investor-State Dispute Settlement." *Transnational Environmental Law*, Cambridge University Press, p. 1.

³⁰⁰ Baldwin, Richard (2016). *Op. cit.*, p. 108.

³⁰¹ Cutler, Claire (2016). "Transformations in statehood, the investor-state regime, and the new constitutionalism." *Indiana Journal of Global Legal Studies* 23(1): 95-125, p. 99.

³⁰² Ghosh, Jayati (2015). "The creation of the next imperialism: The Institutional Architecture." *Monthly Review* 67(3): 146-158, p. 149.

³⁰³ Phillips, Nicola (2016). "Labour in global production: reflections on Coxian insights in a world of global value chains." *Globalizations*, 13(5): 594-607.

detailed by Cutler³⁰⁴ and Ghosh,³⁰⁵ even though water is not only a human right but an indispensable asset for social health, peace, and wellbeing, as explained by Karen Piper.³⁰⁶

4.2 IPE's Theoretical Traditions and the Political Projects they Served

International Political Economy (IPE) is a way, both theoretic and pragmatic, to understand and frame the global economic reality. Each theoretical approach explains economic challenges and has also influenced reality in geographical spaces and historic periods. Historically, every theory in IPE has had a political project, and thus it has served the interests of those implementing that theory. This was the way in which the three orthodox theories—liberalism, nationalism, and Marxism—bloomed in the 18th, 19th, and 20th centuries.

First, in the 18th and 19th centuries, liberalism promoted freedom of trade between both individuals and nations, so that each one under the rule of law would achieve prosperity, power, and peace. Its theorists, such as Adam Smith,³⁰⁷ David Ricardo, and Richard Cobden,³⁰⁸ rejected mercantilism and war, as they considered that these practices poisoned the economic system and wasted productive means. However, in practice, colonialism and mercantilism took place,³⁰⁹ sometimes under the flag of liberalism, by serving the interests of imperial powers.³¹⁰ Ultimately, the interest in acquiring territories, resources, and markets for international trade on a global scale, led to the First and Second World Wars.^{311 312}

Second, nationalism theoretically aimed to strengthen states both economically and culturally. In reality though, the political projects under this flag led to the oppression of their peoples. For example, in the 20th century, nationalist regimes in Germany, Italy, and Spain brought

³⁰⁴ Cutler, Claire (2016). Op. Cit.

³⁰⁵ Ghosh, Jayati (2015). Op. Cit.

³⁰⁶ Piper, Karen (2014). *The Price of Thirst: Global Water Inequality and the Coming Chaos*. University of Minnesota Press. USA: pp. 211-228.

³⁰⁷ Forman-Barzilai, Fonna (2000). "Adam Smith as Globalization Theorist." *Critical Review: A Journal of Politics and Society*, 14: 4, pp. 391-419.

³⁰⁸ Cain, Peter (1979). "Capitalism, war and internationalism in the thought of Richard Cobden." *British Journal of International Studies* 5(3): pp. 229-247.

³⁰⁹ Rothschild, E. (2004). "Global commerce and the question of sovereignty in the eighteenth-century provinces." *Modern Intellectual History* 1(1), pp. 3-25.

³¹⁰ Watson, Matthew (2016). "Historicising Ricardo's comparative advantage theory, challenging the normative foundations of liberal International Political Economy." *New Political Economy*, pp. 257-272.

³¹¹ Patniak, P. (2014). "Lenin, imperialism, and the first world war." *Social Scientist* 427/8, pp. 29-46.

³¹² MacDonald, James (2015). *When Globalization Fails: The Rise and Fall of Pax Americana*.

massive genocides and political oppression.³¹³ Helleiner explains this school of thought³¹⁴ with two main arguments: 1. These theories are mostly defined by its nationalist content, and 2. They can be associated with a number of policy projects. Thus, this approach is still current though ambiguous. In relation to Friedrich List's approach to liberal theories, he criticized their cosmopolitanism, even though he shared the same goal of a 'universal society' that conceived free trade and peace. However, the difference was that for nationalists, "between each individual and entire humanity, however, stands The Nation."³¹⁵

Third, Marxism, in theory it would bring social justice by eliminating the class system in the 20th century. In this approach, Lenin argued that the nature of capitalism would lead the path towards war, and thus he imagined a wave of revolutions against European capitalism. However, once the Bolshevik Revolution took place, the political project was not beneficial for the masses, or anybody outside the Communist Party and its allies. In the international arena, it was expanded to other parts of the world during the Cold War under the support of thinkers such as Luxemburg in Germany.³¹⁶ In Latin America, Víctor Raúl Haya de la Torre and José Carlos Mariátegui advocated for the implementation of the Marxist theory and included local aspects to this approach such as class and race, foreign investment, and economic regionalisms.³¹⁷

4.2.1 The Classical Foundations of International Political Economy and Mexico's IPE History

The three main theoretical traditions of International Political Economy—liberalism, Marxism, and nationalism—have shaped the course of history in such a way that, what we understand today as globalization and free trade, began in the 18th century as the international commerce of imperial nations. This section explains how Mexico has experienced all these historical economic processes.

³¹³ Keynes, John Maynard (1933). "National self-sufficiency." *The Yale Review* 22(4), pp. 755-69.

³¹⁴ Helleiner, Eric (2002). "Economic nationalism as a challenge to economic liberalism? Lessons from the 19th century." *International Studies Quarterly* 46, pp. 307-329.

³¹⁵ Helleiner, Eric (2002). *Ibid*, p. 311.

³¹⁶ Worth, O. (2012). "Accumulating the critical spirit: Rosa Luxemburg and critical IPE." *International Politics* 49(2), pp. 136-153.

³¹⁷ Helleiner, Eric and Rosales, Antulio (2017). "Toward Global IPE: the overlooked significance of the Haya-Mariátegui debate." *International Studies Review*, Volume 19, Issue 4, 1, pp. 667-691.

At the beginning of the 18th century, when liberal thinkers in Europe began discussions on how to improve peoples' lives and countries' situations so that they could become wealthier and more powerful, Mexico was struggling for its independence from Spain. Spanish conquistadors arrived in the territory that we know today as Mexico on October 12, 1492. After the conquest of the Great Tenochtitlán, in 1521, Spain ruled through the Viceroyalty of New Spain for three centuries. The independence war formally began on September 15, 1810, when the priest Miguel Hidalgo y Costilla called for an end to Spanish rule. The Independence War was also led in the following years by José María Morelos y Pavón. Independence was finally achieved on September 27, 1821, when the “Trigarante” Army, led by Agustín de Iturbide and Vicente Guerrero, entered Mexico City as the winners of a hard-fought war.

For the three centuries during which Mexico was a Spanish colony, the country provided resources such as gold, silver, and other natural resources, extracted by exploited Indigenous labour, to Spain. In turn, Spain used these resources in its economy and its wars against other empires. In that way, mercantilist ideas were applied in Mexico, particularly regarding its position as a colony and as a primary resource-based economy.

A few decades before Mexico's independence, in Scotland, Adam Smith became one of the foremost liberal thinkers of the world, who thought that each individual should do whatever was best for themselves.³¹⁸ Liberty within the framework of the rule of law was what individuals needed to achieve their potential. Smith also coined the term “absolute advantage,” in which every country should produce what it is better at, and thus everyone would become wealthier.

As part of this liberal school of thought, David Ricardo believed in the “comparative advantage,” an idea similar to Smith's absolute advantage, though with differences. Ricardo argued that countries could have diverse comparative advantages, since they could specialize their production based on the lowest opportunity costs for themselves, which would benefit both these countries' economies and international trade as a whole. Eventually, each country's economic system incorporating “comparative advantages” becomes the basis of free trade among nations—which is currently ruled and structured by the World Trade Organization, the World Bank, the International Monetary Fund, and all the free trade and investment agreements.

In this theoretic approach, it is worthwhile to mention that Adam Smith is clearly

³¹⁸ Forman-Barzilai, Fonna (2000). Op. Cit.

recognized as “the founder of economics, and as an ideologue for the political Right.”³¹⁹ In Paul Sagar’s “The Real Adam Smith,” he highlights Smith’s sincere advocacy against the influence of mercantilism on the governments at the time. Mercantilism, according to Smith, did not increase the wealth, prosperity, and peace of nations, since it incentivized wars to protect domestic markets, rather than to promote competition and the improvement of quality and prices.

Yet, just as noticed by Matthew Watson, the influence of liberalism goes beyond those very important ideas: it also reaches the roots of the division of labour between countries.³²⁰ Watson particularly points out:

*The European embrace of commercial society in the eighteenth century cannot simply be divorced from the contemporaneous European embrace of the imperial economy. Ricardo’s numerical example of the logic of comparative advantage between the hypothetical ‘England’ and ‘Portugal’ renders invisible the subjugation of whole peoples to the project of empire. Most poignantly, of course, this includes the slave labourers on whose backs was built the edifice of imperial ‘free’ trade between the real England and Portugal. The challenge is now to teach the normative foundations of liberal IPE in a way that faces up to this fact.*³²¹ (my emphasis)

Hence, considering that the main political powers’ colonies provided commodities for the international ‘free trade,’ liberal ideas provided a rationale for the economic system, which subjugated whole peoples to the projects of empires.

Another liberal thinker in the 19th century, Richard Cobden, promoted free trade and rejected aristocracy, landlords, their privileges, and the damage that these privileges did to the economy. According to Peter Cain,³²² Cobden also promoted international affairs that were not interventionist. In fact, he thought that free trade was a way for countries to exist without the expenses and damages of war, in a more wealthy and constructive way for all, through cooperation and interdependence.

However, at the time of these debates, Mexico was still a Spanish colony. Even after it became an independent country, there were attacks on Mexico’s sovereignty, not only from an

³¹⁹ Sagar, Paul (2018). “The Real Adam Smith: He might be the poster boy for free-market economics, but that distorts what Adam Smith really thought.” AEON Newsletter, January 16, 2018: <https://aeon.co/essays/we-should-look-closely-at-what-adam-smith-actually-believed>

³²⁰ Watson, Matthew (2016). Op. Cit.

³²¹ Watson, Matthew (2016). Ibid., p. 270.

³²² Cain, Peter (1979). Op. Cit.

economic standpoint, but also from a political stance, as in the case of many colonies.³²³ As a result of these attacks, half of Mexico's territory was lost to the United States of America. The Treaty of Guadalupe Hidalgo is a peace treaty signed on February 2, 1848, between the United States and Mexico, that ended the US-Mexican War (1846-1848), and which occurred under the presidency of Antonio López de Santa Anna.

Mexico also underwent a short period French intervention. The Battle of Puebla was fought on May 5, 1862, in the city of Puebla, between the armies of the Mexican Republic, under the command of Porfirio Díaz and Ignacio Zaragoza, and the French Empire. This battle is significant to Mexicans because it was an important victory for the young nation. However, the French army returned the next year and established an empire ruled by Maximiliano, a Habsburg, and his wife, Carlota.

Finally, after the death of Maximiliano at the hands of President Benito Juárez, the French withdrew from Mexico in 1867. President Juárez applied a liberal way of thinking to Mexico's government, which was interpreted mainly in terms of civil liberties, respect for private property, and especially the separation between the state and the Catholic Church under the *Reform Laws*. Through the liberal reforms, the Catholic Church was deprived of many of its properties and political influence, as explained in Section 3.4.1 (*Juárez, Carranza, and Estrada Doctrines: Mexico's Long Diplomatic History Defending the Sovereignty and Juridical Equality of Nation-States*).

President Juárez governed Mexico between December 18, 1857, and July 18, 1872. He is known as the *Benemérito de las Americas*, which means the "Commendable for the Americas." His most famous statements are: "among individuals, as among nations, respect for the rights of others means peace," and "the desire to know and to illustrate is innate in the heart of humankind." He is mentioned in this dissertation, in Section 6.3.1.3.1 (Mexico's Statement on Changing the Gold Parities of Currencies), as well as in the theoretical framework of this dissertation in Section 4.1.1 (Washed Out Sovereignty. The End of Classical International Law) because his political thinking of respect between nations is imprinted in the Latin American thought, in Mexico's Constitution, and in Mexico's foreign policy. Hence, the diplomatic idea of respecting every country's sovereignty was defended by the Mexican delegation at Bretton Woods in 1944.

³²³ Rothschild, E. (2004). Op. Cit.

After those years, General Porfirio Díaz defeated President Juárez and became President in 1876. He was re-elected seven times until 1910, the year which the “Mexican Revolution” was declared by Francisco I Madero (and other liberals), whose most famous statement is “once there is effective suffrage, then there should not be re-election.” Porfirio Díaz is known for the economic progress and peace that he brought to the country, balancing at the same time the influence of both European countries as well as the United States of America, in Mexico. Unfortunately, that economic progress was achieved thanks to the oppression of the lower classes, and thus the “Mexican Revolution” was a necessary process. The Revolution began on November 20, 1910, until 1921. The Mexican Revolution is also known for bringing to power the political class that was known by the 20th century as the *Partido Revolucionario Institucional* (PRI)³²⁴.

Naming this process a “revolution” brings to mind the Bolshevik Revolution that took place in Russia at almost the same time, led by Lenin against imperialism. Similarly, the Mexican Constitution that emerged in 1917 contained brand new benefits for workers, peasants, the middle classes, and even the militia. All these were groups that were brought under the umbrella of the PRI, which was officially institutionalized in 1929 and ruled the country until the year 2000, and then back from 2012 to 2018, under the administration of President Enrique Peña Nieto.

Interestingly, Mexico became a member of the Communist International, also known as the Third International, an international organization founded in March of 1919 by the Communist Party of Russia (Bolshevik). This organization brought together the communist parties of different countries, with the aim of applying Marxist ideas to these countries, such as the fight for the suppression of the capitalist system, the rise of the proletariat, the abolition of the class system, and thus the arrival of socialism, as a first step to a communist society. The aspirations were not only domestic but international, since it was believed that the proletariat movement could not be constrained within national boundaries, as Rosa Luxemburg had foreseen.³²⁵

In this international context, Mexicans applied a number of social policies. For example, President Lázaro Cárdenas established the obligation for presidents to create for each term what is known today as the National Plan for Development, in Article 25 of the Mexican Constitution. Additionally, on March 18, 1938, President Lázaro Cárdenas made the very important decision to

³²⁴ There are many interesting facts in all this period of Mexico’s history, but for the purpose of this analysis, this section is focused on the influence that the Marxist ideas and thinkers had in the country.

³²⁵ Worth, O. (2012). Op. Cit.

legally expropriate the foreign oil companies, since they had not paid proper wages nor protected basic workers' rights. This historical fact is also mentioned in Chapter 3 (Critical Reframing of the Current State of the Literature: What is Mexico's Place in the World?), as it was part of the financial negotiations between Mexico and the United States at the time. In this process, the Mexican people voluntarily mobilized to help to pay the full amount needed for the economic compensation of these companies. This is the reason why the energy sector is so historically important for Mexicans, from a nationalist or patriotic perspective.

Around this time in Europe, between the late 1930s and early 1940s, the Second World War was taking place, and at the end of it, Mexico joined the United Nations and the Organization of American States. It also sought to expand the welfare state, which was an influence of the US New Deal and Good Neighbour policies,³²⁶ as well as of Keynesian ideas.^{327 328} Regarding economic policies, in the 1940s Mexico implemented what is known as Import-Substitution Industrialization (ISI), to create jobs and to protect the national industry, as many Latin American countries did at the time. These historical periods are summarized here but are addressed in detail in Sections 3.7 (What was Mexico's Place at Bretton Woods in Terms of Results?), 4.4.2 (Harry Dexter White and the US Negotiations with Latin America), and in Chapter 7 (Study Contributions. Bretton Woods as a Neo-colonial Attempt at Global Governance?).

During the 1950s and 1960s Mexico implemented an economic growth-model known as "the stabilizing development" or the "Mexican Miracle." It was a period of "Keynesian economy" also for Mexico, in which the economy was devoted to the domestic production and market, in order to achieve full employment rates. This system is also known as Import-Substitution Industrialization (ISI) model. The model sought economic stability to achieve economic development, which is understood as keeping the economy free of inflation, deficits in the balance of payments, and devaluations.

Likewise, in the 1960s and 1970s, Mexican policymakers along with Latin American and other 'third world' countries, developed structuralist ideas and the interdependency theory (addressed in Section 7.4 The Mexican Delegation at Bretton Woods was Ahead of its Time: the Call to a NIEO, until the 1970s). These theories stated that the wealth of developed countries was

³²⁶ Helleiner, Eric (2006). Op. Cit.

³²⁷ Temin, Peter and Vines, David (2015). "Keynes and the world economy today." Challenge 58(5), pp. 386-397.

³²⁸ Keynes, John Maynard (1933). Op. Cit.

entangled with poverty in developing countries, and that the more inequalities there are, the more inequalities are generated. These inequalities are both within and between countries, due to the liberal economic system established by the hegemonic powers. Thus, a call was made upon the international system for global cooperation.

The result of the volatility of the 1970s and 1980s, as most of the revenues of the government depended on the international oil prices, was that during the 1990s, the government privatized most of the government enterprises. Additionally, Mexico experienced the 1994 economic crisis when the government bailed out the banks, and strict fiscal and monetary policies had to be taken, following the advice of the WB and IMF. In 1994, the North American Free Trade Agreement (NAFTA) entered into force. Since then, Mexico currently participates in 13 Free Trade Agreements (including the Trans-Pacific Partnership³²⁹) with almost 50 countries, 32 Agreements for the Promotion and Reciprocal Protection of Investments with 33 countries, and 9 Agreements within the framework of the Latin American Integration Association.³³⁰

These critical ideas about development resurfaced in the 1990s, which is known in Latin America as the “lost decade,” due to all the economic crises caused by the ‘neoliberal system’. Therefore, governments were called, by state and non-state actors, to play an important role in promoting equal opportunities for everyone. According to this critical perspective, in this world of inequalities, individuals and countries cannot reach their full potential without the same opportunities to develop themselves. As a consequence, the Global South asked the Global North to support a fairer international economic system. One of these attempts, for example, was the Doha Round of Trade Negotiations. It was officially launched in November 2001, and it attempted to be more inclusive by fostering economic development. However, the Round and the WTO itself have been in a political stalemate since then.

Thus, on the one hand, Marxist theories and theories associated with Keynes and interdependency, have emerged in response to the liberal ideas and policies that have become embedded in the global economic system over time. On the other hand, the neoliberal argument for the economic influence of the IMF and the WB in domestic policies, is that democratic

³²⁹ El Economista. “México es el primer integrante en ratificar el TPP-11”. April 24, 2018. Available at: <https://www.eleconomista.com.mx/empresas/Mexico-es-el-primer-integrante-en-ratificar-el-TPP-11-20180425-0017.html>

³³⁰ Secretaría de Economía. “México cuenta con 12 Tratados de Libre Comercio”. May 30, 2016. Available at: <https://www.gob.mx/se/articulos/mexico-cuenta-con-12-tratados-de-libre-comercio?idiom=es>

principles and some financial and monetary policies are necessary to achieve economic success for everyone.

Therefore, Mexico has gone through a succession of IPE policies. First as a colony under Spain's rule, in the 16th, 17th, and 18th centuries. Then in the 19th century, when it was vulnerable to expansionist interests of global powers. Later, IPE was present in the 20th century, with the application of some socialist policies, and later the developmentalist, Keynesian, and interdependency approaches. Finally, IPE policies were present with the neoliberal approach by the end of 20th and the beginning of the 21st centuries, through free trade and investment agreements. During this time, Mexico has been a player within political economic history.

4.3 Bretton Woods: The United Nations Monetary and Financial Conference Aimed to Achieve Peace and Prosperity through Economic Cooperation

The Bretton Woods Agreements for both the IMF and the IBRD were submitted for ratification to the member governments in 1945. The Agreements came into force on December 27, 1945, when representatives of 30 countries met and participated in a ceremony of signature held in Washington, D.C. The inaugural meeting of the Boards of Governors of the two institutions took place at Wilmington Island near Savannah, Georgia, U.S.A., from March 8 to 18, in 1946.

In the *Proceedings and Documents of the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944*, issued by the US Department of State in 1948, it is possible to see the aims of multilateral cooperation to achieve international peace and prosperity:

The Bretton Woods Conference worked in a spirit of complete cooperation and harmony. All the nations represented at Bretton Woods were interested in finding the best means for cooperation in dealing with international monetary and financial problems. Every country realized that the effectiveness of its own economic policies depended to a considerable extent upon removing the monetary disorders and obstructions that stifled world trade in the 1930s. At the same time, every country represented at Bretton Woods was concerned

with protecting its own interests. In this atmosphere of enlightened self-interest the United Nations found the basis for their mutual advantage.³³¹

This excerpt relates how the Bretton Woods Agreements were born as part of the United Nations, and how in turn this system was very similar to the international balanced-power architecture created since the end of the Napoleonic Wars. In this new international structure of the mid-20th century, all countries and regions agreed to have a power-sharing system as a means to achieve peace and prosperity for their own interest. In this way, the Bretton Woods system was created within a multilateral international order that had been created one century and a half before as “the Concert of Nations” under the same concept of cooperation based on “enlightened self-interest.”

The positions of the most powerful countries, the United States and the United Kingdom, were captured in diverse media at the time. For instance, the BBC published an article written by both Keynes and White, about the Bretton Woods Conference.³³² It is interesting to note how in this newspaper, these negotiations led by the American and the British statesmen reinforced the concept of international trade as an essential means to protect employment within nations. In this rationale, these leaders planned to preserve peace and prosperity for the 44 nations represented at the Bretton Woods Conference, and thus for the international system.

The international conference was set to discuss two institutions: the International Bank and the International Monetary Fund. The Bank was meant to provide loans for reconstruction and development, and the International Monetary Fund was expected to facilitate monetary cooperation within the United Nations in order to achieve currency stability. According to the official archives issued by the US Department of State, the proposals for the IMF, were based on:

The premise that international financial cooperation and the establishment of conditions conducive to international trade are imperative to the economic welfare of the peoples of the world and to world peace... for the purpose of maintaining an international monetary system to promote foreign trade and that all nations should thus work together toward the goal of world prosperity.³³³

Likewise, the proposals for the establishment of the IBRD, were based on:

³³¹ US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944*. Washington, D.C., “Introduction,” p. vi.

³³² BBC & The Listener. Keynes, John Maynard and White, Harry Dexter. “The Bretton Woods Conference.” (London, England), Thursday, July 27, 1944; pg. 100; Issue 811.

³³³ US Department of State. *Op. Cit.*, “Introduction,” pp. viii-ix.

The premise that postwar reconstruction and development are essential to the general economic interest, that it should be begun as soon as possible, and that expanded international investment is necessary to establish part of the capital for reconstruction and development. It was further agreed that a program for reconstruction and development would aid political stability and foster peace among all nations.³³⁴

Hence, both the IMF and the IBRD were expected to bring economic prosperity for all nations, and in this way, shared peace. Thus, the efforts for their construction should have come from all members of the international community in a reciprocate way. However, given that this narrative was distant from the outcomes of the Bretton Woods system, as the gold standard officially disappeared in 1971 and was switched for a free currency exchange system in 1973, what happened? In addressing this question, a more complete understanding of *how Mexico's participation contributed to inform and shape the current multilateral order and its human implications in IPE* becomes the key link that connects history with subsequent reality.

4.4 Bretton Woods

4.4.1 Helleiner's Four Phases

This section explores the characteristics of the specific historical periods in which the Bretton Woods system took place so that Chapters 6 and 7 show how the flawed result of this architecture was anticipated by the Mexican delegation at the Bretton Woods Conference. Mexico warned the international leaders about the risks imposed by the decisions made in the creation of the economic model comprised by the gold standard designed in 1944. In this way, this dissertation sheds light on the fact that the failure of the implementation of the Bretton Woods system went hand in hand with the warnings that Mexico presented at the Bretton Woods Conference.

According to Eric Helleiner, Bretton Woods was not a definitive moment that created the multilateral system that exists nowadays. It is one phase in a sequence of four historic phases that constituted an important evolutionary process in the history of Global Governance³³⁵:

³³⁴ US Department of State. *Ibid.*, "Introduction," pp. viii-ix.

³³⁵ Helleiner, Eric (2010). "A Bretton Woods moment? The 2007–2008 Crisis and the Future of Global Governance." *International Affairs* 83, 3, pp. 619-636.

... The success of the Bretton Woods conference was a product of a remarkable combination of concentrated power in the state system, a transnational expert consensus and wartime conditions. The absence of a similar political environment today makes its accomplishments very difficult to replicate. Even more important, the significance of the Bretton Woods conference itself should not be overstated. *Not only did the innovative aspects of the conference agreements have long historical roots, but the implementation of the agreements after the conference was a troubled and painstaking process.* The creation of a new international financial system, in other words, was not a product of that single meeting but rather the outcome of a much more extended historical process. The importance of this analytical point is brought out even more clearly when we examine the successor to the Bretton Woods financial system—what I call the ‘neo-liberal globalized’ financial regime—which emerged through a process with no clear foundational moment.³³⁶ (my emphasis)

Thus, multilateralism, first during the Second World War and then in the postwar period, was a form for the United States and the Soviet Union, and their respective political and economic allies, to maintain their leadership over the international community. In this context, the Bretton Woods system was a way of institutionalizing this multilateralism and, according to Helleiner, this system can be divided into four phases: a legitimacy crisis of the old order, an interregnum, a constitutive phase, and an implementation phase.³³⁷ First, the legitimacy crisis came in the early 1930s, undermining the support for the classical liberal economic ideas that underpinned the pre-1930s’ gold standard. Second, the interregnum phase lasted for the remainder of the 1930s, in a period of experimentation in which diverse reform policy agendas took place, such as the New Deal, Keynesianism, as well as the US negotiations on loans for development and monetary stabilization in Latin America (in the context of the Good Neighbour policy). Third, the constitutive phase consisted of the Agreements that were taken at the Bretton Woods Conference from July 1st to 22nd of 1944, and that began in 1942 with a draft issued by the United States. *Fourth, the implementation phase, which according to Helleiner was the hardest to achieve, because:*

... the ratification of the agreements proved controversial in a number of the key countries, including both the US and Britain. An initial effort to accelerate implementation via a large

³³⁶ Helleiner, Eric (2010). *Ibid.*, pp. 619-620.

³³⁷ Helleiner, Eric (2010). *Ibid.*, pp. 619-636.

US loan to Britain then ended in disaster in 1947... Up to the late 1950s, the IMF and the IBRD were largely sidelined and European countries kept their currencies non-convertible.

This experience and other early postwar balance of payments crises in Europe and elsewhere highlighted the need for major restructuring of domestic and international political economic arrangements in order to make the Bretton Woods system operable. Implementation subsequently relied heavily on large-scale and prolonged economic and political support from the US—support that was mobilized partly through strategic motivations with the onset of the Cold War. Up to the late 1950s, the IMF and IBRD were largely sidelined and European countries kept their currencies non-convertible. Although the underlying ‘embedded liberal’ vision remained at the core of international financial cooperation (outside the Soviet sphere of influence), the detailed provisions of the Bretton Woods system itself were in effect in a kind of ‘virtual cold storage’ during this time.³³⁸

Thus, the implementation of the Bretton Woods Agreements was not feasible. Moreover, Helleiner explains that this and other balance of payment crises in Europe and other parts of the world showed the need for more reforms in order to implement the Bretton Woods system. The support then came from the United States in the context of the Cold War with an “embedded liberal vision.” This concept, as coined by John Ruggie, was based on a set of international norms that made it acceptable for governments to continue the economic intervention at the domestic level that began in the 1930s to protect employment from external shocks, while at the same time to participate in a liberal international order “based on no, or minimal, restrictions on the international movement of capital, goods, services, and labour.”³³⁹

*All these efforts to save the Bretton Woods model were useless. Helleiner explains that “the detailed provisions of the Bretton Woods system itself were in effect in a kind of ‘virtual cold storage’ during this time.”*³⁴⁰ These phases represent inflection points in history because these actions and decisions resulted in the kind of neoliberal globalization that is being currently rejected by the ongoing radical nationalist movements around the world. This rejection is due to the fact that it is not perceived that the international economic structure favoured most of the people both in the developed and developing countries.

³³⁸ Helleiner, Eric (2010). Ibid, p. 625.

³³⁹ Christoff, Peter and Eckersley, Robyn (2013). *Op. Cit.*, p. 52.

³⁴⁰ Helleiner, Eric (2010). *Op. Cit.*, p. 625.

As explained by Helleiner, the beginning of the neoliberal globalization began in 1971 when the United States ended the gold standard established at Bretton Woods, and in 1973, when the generalized movement toward floating exchange rates was inaugurated. In Helleiner's words:

Bretton Woods' successor: neo-liberal globalization

The importance of seeing the creation of new international financial systems as an extended process rather than the result of a single moment emerges even more clearly from a look at the successor to *the Bretton Woods system*. *The latter broke down with the US closing of the gold window in 1971 and the generalized move to floating exchange rates in 1973*. Initially, it was difficult to characterize the system that was emerging. In the exchange rate realm, for example, a kind of 'non-system' emerged that has persisted to this day, with countries employing a variety of exchange rate regimes from floating to fixed rates. But during the 1980s and 1990s, there was one clear trend that came to define the distinctiveness of the post-Bretton Woods era: the globalization and deregulation of financial markets.

While policy-makers had been wary of uncontrolled financial flows during the Bretton Woods era, in the 1980s and 1990s they embraced financial liberalization and deregulation, thereby ushering in an age of highly integrated global financial markets. This transformation was linked to a broader shift from the 'embedded liberal' ideology of the Bretton Woods system towards more 'neo-liberal' values supporting freer financial markets and a more constrained role for the state. There was no single conference or foundational 'moment' which ushered in this 'neo-liberal globalized' financial regime. It emerged incrementally through various developments that have been described elsewhere in detail...³⁴¹ (my emphasis)

Hence, the neo-liberal system was the result of the four phases of the Bretton Woods historic moment. Studying these stages of the international economic system is important, as it allows to examine the specific steps taken at the time, and thus, to understand how the outcomes of the international multilateralism could have differed, had the incomes been different.

³⁴¹ Helleiner, Eric (2010). *Ibid*, pp. 625-626.

4.4.2 Harry Dexter White and the US Negotiations with Latin America

The broad literature on Bretton Woods does not consider Latin American countries in general, or Mexico in particular, as key actors and contributors of the Bretton Woods system, and thus of the multilateralism of the postwar world order. The focus of the analysis usually revolves around four interrelated points that came to influence and shape the thinking that opened the door to the Bretton Woods Conference. The first point is the influence of First World War on the antecedents of a United Nations Monetary and Financial Conference. The second point is the experience of the League of Nations in the interwar years. The third and fourth points are the US' considerations of domestic opinion about its role in the world, and the nature of Franklin Roosevelt's presidential leadership style, which lent itself to some rivalries within his administration.³⁴²

However, Helleiner offers a reinterpretation of the origins of the Bretton Woods Agreements. His study is highly important because it vindicates to some extent the real contributions of Latin America to the mindset of US officials at the beginning of the Bretton Woods Agreements. Thus, this section presents a brief description of the negotiations between the United States and Latin America, so that the deep analysis presented in Chapters 6 and 7 of this dissertation contains an up-front briefing of the current state of the literature.

Helleiner explains that the vision of these agreements in the United States began between 1938 and 1942, during its financial relations with Latin America.³⁴³ These policies were envisioned through the Roosevelt administration's Good Neighbour policy to provide loans for development projects to other national governments. In their original design, they were meant to serve the embedded liberal relationship (i.e., liberal internationalism with developmental domestic goals and policies) between the developed countries and in their relationships with the developing ones. Thus, this economic plan was similar to the New Deal in international economics, as described by Henry Morgenthau.

In the early 1930s, diverse policies were implemented in order to recover the economy from the financial crisis of 1929. The "Economic, Financial and Transit Department" of the League of Nations explained in this way the international effects of the actions taken in the United States and in the United Kingdom:

³⁴² Rofe, J. Simon (2017). "'Prelude to the Future': The Antecedents of the Bretton Woods Architecture." In Scott-Smith, Giles and Rofe, J. Simon. *Global Perspectives on the Bretton Woods Conference and the Post-War World Order*. Palgrave Macmillan, pp. 35-50.

³⁴³ Helleiner, Eric (2006). Op. Cit.

Just as the suspension of the gold standard in the United Kingdom was accompanied or followed by the depreciation of many other currencies, most of which were sooner or later pegged to sterling, so the dollar devaluation also led to exchange depreciation in a large group of countries, including countries such as the Argentine, Brazil, Canada, Colombia, Ecuador and Mexico, where some degree of depreciation had already occurred earlier.³⁴⁴

Hence, the international monetary system was connected first to the United Kingdom and then to the United States since the beginning of the 20th century. This connection between the United States' economy and the Latin American countries explains the economic alliances that the United States formed in the coming years. Helleiner explains that the US-Latin America negotiations in this period resulted in loans from the United States for development projects in Latin America, led by national governments. This experience is how the officials involved in the negotiations acquired knowledge and expertise for the Bretton Woods negotiations. According to Helleiner, these negotiations were beneficial for both sides because:

Throughout the 1930s, New Deal officials had seen American exports to Latin America as an important component of their efforts to promote a domestic economic recovery in the US.³⁴⁵

This is how Latin American markets represented both a profitable target for American loans, and a means of recovering the US economy. Hence, the negotiations between the United States and Latin America were a win-win effort. In this approach, some aspects of the New Deal were expected to be internationalized through the Bretton Woods Agreements also because of the need to replace the German markets destroyed by the war. Thus, the United States searched for economic cooperation throughout the region. This idea gained the support of several Treasury government officials, including Harry Dexter White, who was in favour of not only Keynesian policies but also of the Import-Substitution Industrialization (ISI).

According to Helleiner, after the beginning of the Second World War in 1939, an inter-departmental committee approved an expansion to lending from the Export-Import Bank and the Exchange Stabilization Fund (ESF), to support Latin American governments. Additionally, the mandate of the Inter-American Financial and Economic Advisory Committee (IFEAC), created in

³⁴⁴ League of Nations–Economic, Financial and Transit Department (1944). *International Currency Experience: Lessons of the Inter-War Period*. League of Nations. Reprinted by United Nations: 1947, p. 128.

³⁴⁵ Helleiner, Eric (2006). Op. Cit., p. 945.

1939:

... was to build ‘close and sincere cooperation’ among the American republics that would ‘protect their economic and financial structure, maintain their fiscal equilibrium, assure the stability of their currencies, promote and expand their industries, intensify their agriculture and develop their commerce’ (US Government, 1939: 76).³⁴⁶

Thus, there was a clear engagement with which the United States anticipated to collaborate with Latin America. Additionally, in 1941 the United States began missions to provide technical assistance on monetary measures and commodity price stabilization, and it attempted to create the Inter-American Bank (IAB). However, it could not be achieved due to the internal rejection by the US banking sector. As Helleiner explains, unfortunately, at the end of the Second World War, the United States’ plans for collaboration with Latin America changed, and it had to find common ground with Keynes’ institutionalist proposals. The IMF and the IBRD were created after this change of direction, and these institutions would only play the role of debt arbitrators in the first drafts of the Bretton Woods Agreements. Additionally, many of the specific provisions of the initial negotiations did not make it to the official Agreements. Subsequently, with the beginning of the Cold War and President Truman’s policies, the US began to promote a more orthodox, or neoliberal, approach towards development from 1949 onwards.

These negotiations between the United States and Latin America that took place the decade that preceded the Bretton Woods Conference were briefly presented in this section, in order to contextualize these historical events. Chapter 5 of this dissertation presents a deep analysis of the current state of the literature, elaborating on Helleiner’s *Forgotten Foundations of Bretton Woods*, to carefully study how these historic negotiations evolved. One of the main contributions that this dissertation offers is the comparison of this current literature with the official archives issued by the US Department of State at the time, and with Mexico’s history. In this way, this dissertation unveils Mexico’s true message at this Conference, and offers the opportunity of reflecting on this message in the present moment.

³⁴⁶ Helleiner, Eric (2006). *Ibid*, p. 949.

4.4.3 John Maynard Keynes and the British Contributions

Embedded liberalism brought together economic nationalism and liberal internationalism. The most recognized example of economic nationalism is Keynesian thought in the 1930s.³⁴⁷ Regarding the economic challenges of the 1930s, Peter Temin and David Vines examine the domestic policies for alleviating unemployment, and the way in which the international economic system can work in harmony.³⁴⁸ First, regarding the domestic policies, Temin and Vines argue that John Maynard Keynes studied how bank rates brought down prices in the British economy of the 1930s. This relationship functions as follows: when interest rates are high, investment decreases and demand falls. As a result, there is an increase of unemployment, and a decrease in wages. Second, regarding the international economic system, Temin and Vines explain that Keynes condemned the reparations imposed to Germany in the Treaty of Versailles, since this burden would turn Germany from a creditor to a hard borrower. Therefore, Keynes' *Treatise on Money*:

... contained a discussion of the need for both national monetary autonomy in the face of difficulties facing individual countries and a uniform international monetary standard that would stabilize the global price level and economy.³⁴⁹

Hence, these authors explain the two sides of Keynesian policies: on the one hand, national monetary autonomy; and in the other hand, an international liberal order. In this way, Keynes attempted to meet "...global liquidity needs without any international risk and without any restraint"³⁵⁰ in his negotiations with Harry Dexter White (1942-1944). These negotiations recognized that the postwar system would be led by the United States. More specifically, the Lend-Lease stipulated that the United States would determine the structure of the postwar world.

Summarizing Keynesian thought, Temin and Vines explain that Keynes defined his four goals for international economic policies in a note to James Meade in 1944. The first goal was national full employment without inflation. The second goal was the adjustment of the balance of payments, which would be achieved through what became the International Monetary Fund (IMF).³⁵¹ The third goal was the promotion of trade, which later was led by the World Trade Organization (WTO). And the fourth goal was the promotion of economic development, for which

³⁴⁷ Keynes, John Maynard (1933). Op. Cit.

³⁴⁸ Temin, Peter and Vines, David (2015). Op. Cit.

³⁴⁹ Temin, Peter and Vines, David (2015). Ibid, p. 392-393.

³⁵⁰ Temin, Peter and Vines, David (2015). Ibid, p. 392-393.

³⁵¹ International Monetary Fund. "History." <http://www.imf.org/en/About>

the International Bank for Reconstruction and Development (IBRD) would be created, which later became part of the World Bank (WB).³⁵²

Stiglitz³⁵³ explains that there were three paths regarding how the Keynesian economy unfolded in the past decades. The first was the “instrumentalist” path, studied by Anand and Sen,³⁵⁴ which fostered employment only to increase purchasing capacity. After the crises of the 1970s, this system became market fundamentalism since the 1980s. A second path was Hicks’ perspective, conveyed by P. Samuelson, that considered that the problem of income was “rigid wages.” Thus, according to this perspective, flexibility of wages was what was required. The third perspective was that of Irving Fisher and Hyman Minsky, with which Stiglitz aligns himself. This approach argues that wages are already flexible, so social justice and human development for long-term sustainable growth is what is necessary. It is worthwhile to mention that this perspective also states that the financial crisis of 2008 occurred due to debt acquired by the richest people in the world, most of them in the United States. Thus, according to this perspective, decreasing inequalities within and between countries is necessary so that the aggregate demand can grow on a real basis instead of on a financial bubble. In this way, Stiglitz, and Anand and Sen, propose a system that includes the least favoured peoples and the environment, so that social justice can be achieved, and with it, real sustainable economic growth.

4.5 Reflections. Theoretical Perspectives that Contributed to a Colonial Mindset of the Major Powers when Designing the International Postwar System

This chapter showed that the Bretton Woods Agreements were part of a global structure derived from historical events. First, this chapter explained the Concert of Nations, in 1815, and the League of Nations, in 1919, created a system for a balanced structure of power that has evolved over time, and that became the current multilateralism designed at the Bretton Woods Conference. Then, it examined the main three historical traditions in international political economy: liberalism,

³⁵² World Bank. “International Bank for Reconstruction and Development.” <http://www.worldbank.org/en/who-we-are/ibrd>

³⁵³ Stiglitz, Joseph (2013). “The Global Crisis, Social Protection and Jobs.” *International Labour Review*, Vol.152, No. S1 (Special Supplement), pp. 93-106.

³⁵⁴ Anand, S. and Sen, A. (2000). “Human Development and Economic Sustainability.” *World Development*, Vol. 28, No. 12, pp. 2029-2049.

Marxism, and nationalism. This part also examined Mexico's history in the context of the international political economic system. In this section, Mexican history is presented in relation to the three main IPE schools of thought.

Throughout its history, Mexico went through the European IPE schools of thought, but it experienced them differently from many other developed and developing countries because it gained its independence from Spain between 1810 and 1821. Overall, this chapter provided a comprehensive view where the Bretton Woods Conference is understood integrally as result of the evolution of schools of thought of international political economy. Bretton Woods unfolded as it did because historical events from earlier centuries prepared the field for this important international conference to set the basis for the postwar economic world order.

This chapter explained Helleiner's four phases in which the Bretton Woods system unfolded, and it also elaborated on both the US negotiations with Latin America and the British contributions to these Agreements. It also explored Bretton Woods as part of the United Nations system, and its founders' hopes to achieve peace and prosperity through international cooperation. Hence, this chapter elaborated on embedded liberalism, the economic system created from the two World Wars, through the negotiations between Harry Dexter White with Latin America, and the contributions of John Maynard Keynes, a political economic thinker and a British official. After that period, international trade was considered an essential means to protect employment within nations. This goal was expected to be achieved through two institutions: the WB, to provide loans for development and reconstruction; and the IMF, to facilitate monetary cooperation within the United Nations in order to achieve currency stability.

5. CURRENT US AND CANADIAN LITERATURE: US-MEXICO RELATIONS BEFORE BRETTON WOODS

While White and other US officials took the lead in developing the IAB proposal, the role of Latin American representatives should not be understated.³⁵⁵ ... Berle was also struck by the quality of the contributions of Latin American officials within the IFEAC. After bringing White and Gardner to talk to his subcommittee in mid-December, he noted in his diary that “the Latin Americans, on the whole, have thought more deeply about this than the American experts; at all events, when we got through it seemed to me that the Latin Americans had all the honors of the discussion. Naturally, there was no point in saying this to the Treasury and Federal Reserve men.”³⁵⁶

~ Eric Helleiner, *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*

5.1 US-Mexico Relations as a Prelude to Bretton Woods

In Chapter I of his book, “Good Neighbours Prepare the Ground,” Helleiner explains that, in the decade that preceded the Bretton Woods Agreements, there were several informal conferences in which there were negotiations between US and Latin American officials:

The contribution of Southern officials to the negotiation of the Bretton Woods agreements was not restricted to their participation in the 1944 conference. Through their involvement in the inter-American financial initiatives of the late 1930s and early 1940s, Latin American policymakers helped pioneer key ideas and practices that laid the groundwork for the early US Bretton Woods plans, particularly their development content. China, Brazil, and Mexico were also part of an inner core of countries (along with the Soviet Union) consulted by American and British officials on international postwar financial plans from 1942 onward. American and British policymakers also consulted with many

³⁵⁵ Helleiner, Eric (2014). *Ibid.*, p. 62.

³⁵⁶ Helleiner, Eric (2014). *Ibid.*, ““December 14, 1939,” p. 4, BP, box 211,” pp. 62-63.

*other Southern countries bilaterally and in smaller groupings throughout the negotiation process. In these consultations and at the Bretton Woods conference itself, Southern officials were much more than simply passive observers. They offered detailed commentary on, and contributions to, the content of international postwar financial plans. Latin American analysts—particularly Raúl Prebisch— also played an important role in influencing the content of the new US financial advisory missions that reinforced the Bretton Woods development foundations.*³⁵⁷ (my emphasis)

This passage confirms that Mexico, as one of the “Southern powers,” had its own proposals, ideas, and aspirations for a more inclusive and fairer world. Moreover, that all these contributions were embedded in the negotiations that took place since the decade that preceded the Conference. Thus, Mexico’s positions went beyond the leading countries’ short-term goal of the ‘legitimization’ of multilateralism, at the Bretton Woods Conference. This argument is fully unfolded in Chapter 6 of this dissertation.

However, all these negotiations were overthrown by the US banking sector before the Bretton Woods Conference took place. In Helleiner’s words:

*Not everyone in the United States agreed with the new US economic policy toward Latin America.*³⁵⁸ New York financial interests—often led by W. Randolph Burgess of National City Bank, as we shall see—were particularly critical. Many conservative bankers saw the new policy as an extension into foreign economic policy of misguided New Deal interventionist economics in ways that dangerously “politicized” international economic relations and encouraged departures from free-market policies abroad. United States financiers were also concerned that new public-sector lending to Latin America would cut into their own business in the region, and that the US government should not assist countries that had defaulted on their payments until these countries had reached settlements with creditors.

The politics of Latin American debt settlements had in fact become increasingly intractable by the late 1930s, with approximately half of Latin American countries still in default in 1938...³⁵⁹ (my emphasis)

³⁵⁷ Helleiner, Eric (2014). *Op. Cit.*, p. 16.

³⁵⁸ Helleiner, Eric (2014). *Ibid.*, “See especially Green 1971, chap. 3; Pike 1995.” p. 35.

³⁵⁹ Helleiner, Eric (2014). *Ibid.*

This quotation shows the concerns the US financial sector had regarding the promotion of the Good Neighbour financial partnership. At the time, Mexico and the Latin American countries in general, had financial troubles. Specifically, in the case of Mexico, there were three reasons for this situation. First, it expropriated the US oil companies on March 18, 1938, due to the unfair working conditions the Mexican employees had to work in (this topic is discussed in Section 3.6.4 Mexico's Oil Indemnified-Expropriation versus "Radical-Confiscation"). In fairness, Mexico paid the confiscation of the oil companies. Second, Mexico had suspended debt payments since the Mexican Revolution (1910-1921). Third, as in many other countries, Mexico went through the Great Depression. It is worth mentioning that Mexico's Eduardo Suárez and US' Harry Dexter White worked together to complete the compensation settlement to the US oil companies as well as the debt renegotiation that took place in 1941. In addition, Suárez and White successfully navigated their countries out of the Depression.³⁶⁰

At Bretton Woods, Mexico claimed that developing countries had the right to decide on the industries that they would invest in using the IBRD loans. This concern expressed by the Mexican delegation at the Bretton Woods negotiations is explained later in Section 6.4.1.2 (Veto Power of Lending Countries). Regarding the previous years to Bretton Woods, Helleiner clearly explains Latin American feelings:

... United States help with Latin American industrialization was particularly welcomed. As the director of Mexico's Universidad Obrera, Alejandro Carrillo, told the same audience: "If you believe that Latin-Americans wish to continue producing only raw materials for United States manufacturing industries and remain in that condition forever, you are certainly mistaken. No such opinion prevails in any Latin-American center."

At the official level, US backing for Latin American industrialization objectives played an important role in securing support in the region for the Good Neighbour financial partnership.³⁶¹ (my emphasis)

This quotation makes evident how Latin America saw in these loans the possibility to industrialize their countries and stop being providers of raw materials for US industries. This expectation explains the support that the United States' Good Neighbour policy received from Latin America.

³⁶⁰ Suárez Dávila, Francisco (2014). *Op. Cit.*, p. 2.

³⁶¹ Helleiner, Eric (2014). *Op. Cit.*, "Norman Wait Harris Memorial Foundation 1941, 133, 138," pp. 38-39.

Hence, US President Roosevelt took important financial decisions to foster the partnership with Latin America:

To work toward this goal, Roosevelt appointed Rockefeller to head a new body that was subsequently named the Office of the Coordinator of Inter-American Affairs, and whose mandate was to help coordinate US policies toward Latin America in the commercial and cultural areas... White was also interested in how the US Exchange Stabilization Fund could support Latin American currency stabilization. Between 1936 and 1938, he had already begun to pioneer the use of the ESF for short-term bilateral lines of credit for balance of payments purposes to some Latin American countries.³⁶² New agreements were now reached, beginning with a November 1941 line of credit to Mexico and followed soon after by agreements with Ecuador, Cuba, and Brazil.³⁶³ (my emphasis)

This excerpt shows the important steps that the Roosevelt administration took to implement the Good Neighbour policy. Later, Helleiner explains that in June of 1940, Roosevelt instructed to the interdepartmental committee studying Rockefeller's plan that the problem of "external debts should be faced realistically, and these debts should not stand in the way of constructive financial and trade assistance."³⁶⁴ In this way, the Good Neighbour policy became an important tool for the financial collaboration between the United States and Latin America, so that it would be a mutually beneficial negotiation.

5.2 The First Draft: the Inter-American Bank Led by Latin America

In the second chapter of his book, Helleiner elucidates how the Inter-American Bank (IAB) was the very first draft of the Bretton Woods Agreements. He points out that although the IAB was never established, various historians such as Oliver, Horsefield, and Blum, have argued that it acted as "key precursor to the Bretton Woods initiative."³⁶⁵ However, Helleiner also states that:

³⁶² Helleiner, Eric (2014). *Ibid.*, "Boughton 2004, 188–89; 2009, 14–15; Bordo and Schwartz 2001," p. 48.

³⁶³ Helleiner, Eric (2014). *Ibid.*, "Earlier lines of credit had been extended to Mexico (in 1936 and 1938) and Brazil (1937) (Henning 1999, 14, 21–22)," p. 48.

³⁶⁴ Helleiner, Eric (2014). *Ibid.*, "Quoted in Guerrant 1950, 161," p. 48.

³⁶⁵ Helleiner, Eric (2014). *Ibid.*, p. 52.

Despite these and other similar comments, historians of Bretton Woods have not undertaken a detailed analysis of the politics of the IAB negotiations.³⁶⁶ The IAB initiative is not even discussed in much depth in the historical literature on the Good Neighbour policy, with the important exception of David Green's 1971 book 'The Containment of Latin America'.³⁶⁷ *This chapter builds on Green's work by drawing on new archival sources, providing more detail about specific features of the IAB negotiations, and stressing the IAB's broader significance for Bretton Woods (an issue that Green neglects).* It is particularly noteworthy that the IAB was the first international organization to be formally negotiated whose central mandate included the promotion of international development. This innovation set the stage for the development orientation of the Bretton Woods agreements.³⁶⁸ (my emphasis)

Hence, this passage illuminates the significance of Latin American contributions to the Bretton Woods negotiations on development through the IAB, and it also shows the importance of Helleiner's own work for shedding light on this important part of history. The first initiatives for an IAB put forward by US and Latin American representatives dated to the First International Conference of American States, in 1890, and these proposals evolved over time. Helleiner explains that, originally, the goal was only to facilitate payments and strengthen banking linkages through the creation of a US bank with offices in other countries. Later, in December of 1933, an important Conference took place in Montevideo, Uruguay, in which many Latin American countries proposed "the creation of a new international financial institution with a more ambitious mandate aimed at addressing the economic distress engendered by the Great Depression."³⁶⁹

These proposals set the scenario for including the goal of development in the early US drafts of the Bretton Woods Agreements. Helleiner cites Mexico's important proposal at this Conference, in December of 1933, which would be retaken in another important Conference in Panama, in 1939:

The most ambitious and controversial proposal came from Mexico's foreign minister, José Manuel Puig, who called on the conference to explore "the possibility of establishing

³⁶⁶ Helleiner, Eric (2014). *Ibid.*, "Oliver (1975, 92–99) provides the most detailed discussion. For other comments about the importance of the IAB, see Bordo and Schwartz 2001; Mason and Asher 1973, 16; Skidelsky 2000, 239; Bittermann 1971, 61; **Steil 2013, 377–8**; Rees 1973, 104," p. 52.

³⁶⁷ Helleiner, Eric (2014). *Ibid.*, "Green 1971, 60-74," p. 53.

³⁶⁸ Helleiner, Eric (2014). *Ibid.*, pp. 52-53.

³⁶⁹ Helleiner, Eric (2014). *Ibid.*, pp. 53.

public international organizations to take care of debts negotiations and agreements, in order to exclude thereby the intervention of Bankers' Committees and to look for the interest of both debtors and creditors."³⁷⁰ (my emphasis)

This citation shows Mexico's commitment in searching and advocating for the public interests of the Latin American countries. This was a basic need for these countries that was addressed by Mexico, as practically all the Latin American countries had defaulted on their external debts as a consequence of the Great Depression. Mexico's proposal was supported by Brazil, El Salvador, and Nicaragua. Helleiner explains though the obstacles that this proposal encountered:

Although a number of Latin American countries favored Puig's proposal, it failed to generate the necessary level of support to be placed on the Conference's agenda and it was shelved for further study. Some Latin American governments feared that a public expression of support for debt restructuring might undermine their creditworthiness in the eyes of foreign investors, while the Roosevelt administration was reluctant to get involved directly in the resolution of private US loans to Latin American governments.³⁷¹

This quotation makes evident how, given the unbalanced power-structure between the Latin American countries and the US financial sector, this specific proposal did not prosper. However, Mexico continued participating actively for financial solutions at the Inter-American system, as it also suggested the creation of a "central bank for the continent that could help national central banks with international clearing and financial operations."³⁷²

Eventually, Mexico's idea for an IAB was accepted in 1939, at the Summit of Foreign Ministers of American Republics in Panama:

The idea then finally took flight at an important Panama meeting of foreign ministers of the Americas in late September 1939 just after World War II had begun. At the Panama meeting, Mexico presented a proposal for an IAB that could: (1) act as an inter-American clearing house; (2) serve as financial agent of central banks in international capital markets; (3) assist central banks in stabilizing the internal and external value of currencies; (4) study trade, exchange, and other problems; and (5) contract with the US government to accept

³⁷⁰ Helleiner, Eric (2014). *Ibid.*, "'VII Conferencia Internacional Americana, Delegación de México" n.d., p. 2, RIC, Comm. On Initiatives, 2-4, box 5," p. 53.

³⁷¹ Helleiner, Eric (2014). *Ibid.*, "Braden to Hull, January 4, 1934, in RIC, Comm. On Initiatives, 7-9, Minutes and Antecedents of Final Act, box 7," p. 54.

³⁷² Helleiner, Eric (2014). *Ibid.*, "VII Conferencia, p. 3," p. 54.

not just gold but also silver in settlement of international balances owed by any country.³⁷³

United States officials suddenly showed more enthusiasm for the idea, agreeing to a resolution authorizing the establishment of the IFEAC [sic], whose functions included the study of “the necessity of creating an inter-American institution which may render feasible and ensure permanent financial cooperation between the treasuries, the central banks and analogous institutions of the American republics.”³⁷⁴ The US Delegation had not come to Panama intending to back the IAB proposal, but their views were changed by what David Green calls the “adamant” Latin American support for the Mexican idea.³⁷⁵ (my emphasis)

As this passage unveils, the IAB was ideated by Mexico at a Conference in Panama in 1939—retaking Mexico’s proposal from 1933 at the Montevideo Conference—in which the Latin American countries “adamantly” supported Mexico’s idea of an IAB. Helleiner explains that at this Summit of Foreign Ministers of American Republics in Panama, the United States also supported the proposal to create a “Washington-based Inter-American Financial and Economic Advisory Committee (IFEAC) whose members included financial experts from each country in the region.”³⁷⁶

Another important aspect of this summit is that it was attended by Sumner Welles, Head of the Department of State in his role of Chair of the US Committee. The Committee “had a mandate to build “close and sincere cooperation” among the American republics, and it quickly set to work to develop a proposal for an IAB.”³⁷⁷ Furthermore, in January of 1940, the Committee also recommended the creation of an Inter-American Development Commission to encourage US-Latin American joint ventures that would develop “new lines of Latin-American production for which a new or complementary market” could be found in the United States or in other Western countries.³⁷⁸ Specially important is that US President Roosevelt specifically excluded New York bankers for leading this process:

When W. Randolph Burgess’s name was initially suggested as a possible US business representative on the commission, Roosevelt explicitly ruled out any New York bankers

³⁷³ Helleiner, Eric (2014). *Ibid.*, “Villaseñor 1941, 166. I,” p. 55.

³⁷⁴ Helleiner, Eric (2014). *Ibid.*, “Quoted in Gantenbein 1950, 791,” p. 55.

³⁷⁵ Helleiner, Eric (2014). *Ibid.*, “Green 1971, 62,” p. 55.

³⁷⁶ Helleiner, Eric (2014). *Ibid.*, p. 45.

³⁷⁷ Helleiner, Eric (2014). *Ibid.*, “US Department of State 1957, 765,” p. 45.

³⁷⁸ Helleiner, Eric (2014). *Ibid.*, “Quoted in Green 1971, 75,” p. 45.

from serving and chose instead a representative from the industrial firm Westinghouse Electric Company.³⁷⁹

This idea of an IAB at the Panama Conference had to be backed by the US government because of three reasons. The first reason was the “adamant” Latin American support of Mexico’s proposal (as stated in the quotation above). The second reason was the need to secure Latin America’s neutrality during the Second World War. The third reason was the internal support of US officials. As explained by Helleiner:

Within the US government, some officials had in fact favored an inter-American financial institution before the Panama meeting, such as Treasury official Simon Hanson, a graduate of Harvard who had published a 1938 book that sympathetically analyzed Uruguay’s extensive social reforms and state-led industrialization initiatives.³⁸⁰ In June 1939, Hanson had written to White with a proposal for an institution—headquartered in Latin America—that would facilitate capital flows to Latin American countries in default by guaranteeing their new bond issues. In an echo of Mexico’s 1933 proposal, Hanson also suggested that the body could select commissioners general to force debt resettlement deals on past defaults within two years. These officials were to be selected by a process in which all member countries had an equal vote so that “any suggestion of single-nation impingement upon autonomy and sovereignty is avoided.” To reinforce the point, Hanson added that it was “desirable that the commissioner-generals not be State Department imperialists and that control not be limited to North Americans.”³⁸¹ (my emphasis)

This citation shows how Hanson, a US official and Harvard alumnus, fully sympathized with Mexico’s 1933 proposal for Latin American countries regarding a bank that would address and try to solve their financial needs. This idea was taken by the US government, within the IFEAC, which had become operational by mid-November of 1939 with 21 members appointed. Interestingly, Hanson was the same US Treasury official who had suggested White to deny loans to Latin-American countries that had conducted expropriations, i.e., Bolivia and Mexico.

Regarding the development of this project, the detailed initial work on the IAB proposal was assigned to a financial subcommittee of the IFEAC chaired by Welles as well. The Latin

³⁷⁹ Helleiner, Eric (2014). *Ibid.*, “US Department of State 1961, 374–75; Green 1971, 315,” p. 45.

³⁸⁰ Helleiner, Eric (2014). *Ibid.*, “Hanson 1938,” p. 56.

³⁸¹ Helleiner, Eric (2014). *Ibid.*, “Hanson, “Proposal for a Pan American Financial Institute,” June 5, 1939, p. 2, TSF, 450/81/ 02/03, box 65,” p. 56.

American countries in this subcommittee were: Mexico (represented by Antonio Espinosa de los Monteros, who was part of the Mexican delegation at the Bretton Woods Conference a few years later), Bolivia, Argentina, Colombia, Peru, and Ecuador. Welles placed Adolf Berle in charge of the Subcommittee and of coordinating the United States' position on this issue.

Helleiner explains that the keen interest of the Latin American countries was manifest at a meeting of finance ministry officials of the American republics, in Guatemala, in which the Mexican proposal took an outstanding place:

At the meeting, Mexico's Eduardo Villaseñor put forward his country's proposal for an IAB once again and he added one additional function that the bank could assume: "to act as a channel for the investment of capital which will promote sound economic development in the American Republics."³⁸² Villaseñor was the head of the Bank of Mexico, and as Sarah Babb notes, he was "never an orthodox central banker." In addition to helping to modernize Mexican economics in the 1930s, he was a strong advocate of the idea that the central bank had an important role to play in promoting economic development and industrialization.³⁸³ He carried these developmental priorities into his ideas about the IAB proposal. Other Latin American representatives at the Guatemala meeting also were keen to see the IAB proposal discussed, such as those from Brazil, Colombia, Peru, and Uruguay, and a resolution was passed urging the IFEAC to investigate the issue. The resolution reinforced Mexico's new "development" focus for the bank by declaring that it was "desirable that the necessary capital be invested for the promotion of the agricultural and industrial development of the various countries in this hemisphere."³⁸⁴ (my emphasis)

Hence, Mexican representatives advocated for an IAB through which economic development in Latin America would be fostered. Helleiner details that after that summit, the negotiation of the IAB unfolded quickly. By February 7, 1940, the IFEAC had agreed on a draft convention, and the final texts were officially released on April 16.

³⁸² Helleiner, Eric (2014). *Ibid.*, "Villaseñor 1941, 166. See also Urquidi 1996, 33," p. 58.

³⁸³ Helleiner, Eric (2014). *Ibid.*, "Babb 2001, 30–31, 58–59," p. 59.

³⁸⁴ Helleiner, Eric (2014). *Ibid.*, "Quoted in Villaseñor 1941, 166. For Latin American support in Guatemala, see also US Senate 1941, 23," p. 59.

5.2.1 Discussion. Mexico's Leading and Innovative Role in the Development of the Proposal

Latin American countries were very proactive developing the IAB. Helleiner highlights this fact, although with a choice of words that imply that they should not be neglected, rather than that they were key players. Interestingly, this element was indeed acknowledged by the Chair of the Subcommittee, who had been appointed by the Head of the US Department of State, Adolf Berle:

While White and other US officials took the lead in developing the IAB proposal, the role of Latin American representatives should not be understated.³⁸⁵ Key purposes of the IAB echoed the 1939 Mexico's proposals closely. The work of US officials was also informed by answers to the detailed questionnaire circulated to all participating countries in mid-December 1939. While US officials took the lead in drafting the by-laws of the bank, Jaramillo (who had been a Colombian finance minister) and Monteros (who was head of the Mexican industrial development bank Nacional Financiera) also prepared the draft convention.³⁸⁶ More generally, Latin American representatives on the IFEAC participated very actively in commenting on the evolving proposal. As Collado later told a US Senate subcommittee, the IFAEC during the drafting phase “met practically every day and there were very extensive discussions, in addition to which there were innumerable private discussions outside the regular formal sessions.”³⁸⁷ Berle was also struck by the quality of the contributions of Latin American officials within the IFEAC. After bringing White and Gardner to talk to his subcommittee in mid-December, he noted in his diary that “the Latin Americans, on the whole, have thought more deeply about this than the American experts; at all events, when we got through it seemed to me that the Latin Americans had all the honors of the discussion. Naturally, there was no point in saying this to the Treasury and Federal Reserve men.”³⁸⁸(my emphasis)

This passage shows three important aspects of the first draft of the Inter-American Bank in 1940. First, that it was designed mainly by Mexico and other Latin American countries. Second, that it took key aspects of the Mexican proposal of 1939. And third, that it received the sincere admiration of US officials due to its thoroughness.

³⁸⁵ Helleiner, Eric (2014). *Ibid.*, p. 62.

³⁸⁶ Helleiner, Eric (2014). *Ibid.*, ““Anteproyecto de convención,” January 18, 1940, BP, box 59,” p. 62.

³⁸⁷ Helleiner, Eric (2014). *Ibid.*, “US Senate 1941, 44,” p. 63.

³⁸⁸ Helleiner, Eric (2014). *Ibid.*, ““December 14, 1939,” p. 4, BP, box 211,” pp. 62-63.

What is interesting, however, is the mismatch between the beginning of this paragraph and the further comments of the book. In the latter, Helleiner quotes *Berle*—the Chair of the Subcommittee of the IFEAC, appointed by the Head of the American Delegation in his role of Head of the US Department of State—who stated that “the Latin Americans, on the whole, have thought more deeply about this than the American experts; at all events, when we got through it seemed to me that the Latin Americans had all the honors of the discussion.” By contrast, the initial line of Helleiner’s paragraph stated that the participation of Latin America should not be “understated,” instead of recognizing Mexico’s knowledge and contributions by writing it as “the participation of Latin America was more insightful and/or informed and/or thorough and/or elaborated than that of the US experts.” However, in Helleiner’s next lines in the same paragraph, it is possible to see that the Latin American representatives lead the way, something that was recognized by Berle, the Chair of the Subcommittee, who was appointed by the Head of the US Department of State.

This dissertation does not intend to ‘neglect’ the only work that has compiled and recognized the ‘neglected’ origins of the Bretton Woods negotiations. Rather, the intention is to recognize that there is still ways to go. In this unexplored path, this thesis makes the contribution of analyzing the archival evidence and shedding light on Mexico’s proposals, which are still current for building a more inclusive and fairer economic multilateral order, as also claimed by Helleiner.

The IAB’s draft had innovative features as goals at the time, such as: 1. public international development loans, 2. recycling flight capital, 3. an intergovernmental institution, and 4. some missing issues. Regarding the public international development loans, the IAB’s draft by-laws outlined an institution with a maximum of \$100 million in capital that had nine formal purposes, which “echoed goals that the Mexican government had suggested for the IAB at the Panama conference in September 1939.”³⁸⁹ Specifically, the first and second of the nine purposes of the IAB’s draft were:

- (1) Facilitate the prudent investment of funds and stimulate the full productive use of capital and credit.
- (2) Assist in stabilizing the currencies of American Republics; encourage general direct exchanges of the currencies of American Republics; encourage the maintenance of

³⁸⁹ Helleiner, Eric (2014). *Ibid.*, p. 64.

adequate monetary reserves; promote the use and distribution of gold and silver; and facilitate monetary equilibrium.³⁹⁰

Evidently, these purposes aimed to foster economic development in the region. In addition, they attempted to stabilize the currencies of American countries, especially gold and silver, which is an important aim the Mexican delegation advocated for a few years later at the Bretton Woods Conference. These goals altogether attempted to include economic development in the international agenda. Just as Helleiner explicitly argues:

A number of them [purposes] were also clearly designed to help achieve the goal that Mexico had added to its proposal at the Guatemala conference in November: the promotion of economic development.³⁹¹ (my emphasis)

Thus, these international loans were foreseen to serve the purposes of economic development in Latin America. From these years, economic development was considered as a way to create long term investment in these countries. Mexico's Villaseñor, explained this in these terms:

*One of the IAB's strongest Latin American proponents, Mexico's Villaseñor, also emphasized its development-lending role above all else. In his view, the IAB should in fact lend "only for the type of investment which leads to the economic development and improvement of the peoples of America." In his view, such lending would include assistance for public works programs, the development of factories, land improvements to increase commodity yields, hydroelectric power plants ("preferably for industrial use"), and the creation and development of hotels, steamship lines, and air routes for passenger transport.*³⁹² (my emphasis)

Therefore, economic developmentalism was a school of thought shared by Mexico's and Latin America's public officials. Thus, these were the kinds of projects that the Mexican and Latin American Delegations had in mind at the Bretton Woods negotiations for the loans that would be lent by the IBRD. This is the prelude that was prepared during the decade that preceded the United Nations Monetary and Financial Conference.

³⁹⁰ Helleiner, Eric (2014). *Ibid.*, "Department of State 1940, 524," p. 64.

³⁹¹ Helleiner, Eric (2014). *Ibid.*, p. 64.

³⁹² Helleiner, Eric (2014). *Ibid.*, "Villaseñor 1941, 174, 173," p. 65.

5.3 Building Foundations on Colonialism? US Postwar Planning

In the fourth chapter of his book, Helleiner describes several circumstances that led the United States to promote its relationship with Latin America. Among these explanations, there is one that draws attention. John Williams, an economics professor at Harvard and Vice President of the Federal Reserve Bank of New York (FRBNY), was opposed to White's Bretton Woods plans, and criticized the system of exchange rate adjustments and free trade, arguing that they would only maintain the status-quo of colonialism. Helleiner describes it in these words:

By mid-1944... Williams even combined his advocacy of exchange controls with a strong critique of the theory of free trade which he argued was "*designed to maintain the status quo—that is, to keep the raw material countries producing raw materials and nothing else. It gave them a colonial status... In order to industrialize, protection was needed against the established enterprises of the big industrial countries. The modern and most comprehensive form of protection was exchange control.*" After Williams's comments, Gardner reported that "an electric wave of sympathy ran through the room. Delegates turned in their seats and nodded approvingly to one another." *Villaseñor, who had been one of the lead Mexican advocates of the IAB, even stood up and complimented him.*³⁹³ (my emphasis)

Hence, this part of Helleiner's book shows three key ideas. First, the presence of a prestigious member of the conservative banking community that opposed White's Bretton Woods plans. Second, the acknowledgment from that representative of the conservative banking community that there was need for some monetary policies that would foster the economic growth of developing countries. Third, Villaseñor's endorsement of Williams' statements.

Williams' thought clearly connects the US-Mexico reality with the ideas of Neo-Marxist authors about colonialism. As pointed out by Matthew Watson (Section 4.2 IPE's Theoretical Traditions and the Political Projects they Served), the international division of labour in which the developed countries specialized in producing industrial products while the developing countries specialized at producing raw materials was part of a system for maintaining the *status quo*. Moreover, thanks to the cheap labour force of the developing countries, this system was

³⁹³ Helleiner, Eric (2014). *Ibid.*, "Gardner summarizing Williams's comments in Gardner to Goldenweiser, May 15, 1944, p. 1, ISF, box 247, pp. 1, 1–2. See also the defense of Latin American exchange controls by Hansen, "Latin America and Exchange Control," May 27, 1944, p. 1, ISF, box 156," pp. 128-129.

intrinsically designed to perpetuate the project of the dominant nations. Thus, as argued also by Williams, this kind of economic relationship provided developing countries with a colonial status. This idea is explored further in Section 7.3 (Bretton Woods as a Neo-colonial Attempt at Global Governance?).

Therefore, a few questions emerge as a result: why would this conservative New York banker favour of fighting the *status quo* of colonialism? Especially, given that he wanted to promote industrialization in developing countries and fight colonialism, why would he oppose White's Bretton Woods plans? Helleiner explains that some US bankers and businessmen had become supporters of industrialization in the Global South because it allowed these countries to become strong consumers of US products. The following chapters of Helleiner's book address more directly the US-Mexico relationship.

5.4 Latin American Backing for Bretton Woods?

5.4.1 Latin America, Mexico, and the Bretton Woods Negotiations

A chapter of Helleiner's book that specially draws attention is "Latin America Backing for Bretton Woods." Most studies about Bretton Woods discuss the US-UK talks. However, the missing link in those studies are the negotiations that took place between the United States and Latin America to promoting economic development during the decade that preceded the Conference. These negotiations were key for both Latin American aspirations and contributions at that summit, and the legitimation of the postwar multilateral system.

The first aspect analyzed by Helleiner is the beginning of the discussions. He explains that when US officials decided to begin informal consultations for the draft of the Bretton Woods Agreements in July of 1942, they began with a small group of countries formed of Brazil and Mexico, alongside the United Kingdom, Russia, China, Canada, and Australia. It is worthwhile to note that Canada and Australia are part of the British Commonwealth, and thus the involvement of these countries provided strength to British proposals. This situation is part of the analysis of this dissertation in Section 7.3 (Bretton Woods as a Neo-colonial Attempt at Global Governance?). Two years later, when the United States and the United Kingdom published their Joint Statement of Experts on draft plans for the Fund on April 22, 1944, they:

... made sure that it was published simultaneously not just in Washington, London, Moscow, Chungking, and Ottawa but also in Rio, Mexico City, and Havana. Brazil, Mexico, Cuba, and Chile were also included among the sixteen countries invited to the pre-Bretton Woods drafting conference at Atlantic City in late June.³⁹⁴ White chaired that meeting and he appointed a veteran of the IAB negotiations, Mexico's Antonio Espinosa de los Monteros, to be one of his four deputy chairs (alongside Keynes as well as officials from the USSR and China).³⁹⁵

This citation reveals three reasons for which Mexico was key for the negotiations that took place prior to the Bretton Woods Conference. First, because the Joint Statement of Experts was published in Mexico City alongside other seven cities. This Joint Statement by Experts on the Establishment of an IMF of the United and Associated Nations is analyzed in Section 7.1 (The Neglected Origins of Bretton Woods at the Joint Statement by Experts on the Establishment of an IMF of the United and Associated Nations). Second, because Mexico was among the sixteen countries invited to the negotiations. Third, and especially important, because Mexico's Antonio Espinosa de los Monteros was appointed as one of White's four deputy chairs (his biographic sketch is found in Section 3.8.2).

In addition to this participation prior to the Conference, Mexico's institutional role was also key at Bretton Woods. Helleiner mentions that Mexico's Finance Minister Eduardo Suárez had three important institutional contributions. The first was that he chaired one of the three commissions around which the Conference was organized. The second was that he proposed Morgenthau as permanent President of the Conference. The third was that Mexico was invited alongside Brazil, Canada, China, Czechoslovakia, and the USSR, to give formal addresses at the inaugural plenary session. These institutional roles in addition to Mexico's was part on the "Organizing Committee" and the "Steering Committee" of the Conference is analyzed in Section 6.2 (Institutionally, Mexico Chairing One of the Three Commissions).

Helleiner also highlights the importance of the Latin American countries, especially Mexico and Brazil, for legitimizing the Conference:

³⁹⁴ Helleiner, Eric (2014). *Ibid.*, "The other twelve represented were Australia, Belgium, Canada, China, Czechoslovakia, France, India, the Netherlands, the Philippines, the United Kingdom, the United States, and the USSR. About seventy-five people were present at the meeting (MD, book 740, p. 95; book 749, p. 2)," pp. 158-159.

³⁹⁵ Helleiner, Eric (2014). *Ibid.*, "General Meeting, June 24, 1944, BWCC, box 1/12," p. 159.

... In a US planning meeting on June 30, 1944, White had insisted on this prominent role for these two officials, noting that “we need the support of the South Americans.”³⁹⁶ In a private meeting giving instructions to the US delegates on the first day of the conference, White reiterated that “it is the South American countries who in this are going to be important to us.”³⁹⁷

This excerpt shows the United States’ interest in gaining Mexico’s support. This historic fact could be seen from three perspectives. One is that Latin America and its interest in economic development was instrumentalized to legitimize the multilateral system of the postwar, as stated by Helleiner and Thornton.³⁹⁸ Moreover, as also argued by Helleiner “the importance of the Latin American countries came from the fact that they made up nineteen of the forty-four delegations attending the conference.”³⁹⁹ The third standpoint for shedding light on Mexico’s role at Bretton Woods is the thesis argued throughout this dissertation, especially in Section 6.3 (As a Moral Voice, Mexico Advocating for a more Inclusive and Fairer World). That is, the perspective that the message expressed by Mexico at Bretton Woods has inherent importance because it remains current due to the need to consider the human implications of international economic decisions and policies. This factor would have provided more sustainability to the creation of the postwar multilateral economic system.

Another factor highlighted by Helleiner is that Latin America was acting as a united block. Helleiner quotes a Cuban and a US diplomat in this regard:

Latin American delegates at the conference also did not hesitate to remind other delegates that they represented “practically one-half of the nations here assembled.”⁴⁰⁰ Their influence was boosted by the fact that they felt a sense of solidarity and tried to work together as a group at the conference.⁴⁰¹ As one US official pointed out halfway through the conference, “the Latin American countries are really operating as a unit... They have a pretty definite machine.”⁴⁰²

³⁹⁶ Helleiner, Eric (2014). *Ibid.*, “MD, book 748, pp. 226,” p. 159.

³⁹⁷ Heillener, Eric (2014). *Ibid.*, “MD, box 749, p. 3,” p. 159.

³⁹⁸ Thornton, Christy (2017) and (2018). Op. Cit.

³⁹⁹ Helleiner, Eric (2014). *Ibid.*, p. 159.

⁴⁰⁰ Helleiner, Eric (2014). *Ibid.*, “Luis Machado from Cuba quoted in “Informal Minutes: Commission 1, United Nations Monetary and Financial Conference at Bretton Woods, July 1944,” p. 121, BWCC, box 13/1,” p. 160.

⁴⁰¹ Helleiner, Eric (2014). *Ibid.*, “Suárez 1977, 277,” p. 160.

⁴⁰² Helleiner, Eric (2014). *Ibid.*, “Luxford in MD, book 752, p. 5,” p. 160.

This excerpt illustrates the feeling of belonging and strength of the Latin American group, which acted as a united force. Moreover, this group was led and represented by Mexico, as explained in Section 6.4 (As a Leading Latin American Country Politically and Economically, Mexico Advocating for Economic Development).

5.4.2 Discussion. Mexico's Misunderstood Proposal on Silver

Despite all the institutional ways in which Mexico participated at the Bretton Woods Conference, analyzed in Chapter 6 of this dissertation, Mexico's proposals have been misunderstood. Helleiner's words are a representative sample of this historical misinterpretation:

Latin American countries thus had many opportunities to provide input into the Bretton Woods negotiations. What perspectives did they offer? Existing histories often mention how some Latin American governments led by Mexico secured a vague statement that further study should be undertaken of silver's role within the international monetary system.⁴⁰³ (my emphasis)

This quotation shows how even such a well-documented and well-intentioned book like *Forgotten Foundations of Bretton Woods*, misunderstood Mexico's proposal on silver. Mexico's statement was far from vague: it is clearly contained in the archival evidence from the US Department of State. Mexico's four main proposals about a more grounded and fairer-for all monetary system went to the core of the Bretton Woods Agreements.

Moreover, Mexico advocated for the human impacts of the international decisions to be taken into account, and also for economic development. Regarding specifically the proposal on silver, Mexico presented a technical explanation on how it was absorbing nationally the costs of the international community's use of the gold standard. Mexico explained in all possible ways that to impose this monetary system on the entire world—given that half of the world's population used silver, not gold, as a currency—was not affordable or sustainable for the international community as a whole, especially for the countries that produced and used silver. The Mexican delegation at Bretton Woods put it in simple terms in a press release:

⁴⁰³ Helleiner, Eric (2014). *Ibid.*, p. 160.

The Mexican delegation has already submitted to the International Monetary and Financial Conference one of the proposals it has prepared in connection with the international monetary use of silver.

If that proposal were adopted by the Conference, it would mean that silver hoarding member countries would have additional credit facilities from the Fund, so that those countries would not need to melt their silver coins and sell their silver as bullion each time their balance of payments becomes unfavorable and they need additional foreign exchange to support the parity of their currencies.

It is a well-known fact that the silver-hoarding peoples of the world absorb large quantities of costly silver coins when their national income is increasing, and return them to the Central Bank when they have to draw on their hoardings in bad times. This monetary phenomenon simply means that the Central Bank has to invest heavily in silver during the upward swing when that metal is normally higher in price, and it is compelled to cash it in the foreign markets during the downward swing, when silver is depreciated. Thus, the Central Bank of those countries loses not only the difference between the buying and selling price, but also the recurrent minting and melting costs.

The Mexican delegation sponsors this proposal on the ground that silver-hoarding countries must have two monetary reserves: one in gold and gold-convertible currencies sufficient to maintain the parity of their currencies, and an additional one to satisfy the heavy hoarding requirements of their nationals. Of course, other countries are not in this disadvantageous position, for they use silver only as token money in proportionately very small quantities, as compared to the total of their respective currencies.

The Mexican delegation feels certain that the Conference will accord this proposal due consideration.⁴⁰⁴ (my emphasis)

This quotation from Helleiner's book alongside Chapters 6 and 7 of this dissertation (about Mexico's proposals), show the clarity of Mexico's arguments about silver. However, it is helpful to study Helleiner's book as a representative sample of the current state of the literature on Mexico's contributions at Bretton Woods for two reasons. First, because Mexico's statements are not "vague"—as evidence, the statements are also included in the Appendices of this dissertation—

⁴⁰⁴ US Department of State. *Op. Cit.*, Document 135, "Press Release: Statement by the Delegation of Mexico," July 5, 1944, p. 1157.

Second, because Mexico claimed that a technical and unbiased analysis was needed for its proposal on silver. Let us hope that this dissertation helps to vindicate this purpose.

5.4.3 Discussion. Ties between US and Mexican Officials?

Another feature of how Mexico's image is represented in Helleiner's book is that the closeness of the US-Mexico relationship was allegedly reinforced due to two possible reasons. The first potential reason was Mexico's work at the Inter-American Financial and Economic Advisory Committee (IFEAC) subcommittee in 1939-1940. The second possible reason were personal ties between Mexico's Monteros and US' White, who studied together at Harvard. Helleiner presents these two ideas with these words:

More generally, Luxford recalled later that White was "popular" with the Latin American delegates because "having dealt with the man for years in various problems" they "had confidence that here is the man who will understand our problem and who, if he sees our problem, will fight, and he's not afraid to fight."⁴⁰⁵ *In the case of Monteros, this confidence may also have been reinforced by his experience working closely with White in the small IFEAC subcommittee that developed the IAB proposal in 1939–40, as well as by long-standing personal ties. He and White had been classmates at Harvard; indeed, White referred to him as "Tony" at the Bretton Woods conference.*⁴⁰⁶ (my emphasis)

Thus, it is evident that there is a mismatch between Mexico's progressive proposals and the historiographical opinion about its performance. That is, Helleiner's argument would make sense had the Mexican delegation seconded the United States, rather than having presented its own proposals opposing the United States' position on the gold standard. As shown in full in Chapters 6 and 7, Mexico had very strong positions in this regard. Thus, this is part of Monteros' speech on Mexico's proposal on silver, in which he explains why approving Mexico's proposal was a matter of international justice:

On behalf of the Mexican delegation I want to explain why we are making this proposal. It is easy to misunderstand our position. *Mexico produces 40% of all the silver. Therefore,*

⁴⁰⁵ Helleiner, Eric (2014). *Op. Cit.*, "Oliver 1961a, 18–19," p. 161.

⁴⁰⁶ Helleiner, Eric (2014). *Ibid.*, "Urquidi 1996, 50 n. 5," p. 161.

one could think, Mexico is interested, above all, in furthering the interests of her mining industry.

However, we do not come before this High Assembly of Nations as the largest producers of silver. Certainly nobody could believe that the gold-producing nations are represented here to further their own interests. Rather, we are all here to present our common monetary problems, and to seek an agreement on how to meet them in the brotherly spirit of cooperation.

We wish to emphasize, then, that Mexico wants to present to your consideration a strictly monetary problem. We believe that this problem has *international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations*. Furthermore, we are certain that this problem has never received the unprejudiced consideration it deserves by the nations which do not have to face the same difficulties.

...

Should the Conference adopt this proposal, henceforth Mexico and the countries which have the same problem will not have recurrently to buy and coin silver only to melt and sell it again. Instead of that wasteful and unnecessary process, whenever a silver-hoarding country is running short of foreign exchange with which to maintain the parity of its monetary unit, the Fund would provide that exchange as a credit, with the understanding that all the risks due to fluctuation in the price of silver will remain with the borrowing country.

The Mexican delegation feels certain that this proposal will be supported by all the Delegates, inasmuch as the amounts of the Fund's resources needed for the purpose will be relatively small, and adequately safe-guarded, and above all because the approval of Mexico's proposal would be an act of elementary international justice.⁴⁰⁷ (my emphasis) Hence, Antonio Espinosa de los Monteros showed that the problems regarding silver were clearly explained, and he claimed that this problem needed unbiased consideration.

⁴⁰⁷ US Department of State. *Ibid.*, Document 157, "Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico's Proposal on Silver," presented on July 5," pp. 182-183.

Thus, as can be seen, the fact that White called Monteros “Tony” did not mean anything other than a personal affection that cannot be extrapolated to the institutional positions of the two countries. The reality was that Mexico, as all Latin American countries, expected that Bretton Woods, as the Conference that would create the Agreements for the postwar system, would bring prosperity to the region. Mexico expressed it with these words at the inaugural session:

... We are confident that we shall attain full success in our endeavor to create a stable basis upon which nations can freely interchange their products, thereby raising the standard of living of humanity as a whole.⁴⁰⁸ (my emphasis)

This excerpt makes evident that the focus of Mexico’s proposals was on achieving a more prosperous society for all countries through international cooperation. Mexico’s main interest at the summit was the well-being for its population through the United Nations. Prejudice at the Conference is further analyzed in Section 7.2.2 (A Fairer World versus Prejudice at the International Conference?), but the book’s assertions invite the reader to reflect on the extent to which facts were different from prejudice at the time because they do not show Helleiner’s perspective, but what he found from the documents of that historical period.

5.4.4 Discussion. Mexico Promoting the Bank’s Development-Lending Role

5.4.4.1 Mexico was not Looking for Assistance nor Postwar Goals, but Rather for Loans to Boost its Economic Development

Helleiner explains that Latin American countries were particularly interested in the IBRD’s potential to mobilize development loans, and that Mexican officials played a leading role on this matter. He expresses it in these words:

Latin American countries were particularly interested in the potential of the IBRD to mobilize development loans. Mexican officials played a lead role on this issue. During the early bilateral consultations with White in May 1943, Monteros and the Bank of Mexico’s Rodrigo Gómez urged that White’s Fund proposal be accompanied by “other agencies for

⁴⁰⁸ US Department of State. *Ibid.*, Document 40, Minute of the Inaugural Plenary Session, July 1st 1944, pp. 75-76.

long-term capital.”⁴⁰⁹ Mexican officials had been long frustrated by the failure of their 1939 IAB initiative and they saw the postwar planning process as a way to help bring to fruition some of its goals. One of the chief IAB advocates, the Bank of Mexico’s head Eduardo Villaseñor, was also deeply involved in the discussion of the postwar plans. Mexican interest in this issue had been reinforced by studies showing that Mexico would need foreign financial assistance for its ambitious postwar development goals, which included plans relating to infrastructure, roads, electricity, irrigation, and broader agricultural and industrial growth.⁴¹⁰ Prebisch’s high-profile seminar at the Bank of Mexico in early 1944 also reinforced the interest of top Mexican officials in development-oriented perspectives on the Bretton Woods plans.⁴¹¹ (my emphasis)

This citation sheds light on the ‘picture’ shared by US and British officials, and thus a Canadian scholar, on this regard. However, stating that Mexico would need “foreign financial *assistance* for its ambitious *postwar* development goals, which included plans relating to infrastructure, roads, electricity, irrigation, and broader agricultural and industrial growth” is different from the perspective that Mexico elaborated on at Bretton Woods. Firstly, Mexico did not have in its national mindset “the postwar” because Mexico did not participate actively in the Second World War. Mexico remained neutral until 1942, when in May it received two German attacks to its oil tankers that sold oil to the United States. Thus, as opposed to all countries involved in the war, which thought about ‘reconstruction,’ Mexico was thinking about ‘development.’ This mindset was the essence of Mexico’s initiative presented at Bretton Woods to include the concept of development in the purpose of the International Bank for Reconstruction and *Development*.

The point above leads to the second thought on this regard because Mexico was not looking for “assistance” but rather for “loans.” Mexico explained at Bretton Woods that it was absorbing nationally the costs of keeping the international price of gold and silver as established by the United States. Document 157 of the official US Department of State’s archives contains the Address delivered before Commission I’ Committee 2, by Antonio Espinosa de los Monteros, in support of Mexico’s proposal on silver, as follows:

⁴⁰⁹ Helleiner, Eric (2014). *Ibid.*, “Memorandum of a Meeting on the International Stabilization Fund in Mr. White’s Office, May 25, 1943,” p. 1, ITM, box 20,” p. 162.

⁴¹⁰ Helleiner, Eric (2014). *Ibid.*, “Urquidi 1994; 1996, 40, 50 n. 24,” p. 162.

⁴¹¹ Helleiner, Eric (2014). *Ibid.*

Mexico's problem derives from the fact that her people continue to hoard large amounts of silver coins. They, of course, have been doing that for centuries. They know not as yet any of the great advantages of savings banks and fiduciary currencies.

Nor do they seem to be very anxious to learn about them. When they can they hoard silver and nothing else, probably because all their ancestors have always done so, and certainly because *their personal income does not permit them to hoard gold.*

Because of this fact, Mexicans absorb large quantities of silver coins when their income is increasing, and return them to the Central Bank when they have to draw on their savings. This simply means that our Central Bank has to invest heavily in silver, during the upward swing of the trade cycle when the price of silver is naturally higher. On the other hand, the Bank is compelled to cash it in foreign markets, during the downward swing, exactly when silver is cheaper. Thus, our Central Bank loses not only the difference between the buying and selling prices, but also the recurrent minting and melting costs.

Therefore, it is evident that because of the hoarding requirements of our people, Mexico has to invest in silver a large part of her international balances of gold and gold-convertible currencies when her balance of payments is favorable. But when the situation is reversed, she has to sell that silver in order to support the parity of the peso, in the bargain she is always the loser, since there is no manner in which she can hedge against the fluctuations of silver.

This is the essence of Mexico's problem. Is it not true that *many other Nations* partake of this same risk? *Is it too much to expect that the Fund extend credit facilities specially adopted to meet this special need? It might be said that the Fund, under the proposed provisions, is already authorized to waive all specific conditions set forth under Article III, Section 2 of the draft, precisely in order to meet exceptional cases. But Mexico's case is not exceptional. Her problem is, we believe, common to several countries, and it is besides recurrent in character. Should not the Fund, which is essentially an instrument for international co-operation, be authorized specifically to extend credit to the silver-hoarding countries of the world?*⁴¹² (my emphasis)

⁴¹² US Department of State. *Op. Cit.*, Document 157, "Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico's Proposal on Silver," presented on July 5," pp. 182-183.

This piece clearly shows that Mexico was looking for credits—not “assistance” or “postwar” plans, but rather “credits”—to accomplish its development goals. These goals, as explained by Helleiner himself, were in place since the 1930s—before the Second World War—and consisted of loans for key infrastructure and investment.

In addition, it is worthwhile to mention that Helleiner himself recognizes that Mexico was focused on development goals based on credits. He explains how, in the preparation of the Bretton Woods Conference, Mexican officials analyzed the IBRD proposals under the idea of the previous IAB plans. In Helleiner’s words:

In the lead-up to the Bretton Woods conference, Mexican officials carefully studied the American IBRD proposals of November 1943 and compared them to the early IAB plans.⁴¹³ They found the US draft encouraging but wanted to be sure that the Bank would provide adequate support for development goals. As one Mexican delegate to Bretton Woods, Víctor Urquidi, put it later, the Mexican delegation “arrived at Bretton Woods ready to inject some interest in economic development issues into the debate.”⁴¹⁴ (my emphasis)

In this quotation, Mexico’s interest on loans in order to achieve its development goals is clearly evident. Moreover, Mexico provided a technical explanation on how Mexico was contributing to maintain the price of gold, in support of the Allies during the war, but without any reciprocity from the gold-hoarding countries. As evidence, the response that Eduardo Suárez provided to the Commission because of the refusal of Committee 1 to achieve a solution on silver, is contained in Document 459 of the Conference:

Mister Chairman, Fellow Delegates: The Mexican delegation wishes to make this statement to put on record its position regarding Mexico’s approval of the report submitted by Committee I.

The Mexican delegation realizes that it is difficult to find a definite solution to the silver problem in this Conference. But it considers that a great step has been taken in recognizing the importance that silver has for some countries as a monetary metal. The Mexican delegation expresses the hope that in the near future countries interested in silver

⁴¹³ Helleiner, Eric (2014). *Op. Cit.*, “Urquidi 1996, 35,” p. 162.

⁴¹⁴ Helleiner, Eric (2014). *Ibid.*, “Urquidi 1996, 40,” p. 162.

either as producers or consumers, shall find after unbiased and technical consideration of the problem, a way to stabilize the value of silver.

Upon creating an International Monetary Fund, the United Nations are tacitly invited to recognize that the fair and just price for gold is thirty-five dollars an ounce. Henceforth, each of them will accept an ounce of gold whenever they have a right to receive thirty-five dollars, or the equivalent, from another nation.

As for Mexico, her position is clear and definite. During the past few years of tribulations, Mexico has, of her own accord, accepted, in unlimited amounts, an ounce of gold for every thirty-five dollars due her. She has done so in spite of the hardships of inflation, and even realizing to the fullest extent the risk involved in these transactions, inasmuch as no nation has ever committed itself to buy that gold from Mexico at the same price she has paid for it. Throughout this most difficult period she has also issued Mexican currency at a fixed rate of 4.85 pesos to the US Dollar, or about 169.75 pesos for each ounce of gold, although she has had no assurance or guarantee that other nations will give her in commodities and services a fair equivalent to her investment in gold. Mexico has done all this mainly because of her full unselfish devotion to a higher cause: helping her Allies to win this war.

Mexico and other silver-using countries are entitled to expect in return for their cooperation to maintain the present price of gold the assistance of other countries to stabilize the price of silver at a just and fair level.

... (my emphasis)⁴¹⁵

This excerpt clearly illustrates Mexico's technical explanations on how it was stabilizing the price of silver internationally, and how the absorption of these costs represented a risk for this nation due to the uncertainty of reciprocity from the gold-hoarding countries.

⁴¹⁵ US Department of State. *Op. Cit.*, Document 459, "Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III," presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico's Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, "Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation," July 20, 1944, pp. 1043-1044.

5.4.4.2 Mexico's Three Proposals 'Sorted' into One: Economic Development

Another key point in Helleiner's analysis is the acknowledgement of a key victory for the Mexican delegation: the inclusion of the purpose of development alongside that of reconstruction, for the IBRD. Helleiner explains it with these words:

At the Bretton Woods conference itself, Urquidi and other Mexican officials suggested a change to the wording of the purposes of the Bank in order to make sure that it would provide this kind of support. An initial Anglo-American draft emerging from the discussions at Atlantic City had outlined purposes such as assisting "in the reconstruction and development of member countries" and "encouraging international investment for the development of the productive resources of member countries." The Mexican delegates suggested a blunter statement as the very first purpose of the Bank: "to encourage permanently the economic development of member countries." In the end, Mexico accepted wording that made explicit reference to the development of "less developed countries" in the first formal purpose of the Bank: "To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries."⁴¹⁶ (my emphasis)

In this citation, Helleiner's choice of words make it seem as though the Mexican delegation had resigned to the wording of the agreement, which had been initially drafted between the British and the US officials at Atlantic City, whereas that was not the case. Mexico proposed to include the goal of development alongside that of reconstruction at Atlantic City. Indeed, Mexico attended the Atlantic City Conference, and thus the draft was not only an Anglo-American draft. As mentioned in Section 3.8.2, Antonio Espinosa de los Monteros, Nafin's Executive President, attended the preparatory meetings of the Conference, including the meeting held in Atlantic City, as explained by Ricardo Solís.⁴¹⁷

Moreover, as explained in Section 7.2.2 (A Fairer World versus Prejudice at the International Conference?), in Eduardo Suárez' memoirs, he praises Lord Keynes very highly

⁴¹⁶ Helleiner, Eric (2014). *Op. Cit.*, "US State Department 1948, 366–67, 485, 1049–50," p. 163.

⁴¹⁷ Solís, Ricardo (2011). *Op. Cit.*, p. 334.

because of Keynes' approval of the Mexican proposal about the purpose of the Bank (in order to include the goal of development alongside that of reconstruction), when at the same time he rejected all the other countries' proposals for that same topic.⁴¹⁸ Thus, from Helleiner's choice of words, it would seem that 'development' aspirations became from an exclusively initial Anglo-American draft, whereas Mexico attended the Conference where that initial draft was written. And moreover, Mexico raised the topic of development all the way along.

In this context, it is important to recognize Helleiner's acknowledgement of Mexico's proposals regarding the IBRD, highlighting Mexico's role advocating for economic development loans. Helleiner argues that:

The Mexican delegation also pushed for stronger development wording in the Bank's general loan provisions. After a sentence that read "the resources and facilities of the Bank shall be used exclusively for the benefit of members," Mexico proposed adding the following line: "The Bank shall give equal consideration to projects for development and to projects for reconstruction, and its resources and facilities shall always be made available to the same extent for either kind of project."⁴¹⁹ In an accompanying statement prepared and presented by Urquidi, the Mexican government stated that it did not want "to impose on the Bank a rigid fifty-fifty rule," but felt that the new sentence was important to guarantee that the Bank would focus on development issues. As Urquidi put it, "in the very short run, perhaps reconstruction will be more urgent for the world as a whole, but in the long run, Mr. Chairman—before we are all too dead, if I may say so—development must prevail if we are to sustain and increase real income everywhere." Urquidi also noted that Mexico and other countries "have resources which are still untapped" and "a large part of our population has not yet attained an adequate standard of living." He continued: "If we tackle these—and for that we require sums of capital we do not dispose of at home—we will undoubtedly benefit not only ourselves but the world as a whole, and particularly the industrial nations, in that we shall provide better markets for them and better customers."⁴²⁰ (my emphasis)

⁴¹⁸ Suárez, Eduardo (1977). *Op. Cit.*, pp. 136-139, and 272-288.

⁴¹⁹ Helleiner, Eric (2014). *Op. Cit.*, "US State Department 1948, 373–74. See also Urquidi 1996, 41," p. 164.

⁴²⁰ Helleiner, Eric (2014). *Ibid.*, "US State Department 1948, 1177, 1176, 1176–77. See also Urquidi 1996, 42," p. 164.

Therefore, in the end, Helleiner recognizes Mexico's advocacy for loans to support economic development, which is a very important part of both Mexico's participation at Bretton Woods, and of the Conference itself to the world.

However, the next paragraph in Helleiner's chapter is a little bit confusing because it considers three of the Mexican proposals as only one, and thus, there is no clarity in the purpose of each one of them. According to Helleiner:

Urquidi also highlighted one further point that spoke directly to Latin American support for the Bank. He noted that Mexico and many other Latin American countries were being asked to contribute funds to the Bank that could otherwise be used for "the import of capital goods for our development." For this reason, they needed to be assured that their "requests for capital for development purposes" would be given equal consideration as those for reconstruction.⁴²¹ This issue had in fact become quite politicized among the Latin American delegations at the conference. If IBRD's resources were going to flow largely to Europe for reconstruction purposes, some Latin American officials began to talk openly about refusing to contribute to the Bank. Brazil's Souza Costa worked hard to prevent this outcome, arguing that the IBRD would increasingly shift its lending away from Europe over time to serve development goals, and that Latin America would also benefit directly from European reconstruction in terms of enhanced exports.⁴²² Latin American concerns were partially addressed by an offer from the Canadian and Chinese delegations to increase their quotas in the Bank in order to allow Latin American countries to reduce their contributions.⁴²³ Brazil, Mexico, Cuba, Peru, and Colombia also all agreed to contribute a little more to offset the lower commitments of other Latin American countries.⁴²⁴ (my emphasis)

In this citation, three of Mexico's proposals at Bretton Woods were 'sorted' by Helleiner in one big argument. Thus, this dissertation presents a framework of the three Mexican proposals being discussed in the previous quotation. First, it is worthwhile to highlight that advocating for economic development in Latin America specifically, and in developing countries in general, is

⁴²¹ Helleiner, Eric (2014). *Ibid.*, "US State Department 1948, 1177," p. 164.

⁴²² Helleiner, Eric (2014). *Ibid.*, "Otávio Gouvêa de Bulhões, "A Conferencia de Bretton Woods ante os problemas da estabilidade das moedas no câmbio, a concessão de recursos a prazo curto e os investimentos a prazo longo," August 19, 1944, pp. 47–49, FGV, SC mf/dG 1944.05.08 II-10. See also Souza Costa 1944," p. 164.

⁴²³ Helleiner, Eric (2014). *Ibid.*, "Mikesell 1994, 41; Bittermann 1971, 74," pp. 164-165.

⁴²⁴ Helleiner, Eric (2014). *Ibid.*, "D, book 756, pp. 4, 8," p. 165.

analyzed with more detail in Sections: 6.4 (As a Leading Latin American Country Politically and Economically, Mexico Advocating for Economic Development), 6.4.1 (Mexico's Proposals for the IBRD), 6.4.1.1 (Development as a Main Goal alongside that of Reconstruction), and 6.4.1.2 (Veto Power of Lending Countries). Second, Mexico's role of promoting a higher participation in the IMF quotas for deciding the currency exchange rates is analyzed in Sections 6.3.1.3 (Mexico's Proposal on Allocation of Quotas to be Used to Change the Gold-Value of the Currencies of the Member Countries), 6.3.1.3.1 (Mexico's Statement on Changing the Gold Parities of Currencies), and 6.3.7 (Mexico's Address before Commission III on the Proposal on Silver: the Appeal to the Human Implications that this System Imposed on the Poorest—"the So-Called Backward Peoples of the Earth"). These two topics are explained below.

The first reason why Section 6.4 is mentioned above is because Mexico had two important proposals regarding the IBRD. First, as already stated, to include the goal of development alongside that of reconstruction. And second, to eliminate the veto power of lending countries for deciding if developing countries could use their loans for investing in their industries. The rationale of this second proposal was because if developing countries were not allowed to buy capital goods in order to boost their economies (which is what Urquidi was referring to in Helleiner's quotation "the import of capital goods for our development"), how then could they increase their own development. However, from Helleiner's quotation it would seem that these two purposes, i.e., the goal of development for the IBRD and the veto power of lending countries, were related to each other, whereas they were separate issues (and proposals presented by the Mexican delegation).

The second reason why Section 6.4 is mentioned here is because of the second part of Helleiner's paragraph, regarding Mexico's proposal on allocation of quotas to be used to change the gold-value of the currencies of the member countries. From Helleiner's choice of words, it would seem that some Latin American countries were offered an increased participation in the financial contributions in order to foster development purposes at the IBRD. However, the main point of those additional financial contributions was that some countries offered to pay themselves so that other Latin American countries could participate in these international institutions, and thus that the developing countries could effectively participate in the decision-making of currency exchanges. As explained in Section 7.3 (Bretton Woods as a Neo-colonial Attempt at Global Governance?) the allocation of quotas at the IMF was being designed so that the three winners of the Second World War could determine the currency exchanges of the rest of the countries, which

was anti-democratic. Thus, Mexico proposed a formula by which developing countries, despite their inferior number of quotas, would have a more representative participation on those decisions.

5.4.4.3 Mexico's Misunderstood Proposal to Include Development among IBRD's Goals

A last point mentioned by Helleiner was the negotiation of the goal of development alongside that of reconstruction of the nations affected by the war. Again, from Helleiner's choice of words, it would seem that Mexico was adamantly proposing a fifty-fifty allocation of the Bank's resources, whereas that is definitely not what Mexico proposed. Thus, Helleiner's words are presented below, and then Mexico's words are included in the following analysis:

*Particularly helpful in shoring up Latin American support for the Bank, however, was the reception of Mexico's proposed amendment. After Cuba endorsed Mexico's proposal, a Dutch delegate pointed out that if the conference adopted the Mexican wording, development lending would in fact have to decline as reconstruction needs diminished (because the Bank's resources had be used equally for development and reconstruction).*⁴²⁵

While approving the "spirit" of the Mexican proposal, Keynes then quickly suggested slightly alternative wording that Mexico immediately welcomed and that was refined by a drafting committee as follows: "The resources and the facilities of the Bank shall be used exclusively for the benefit of members with equitable consideration to projects for development and projects for reconstruction alike."⁴²⁶ Two days later, Poland attempted to prioritize reconstruction lending by suggesting one further clause at the end of the sentence: "with due regard to the extreme urgency of immediate post-war reconstruction of war-torn areas."⁴²⁷ But Keynes and the lead US official involved, Dean Acheson, favored equal treatment of reconstruction and development loans and Acheson later reported that "the solid weight of the Latin American delegations threw the decision our way."⁴²⁸ The

⁴²⁵ Helleiner, Eric (2014). *Ibid.*, "Howson and Moggridge 1990, 180," p. 165.

⁴²⁶ Helleiner, Eric (2014). *Ibid.*, "Quote from US State Department 1948, 496. See also Schuler and Rosenberg 2012, 528-30," p. 165.

⁴²⁷ Helleiner, Eric (2014). *Ibid.*, "US State Department 1948, 581. Before the conference, Czechoslovakian officials had also pressed for priority to be given to reconstruction lending; "Meeting on the Bank in Room 218, April 29, 1944," HDWP, box 8, folder 4," p. 165.

⁴²⁸ Helleiner, Eric (2014). *Ibid.*, "Acheson 1969, 84. For the broader Latin American support, see also Oliver 1961b, 3. Acheson states that White disagreed with his and Keynes's view but he provides no details. Perhaps he is referring

drafting committee's formulation was then endorsed formally.⁴²⁹ In these ways, Mexico and other Latin American countries helped to defend and strengthen the development focus of the Bank, although Urquidi himself worried after the conference that the Bank would still put "too little emphasis on development" and its activities "would be mostly to supplement private investors . . . instead of lending its own money."⁴³⁰ (my emphasis)

Thus, from Helleiner's choice of words, it would seem as though the negotiations improved after Mexico approved an amendment so that there would not be a 50%-50% in the projects supported by the Bank. However, Mexico never proposed such a thing. As evidence, this dissertation includes the proposed amendment to the draft that Mexico presented in regard to the purposes of the Bank, as well as the statement that accompanied this proposal. The full documents can be found in Appendix VIII of this dissertation, and a summarized quotation is presented below.

First, Mexico's proposed amendment to the draft in regard to the purposes of the Bank was presented in these terms:

Article I

Purposes of the Bank

The purposes of the Bank shall be the following:

- 1.—To encourage permanently the economic development of member countries.
- 2.—To assist, during the first post-war years, in the reconstruction of member countries and in the transition from a war time to a peace-time economy.
- 3.—To coordinate its financial operations with those of other international and national financial agencies.
- 4.—To cooperate with all the agencies which the United and Associated Nations have created or may create.

To achieve these purposes, the Bank shall facilitate the provision of long-term capital for productive purposes, either by guaranteeing and participating in loans made by

to a subsequent dispute he had with White had over a proposal (designed to satisfy the Soviet Union) to allow the Bank to give special regard to lightening the terms of loans to countries that suffered devastation from enemy occupation or hostilities. Acheson strongly opposed the proposal on the grounds that Latin America might think it undermined the "Keynes compromise" (MD, book 755, pp. 208), but White thought these fears were overblown. The proposal was subsequently approved (MD, book 755, pp. 203–9; US State Department 1948, 827–28, 923–24, 988),” p. 165.

⁴²⁹ Helleiner, Eric (2014). *Ibid.*, “US State Department 1948, 593–94,” p. 54.

⁴³⁰ Helleiner, Eric (2014). *Ibid.*, “Quotes from his original notes in Urquidi 1996, 43,” p. 165.

private investors, or when private capital is not available on reasonable terms, by furnishing capital out of its own resources.⁴³¹ (my emphasis)

As can be seen from this excerpt, Mexico proposed to include “to encourage permanently the economic development of member countries.” Mexico never asked for a “fifty-fifty” allocation of the IBRD’s resources.

Second, Mexico defended its posture described above, through a Statement, in these words:

Mr. Chairman, Fellow Delegates:

On behalf of the Mexican delegation, may I be allowed to make a brief explanatory statement on the alternative provision submitted by us which is now before you.

It may appear to some of you that our proposal would rather hamper the Bank’s reconstruction operations during the first few years. But I wish to assure you, gentlemen, that it is very far from our purpose to place obstacles in the way of reconstruction. We are fully aware of the damage that the war has done to the productive capacity of our Allies in Europe and in Asia, and we realize also that, once liberated, the territories now occupied by our enemies will require a great deal of capital in order to be set afoot again. We are no less aware of the direct sacrifices undergone by all those nations. Therefore, it is not with a spirit of denying them a substantial measure, of the Bank’s resources that we have introduced this—to our mind—important amendment.

Our reasons for asking you to provide that “reconstruction” and “development” be put on the same footing are threefold:

First, we believe that the agreement we are to reach here is to be embodied in a permanent, and not in a provisional, international instrument. Therefore, it seems to us inappropriate that the document should not contain an equal emphasis on the two great purposes of the Bank, namely, to facilitate reconstruction and development. In the very short run, perhaps reconstruction will be more urgent for the world as a whole, but in the long run, Mr. Chairman—before we are all ‘too’ dead, if I may say so—development must prevail if we are to sustain and increase real income everywhere. Without denying the initial importance of reconstruction, we ask you not to relegate or postpone development.

⁴³¹ US Department of State. *Op. Cit.*, Document 290, “Commission II, Bank for Reconstruction and Development, Proposed Amendment to Draft,” presented by the Mexican delegation, p. 485.

Secondly, we believe that we and other nations not actually in need of funds for reconstruction, can greatly assist in the reconstruction of those who do necessitate it, provided our economies be developed more fully at the same time as the rehabilitation of the war torn nations takes place. *We have resources which are still untapped. A large part of our population has not yet attained an adequate standard of living. And yet we have not hesitated to throw in our lot with our Allies, disregarding temporarily our own wide domestic problems.* If we tackle these—and for that we require sums of capital we do not dispose of at home—we will undoubtedly benefit not only ourselves but the world as a whole, and particularly the industrial nations, in that we shall provide better markets for them and better customers. *We submit, therefore, that capital for development purposes in our countries is as important for the world as is capital for reconstruction purposes.*

Third and last—and we again wish to emphasize that it is with no unfriendly spirit that we make this reference—we should like to *call your attention to an important provision of the draft (Article II, Section 5-A), which states that payments in gold shall be graduated according to a schedule that shall take into account the adequacy of the gold and free foreign exchange holdings of each member country.* We believe that, having in mind the position in which the war devastated countries are, this is only fair; and we have no intention whatever of grudging one ounce of our contribution in gold. *But since we happen to have unprecedented holdings of gold and foreign exchange—we speak for the great majority of Latin American nations—and since we feel that we have before us an opportunity of devoting part of our holdings to the import of capital goods for our development, it is our considered opinion that in contributing part of them, ungrudgingly, to the Bank, for the benefit of all the nations constituting it, we should desire at least the assurance that our requests for capital for development purposes shall, in the words of our amendment, be given equal consideration as is given to reconstruction projects, and, further, the assurance that the resources and facilities of the Bank shall always be made available to the same extent for either kind of project.*

We do wish to make it perfectly clear, however, Mr. Chairman, that we do not desire to impose on the Bank a rigid fifty-fifty rule. We believe some discretion on the Bank's part should be provided for. Furthermore, what we ask is only that the Bank's resources and facilities be made available. *Thus, in the event that countries requesting loans for*

development purposes do not use up the resources and facilities made available to them, countries requiring loans for reconstruction projects could have a claim on the unused funds.

In conclusion, may we emphasize that we do not contemplate a rigid interpretation of the phrase “to the same extent”, but that we do think it is a principle which should be embodied in the instrument we are endeavoring to draw up. We are perfectly willing to accept a better wording of our proposed amendment, so long as the same principle is preserved in it.⁴³² (my emphasis)

This piece clearly shows that Mexico never asked for money or resources to be distributed in the same quantities for reconstruction and development goals, when it asked that one of the goals of the Bank should be “to encourage permanently the economic development of member countries.” This excerpt might seem somewhat long, but it is short if considered the other speeches where Mexico supported its proposals, all of which are included in the Appendices. All this material is included in this dissertation so that the real ideas presented by the Mexican delegation at Bretton Woods are thoroughly considered, and not only from the eyes from the author of this dissertation.

5.4.4.4 Mexico’s Position on the Issue of the Fluctuating Price of Silver

It is also important to mention the important point regarding silver. Helleiner mentions that:

Earlier in 1943, both Urquidi and [Chile’s] Max had also argued firmly that Latin American countries would be unlikely to maintain stable exchange rates unless international commodity prices were regulated more effectively. (my emphasis)

This quotation sheds light on a vital topic, which was the fluctuations in the price of silver. Mexico presented strong arguments regarding this idea, some of which have been briefly summarized in Section 5.4.4.1 (Mexico was not Looking for Assistance nor Postwar Goals, but Rather for Loans to Boost its Economic Development) but will be deeply studied in Chapter 6 because those arguments disagreed with the main monetary policy of the Bretton Woods Conference, i.e., the gold standard.

⁴³² US Department of State. *Ibid.*, Document 306, “Press Release: Statement by Delegation of Mexico at Meeting of Commission II, July 11, 1944,” presented on July 12, 1944, pp. 1175-1177.

In this regard, it is important to mention that in the section of Helleiner's chapter titled "Commodity prices, trade protection, and policy autonomy," he mentions that:

*In the realm of exchange rate policy, a number of Latin American policy makers pressed for flexibility in rules during the mid-1943 consultations. As Chile's Max told British officials, "it is much easier for the industrial nations to agree to maintain stability of exchange rates than for the South American primary producers with their wide swings."⁴³³ Latin American preferences for adjustable exchange rates were accommodated to some extent by the Anglo-American Joint Statement which allowed adjustments of exchange rates up to 10 percent in value without requiring Fund approval. *At the Bretton Woods conference itself*, countries such as Peru continued to stress that the Fund would need to allow exchange rate adjustments in order to prevent "small, raw material exporting countries" from suffering from the deflationary policies that some had experienced during the depression when they had failed to devalue.⁴³⁴ *Mexico even pushed for an amendment allowing smaller countries (defined as those with less than 10 percent of the aggregate quotas) to adjust their exchange rates up to 20 percent, although the proposal did not receive sufficient backing.⁴³⁵ (my emphasis)**

This passage sheds light on the very important issue of establishing the currency exchanges. The system proposed at the conference by the three largest countries (i.e., the United States, the United Kingdom and its Commonwealth, and the Soviet Union), was that these countries would be entitled, by the terms of the Agreement, to decide the currency exchanges in relation to gold, and thus the price of the money of the countries of the world. This issue is more broadly analyzed in Section 7.3 (Bretton Woods as a Neo-colonial Attempt at Global Governance?), but it is good to mention here that it had to do with the conception of sovereignty that was being applied to the developed versus the developing countries, also studied in Section 4.1.1 (Washed Out Sovereignty. The End of Classical International Law).

⁴³³ Helleiner, Eric (2014). *Op. Cit.*, "Watson to Philipps, May 2, 1943, p. 2. Mexican and Costa Rica also stressed in their mid-1943 consultations with White that they would want to continue to adjust their exchange rate after becoming members of the Fund. Deutsch, "International Stabilization," p. 7; Mexican Government, "Memorandum on Changes in Rates," May 28, 1943, HDWP, box 8, folder 2; "Memorandum of a Meeting" (May 25, 1943); "Memorandum of a Meeting on the International Stabilization Fund in Mr. White's Office, July 20, 1943," ITM, box 21," pp. 170-171.

⁴³⁴ Helleiner, Eric (2014). *Ibid.*, "S State Department 1948, 744," p. 171.

⁴³⁵ Helleiner, Eric (2014). *Ibid.*, "S State Department 1948, 95-96, 225. Brazil also favored exchange rate flexibility; Pinho Barreiros 2009," p. 171.

Now, another important misunderstanding about this topic was the support that Mexico gave to the Bretton Woods Agreements. In this regard, Helleiner mentions the following:

*During their mid-1943 consultations with White, some Latin American policymakers also wanted to know whether they would be able to retain their exchange control regimes if they joined the Fund. Even countries such as Mexico that did not employ exchange controls had strongly favored White's initial proposals for international cooperative initiatives to control capital flows.*⁴³⁶ Again, Latin American preferences were partially accommodated in this area. Although White's proposals for mandatory cooperative controls disappeared, IMF members were given an unconditional right to employ national capital controls. As White explained to Latin American countries in 1943, exchange controls were also allowed as long as they were aimed only at controlling capital movements and did not restrict current account transactions.⁴³⁷ (my emphasis)

From Helleiner's choice of words, it would seem that Mexico had favoured White's initial proposal for international cooperative initiatives to control capital flows. However, what this quotation does not state is that those "international cooperative initiatives" became an hegemonic project from the three winners of the Second World War to dominate the gold standard monetary system of the postwar world. This hegemonic project consisted of having almost 80% of the IMF quotas, and thus the votes for deciding the currency exchanges of all countries. In this regard, it is helpful to directly read Mexico's actual words, as evidence of its real position regarding silver—which is very different from Helleiner's choice of words: "strongly favored White's initial proposals for international cooperative initiatives to control capital flows."

In this way, Document 235 of the referred repository is presented here, which contains the "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III." This report was presented at the meeting of Commission III, on July 10, 1944, and contains (among other eight proposals of diverse countries), the proposal from the Mexican delegation regarding the gold standard, which is quoted below:

⁴³⁶ Helleiner, Eric (2014). *Ibid.*, "Memorandum of a Meeting" (July 25, 1943). For other Latin American support for capital controls, see for example Eckes 1975, 92; Pinho Barreiros 2009; "Memorandum of a Meeting" (July 20, 1943)," p. 171.

⁴³⁷ Helleiner, Eric (2014). *Ibid.*, "See for example "Memorandum of a Meeting on the International Stabilization Fund in Mr. White's Office, July 8, 1943, 1943," and "Memorandum of a Meeting" (July 20, 1943); "Memorandum of a Meeting on the International Stabilization Fund in Mr. White's Office, May 17, 1943," BP, box 69," p. 171.

1. *Proposal on silver submitted by the Mexican delegation.*⁴³⁸

Whereas it is undeniable that about half of the world's population prefers silver coins to any other kind of currency for everyday use and trade, as well as for hoarding;

Whereas the economically weaker silver-using nations of the world, upon becoming members of the proposed International Monetary Fund, would in fact agree, among other things, to collaborate with the stronger nations in the establishment of a world-wide free market for gold, and in the maintenance of a stable and fair price for that metal;

Whereas it is just and fair that, in due correspondence, the economically stronger countries should agree to extend their cooperation to the economically weaker ones, in order that silver may also have an ample market and a relatively stable and fair international price;

Whereas, to comply fully with the proposed agreement, the silver-using peoples would need proportionately larger, and therefore more burdensome, monetary reserves, since besides their normally heavy investments in silver coins, they would also have to maintain a gold reserve proportionately as large as that of any gold-using nation;

Whereas it is not fair that the economically weaker peoples should carry the whole weight of their silver stocks, as well as the heavy losses caused by the wide fluctuations of their international value, and carry besides their proportionate share of the gold stocks;

Whereas it has been fully demonstrated by the farsighted policy of the United States during the past decade, that it is not only possible but equally feasible, without the slightest danger to the monetary equilibrium even of a single nation, to maintain stable the relative international prices of gold and silver, and to stabilize both prices in terms of a single currency;

Whereas it should be relatively easier and less costly for the United and Associated Nations to establish a fair and reasonable international price for silver than to fix one for gold, inasmuch as the present value of the visible stocks of gold is around thirty billion dollars, while that of silver is only a fifth or a sixth of that amount;

Whereas one of the main purposes of this Conference should evidently be, not to select gold or anything else as a metallic standard which would lead the world back into

⁴³⁸ This proposal is also contained in US Department of State. *Op. Cit.*, Document 189, "Mexico's Proposal on Silver, Submitted for consideration by Commission III," pp. 227-230.

the rigidity of an arbitrary yardstick for national and international values, but rather to lay the foundations of a well-integrated world monetary system, wherein certain important currencies generally accepted in international trade, as well as gold and silver itself, can and should be used to great advantage, each to fulfill a different international function;

Whereas in the proposed agreement it is foreseen that the Monetary Fund may be forced to change the price of gold in terms of all the member countries' currencies, in order to provide additional means of international payments;

Whereas silver, because of its traditional monetary use by approximately half of the inhabitants of the world, can and should be used as a collateral monetary metal for meeting such increases in credit requirements of member countries;

Whereas in principle there can be no better grounds for pegging the price of gold in terms of the United Nations' currencies, than those for preventing the wide fluctuations of the international price of silver, in relation to the same currencies;

Whereas the wide fluctuations in the international value of silver besides placing a heavy risk on the shoulders of those countries least able to carry it, are the direct source of recurrent dislocation of the monetary system of silver-using countries; and

Whereas it is technically possible to achieve a minimum price of gold and a maximum price for silver in terms of all the currencies of member countries;

The Mexican delegation presents for the consideration of this Conference the following tentative plan to link silver with gold for international monetary purposes:

- I. That the Monetary Fund should buy and sell from and to member countries gold and silver together and jointly, at the fixed rate in terms of member currencies and in a ratio of, say, one ounce of pure gold to ten ounces of fine silver.
- II. *That member countries would agree to buy and sell from and to the Fund, and from and to one another, gold and silver together and jointly, at the same rate and in the same ratio as above.*
- III. That the Fund should have power:
 - a. To alter permanently, by a four-fifths majority vote, the proportions of gold and silver set forth above in I and II, only when a permanent and

fundamental change in the average yearly rate of production and consumption of both metals has taken place; and

- b. To eliminate silver entirely but temporarily from its joint purchases and sales of gold and silver, and to permit member countries to do likewise, only when and just as long as, due to an increase in the price of silver, over and above an agreed ceiling, the price of one ounce of pure gold in the basic composite unit as defined under I and II above, should be less than the agreed minimum price of thirty-five U. S. dollars per ounce.

The Mexican delegation submits to this Conference the following RESOLUTION:

- A. That the Fund shall determine the feasibility of linking silver with gold for international monetary purposes, in accordance with the formula pre-inserted or any other formula;
- B. That the Fund shall be authorized to carry out whatever policy it deems appropriate as regards the proper role and function of silver within the international monetary structure.

* The Agenda Committee recommends that this proposal be referred to Committee 1 on the use of Silver for International Monetary Purposes.⁴³⁹ (my emphasis)

This quotation makes evident that Mexico had its own proposals regarding silver, due to the patent drawbacks of the draft presented by the United States and the United Kingdom's officials. Here, it is important to highlight that Mexico presented these proposals so that the IMF would accept silver as a monetary reserve alongside gold, and that this reserve would serve as collateral in international loans. Mexico did explain, throughout all the speeches addressed in this section, plus in Section 5.4.4.1, as well as in Chapter 6, that the silver-producing countries were absorbing nationally the costs of the international community's use of the gold standard, and thus they were paying in this way the opportunity costs of their own development goals because they could use that money for their domestic infrastructure projects.

Moreover, Mexico thoroughly explained that in order to stabilize the price of gold internationally, the silver-producing countries were absorbing the costs of bearing the gold

⁴³⁹ US Department of State. *Ibid*, Document 235, "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III," presented at the meeting of Commission III, on July 10, 1944, pp. 326-333 (esp. pp. 327-329 and 333).

standard: by minting and melting silver, as well as by buying and selling this metal in the international markets, whenever there were economic expansions and contractions. In doing so, Mexico, which produced 40% of silver in the world, was absorbing the costs of maintaining the gold standard also because silver became more expensive as a metal than as a currency. This monetary fact had a very important implication: Mexico was respecting the exchange rate of gold and silver established by the United States, in order to support its allies during the Second World War, but Mexico was simply stating that it could not continue absorbing the costs of maintaining this monetary system forever, that is, in the postwar system that was being created at Bretton Woods.⁴⁴⁰ Then, if in addition to all these costs, Mexico needed to convert its monetary reserves from silver to gold in order to comply with the initial draft of the Bretton Woods Agreements, this burden would be completely inefficient, unfair, and practically unfeasible. Therefore, Mexico claimed that a technical analysis of its proposal should be undertaken, rather than examining it with bias and prejudice towards developing countries.

5.4.4.5 Latin America in the Embedded Liberal Ideology that Underlays the Bretton Woods Agreements

Helleiner explains that when the conference took place, it was attended by experts from Latin America and the United States. It included key figures such as Paraguay's Prebisch, Brazil's Bulhões, Chile's Max, and Mexico's Villaseñor. This initiative agreed to create a permanent committee of central banks that would share information, training, and technical personnel. Eventually, this effort led to the creation in 1952 of the Center of Latin American Monetary Studies, an institution that became highly prestigious for central banks during the following two decades.

An interesting point explained by Helleiner is Prebisch's role for the developmentalist studies and practices. He presents it with these words:

Prebisch was a key figure at the 1946 conference, highlighting how “periphery” countries were deeply affected by the “core,” a point that apparently found widespread agreement

⁴⁴⁰ Schuler, Kurt (2013). Op. Cit.

*among the Latin American delegates.*⁴⁴¹ There were also some interesting disagreements among the luminaries at the meeting. While Triffin and Prebisch advocated exchange controls to handle balance of payments problems, Max preferred exchange rate flexibility.⁴⁴² In earlier correspondence with Triffin, *Urquidi had also raised the question of whether a more flexible exchange rate might be preferable for Latin American countries to fixed rates defended by exchange controls, given how difficult the latter were to administer.*⁴⁴³ These disagreements did not question the new Bretton Woods embedded liberal paradigm for Latin America, but rather concerned the most appropriate mechanisms for adjusting to balance of payments disequilibria in a manner that would not involve too much of a sacrifice of national policy autonomy. *There were no calls for a return to the gold standard.* Even FRBNY economists acknowledged that adjustments to balance of payments deficits “probably cannot be done by deflation” anymore.⁴⁴⁴ *In this way, the Mexican central bank meeting symbolized the triumph of the new intellectual framework. While the European-dominated BIS remained a bastion of liberal orthodoxy in this period, this new Pan-American gathering included central bankers who were a vanguard of the Southern dimension of the new embedded liberal ideology that underlay the Bretton Woods agreements.*⁴⁴⁵ (my emphasis)

This is a very meaningful and a very representative example of Helleiner’s book. First, it shows the main theoretical developmentalist framework, with the concepts of the core and the periphery. Second, it also makes evident the interest of the Latin American countries in flexible exchange rates, rather than in fixed exchange controls, for adjusting the balance of payments. Moreover, it specifically states that there was no interest in returning to the gold standard. Third, and furthermore, it illustrates how this Pan-American gathering of central bankers was a vanguard for the “Southern dimension of the new embedded liberal ideology that underlay the Bretton Woods

⁴⁴¹ Helleiner, Eric (2014). *Ibid.*, “Grove, “Report on Mexico City Conference of Central Bank experts,” September 25, 1946, ISF, box 21,” p. 181.

⁴⁴² Helleiner, Eric (2014). *Ibid.*, “Grove, “Report on Mexico City Conference,”” p. 181.

⁴⁴³ Helleiner, Eric (2014). *Ibid.*, “Urquidi to Triffin, February 17, 1945, p. 2, ISF, box 148. For similar critiques, see Triffin to Haberler, May 20 and June 27, 1946, CSF, 500.721; James Nelson to Triffin, March 10, 1945, ISF, box 101; William Neiswanger to Triffin, May 28, 1945, ISF, box 109. For Triffin’s critique of flexible exchange rates, see Triffin to Szymczak, “The Development of Exchange Control Policy for the International Monetary Fund,” p. 8, Draft 3/1/45, RTP, box 7,” p. 181.

⁴⁴⁴ Helleiner, Eric (2014). *Ibid.*, “L. W. Knoke and H. Wallich, “Final Report on Tour of Six South American Central Banks, April 3 to May 24, 1947,” August 8, 1947, p. 9, ISF, box 229,” p. 181-182.

⁴⁴⁵ Helleiner, Eric (2014). *Ibid.*

Agreements.” In this way, Helleiner is clearly making visible the forgotten or neglected foundations of this important period of global history.

Helleiner then makes a good segue for closing this chapter of the book reinforcing the way in which Latin American countries contributed to the Bretton Woods system:

Latin American policymakers played an important role in the creation of the Bretton Woods system. Besides their initiatives associated with the Good Neighbour financial partnership before the formal Bretton Woods negotiations began, they were also actively involved in the negotiations themselves, showing a particular interest in the question of how postwar plans could help achieve their development aspirations.⁴⁴⁶

This excerpt from Helleiner’s book clearly summarizes the two phases in which Latin America contributed to the Bretton Woods Agreements in the decade that preceded the Conference. First, by engaging with the Good Neighbour policies, and then with the negotiations themselves, highlighting the Latin American interest to foster economic development in the region.

In this way, he continues by providing a detailed summary of the way in which Latin American countries played a key role in the Bretton Woods negotiations. A record of their contributions to the Conference, made from Helleiner’s chapter, is listed below:

1. They played an important role in protecting and bolstering the development lending role of the IBRD that many saw as a successor to the earlier IAB proposal.
2. They helped to strengthen the IMF’s “waiver clause,” which offered the possibility of greater short-term compensatory balance of payments financing for commodity exporting countries.
3. They called attention to two “development” issues on the international trade agenda that had been mentioned in White’s original plans, i.e., the need for:
 - i. Infant industry trade provision for poor countries, and
 - ii. Commodity price stabilization. Here, they secured the passage of a conference resolution that recommended governments reach an international agreement to address commodity marketing and prices.
4. They favored the provisions in the Bretton Woods proposals that protected their policy autonomy via exchange rates adjustments and capital controls.

⁴⁴⁶ Helleiner, Eric (2014). *Ibid.*, p. 182.

This (a somewhat summarized) quotation is very clear on the contributions presented by Latin America at the Bretton Woods Conference. Regarding the IBRD, for Helleiner the main contribution was to advocate for development of the Southern countries as a main goal, alongside that of reconstruction of the countries affected by the war. Regarding the IMF, for Helleiner the main contribution was to help to strengthen the “waiver clause” so that there was the possibility of short-term compensatory balance of payments. Regarding the development issues on the international trade agenda, they drew attention to topics such as infant industry trade provision for “poor countries,” and commodity price stabilization. Lastly, they promoted provisions to protect their monetary autonomy.

This dissertation elaborates on these interpretations, on the official archives of the Conference issued by the US Department of State in 1948, and on the memoirs of some of the Mexican officials that attended Bretton Woods, in order to vindicate *Mexico’s Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference*. In this way, Mexico’s participation and proposals at the Conference are thoroughly explained in Chapter 6 of this dissertation.

In addition, Helleiner summarizes the contributions of US officials to the Bretton Woods system in this way:

United States officials, for their part, saw the relevance of these provisions for Latin America. Their support was apparent not just in the Bretton Woods negotiations but also in the extension of Triffin’s popular financial advisory activities across the region in the immediate wake of the Bretton Woods conference. These missions helped secure Latin American backing for the Bretton Woods order by reinforcing the view that the latter was compatible with, and even actively helpful to their desire for policy autonomy to pursue state-led development policies.⁴⁴⁷

This quotation illustrates Helleiner’s view on the US officials. In this perspective, US officials saw the importance of the Latin American contributions to the extent in which these provisions secured Latin American support at the Conference. Additionally, thanks to the United States’ connection with Triffin, they also secured financial advisory activities across the region during this time. These missions were ultimately instrumentalized by the United States to reinforce the Latin

⁴⁴⁷ Helleiner, Eric (2014). *Ibid.*, p. 182.

American view that their development goals would be achieved thanks to this collaborative, that is, ‘multilateral’ cooperation.

Finally, Helleiner also mentions that both the US and Latin American officials who advocated for the development content of Bretton Woods, contributed to the Good Neighbour financial partnership policies. This relationship was very much influenced by the Mexico City Conference in 1945 (examined in Chapter 3 of this dissertation). Helleiner explains that this community of policymakers has received much less attention than the negotiations between Keynes and White, and that it is probably because Triffin and Prebisch were absent from the Bretton Woods Conference because of commitments with their own countries. Nevertheless, Helleiner acknowledges that “both Triffin and Prebisch deserve recognition for their role in helping to create a transnational expert alliance that backed the development foundations of the Bretton Woods order.”⁴⁴⁸

5.5 Discussion. The Aftermath and the Forgetting

In this section of the book, Helleiner concludes and makes a corollary about what happened in the world after Bretton Woods. He starts the Chapter by acknowledging that:

*This book has called into question some common understandings of the origins and content of the Bretton Woods system. It has shown that US policymakers explicitly sought to create a international postwar financial system that was supportive, rather than neglectful, of international development goals. White and other US officials initially had quite ambitious ideas in this area, ideas that built on US-Latin American initiatives of the late 1930s and early 1940s. These ambitions were tempered somewhat by the time of the Bretton Woods conference, but the commitment to promoting international development remained core to the US vision of the Bretton Woods system. This feature was apparent not just in US backing of various provisions of the IBRD and of the IMF’s articles of agreement but also in its financial advisory activities in Southern countries at the time. Officials from several other Northern countries also favored, to varying degrees, these international development goals.*⁴⁴⁹ (my emphasis)

⁴⁴⁸ Helleiner, Eric (2014). *Ibid.*, pp. 182-183.

⁴⁴⁹ Helleiner, Eric (2014). *Ibid.*, p. 258.

This paragraph is interesting because of two reasons. First, it summarizes the main idea of the book. Second, it concedes to US policymakers the intention and action of providing development provisions for economic development at the IBRD and the IMF, by choosing the words “*It has shown that US policymakers explicitly sought... that built on US-Latin American initiatives...*”.

Thus, what is the focus of Helleiner’s book? Is its focus to shed light on the *Forgotten Foundations of Bretton Woods*? That is, to elaborate on the developmentalist school of thought, who proposed it, and worked on it diligently? Or is its focus what the US-officials and other Northern countries sought? If the response is both, then why do the United States’ intentions seem a priority at the beginning of the paragraph? Here, we see the twofold argument again: because Latin Americans were given a seat at the table of negotiations, they made contributions regarding economic development—notwithstanding that it was precisely the Latin Americans who, according to Adolf Berle, Chair of the Subcommittee of the IFEAC, appointed by the Head of the US Department of State and of the US delegation, had the honors of the discussion:

... the Latin Americans, on the whole, have thought more deeply about this than the American experts; at all events, when we got through it seemed to me that the Latin Americans had all the honors of the discussion. Naturally, there was no point in saying this to the Treasury and Federal Reserve men...⁴⁵⁰ (my emphasis)

That is, Berle’s words make evident that the Latin Americans had the honors of the negotiations, which is very different to Helleiner’s choice of words of granting the US officials the recognition for the intention and ambition of economic development goals for Latin America. Berle’s statements are confirmed by this book itself and the official US archives that are studied in Chapters 6 and 7 of this dissertation. This quotation was initially discussed in Section 5.2.1 (Mexico’s Leading and Innovative Role in the Development of the Proposal). It is useful to bring it to this section on the “aftermath and the forgetting” because there is both a recognition of Latin America, which is present in the “US-Latin American initiatives,” but there is a secondary acknowledgment to the Latin American development contributions because they seem to be part of the US-officials’ “ambitious ideas.”

⁴⁵⁰ Helleiner, Eric (2014). *Ibid.*, ““December 14, 1939,” p. 4, BP, box 211,” p. 63.

5.6 Reflections. What is the Focus of the Analysis? The Proposals that Served US' Interests, and/or the Proposals that Can Serve the World?

This chapter presented the issue with the current state of the interpretation of Mexico's claims at Bretton Woods in comparison with the archival evidence. In this scholarship, it would seem that the role of developing countries was determined only to the extent in which they received a place at the table of negotiations, rather than acknowledging their claims for a more inclusive and fairer world. Thus, in analyzing Mexico's participation at the Bretton Woods Conference, in addition to having conducted a comprehensive study of the bibliographic sources, many specific details and excerpts were obtained from primary sources as proof of the comparison between the literature and the archival evidence. These primary sources consisted mainly of the *Proceedings and Documents of the United Nations Monetary and Financial Conference* held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944, issued by the US Department of State in 1948. All these records constitute over 1,800 pages that systematize the evidence and historic knowledge on these proceedings, in two volumes. These sources are included alongside some editorials from newspapers at that time, as well as the memoirs of some members of the Mexican delegation.

The current state of the literature intends to vindicate the neglected origins of the Bretton Woods Conference, by highlighting the negotiations between the United States and Latin America in the 1930s for an Inter-American Bank. These negotiations set the basis for mechanisms that would provide loans and commercial cooperation in order to promote trade and re-activate the economy after the Great Depression. This cooperation also led to a welcoming response from the Latin American countries to the approved agreements at Bretton Woods.

However, this argument is inaccurate because it would make it seem that the role of developing countries was determined only to the extent in which they received a place at the table of negotiations, rather than acknowledging their claims for a more inclusive and fairer world. In contrast, Mexico's real position went beyond these views because Mexico advocated for this new multilateral system to consider the human implications of the international economic order. Mexico's role was not just to "back" or legitimize the new international economic system that was being created at Bretton Woods, nor did Mexico only made some outlying contributions.

Mexico's proposals went to the core of the sustainability or endurance of the international economic order that was being created at the time, by considering its implications for the countries

that had to pay for the costs of the gold standard and that were not being effectively represented at the quotas for voting on the exchange rates. This assertion is the main contribution of this dissertation to the historiographies on multilateralism and Global Governance. Had Mexico been listened to, it is very likely that the economic multilateral system that we currently have would be more inclusive and fairer.

For example, when analyzed, the focus of Helleiner's book analyzed under Berle's words becomes unclear. Is its focus to shed light on the *Forgotten Foundations of Bretton Woods*? That is, to elaborate on the developmentalist school of thought, who proposed it, and worked on it diligently? Or is its focus what the US-officials and other Northern countries sought? That is, Berle's words make evident that the Latin Americans had the honors of the negotiations, which is very different to Helleiner's choice of words of granting the US officials the recognition for the intention and ambition of economic development goals for Latin America.

Another example is the fact of having presented Mexico's image as a country that 'confiscated' rather than 'expropriated' oil. The difference in these concepts, as explained in Section 3.6.4 (Mexico Oil Indemnified-Expropriation versus "Radical-Confiscation"), is the payment and the public interest of the concept of expropriation due to the abuses of oil companies, whereas confiscation refers to an illegal conduct in international law. Additionally, it is worth mentioning that the contributions of Mexican officials are profusely recognized throughout the section about Latin America. However, the support from this region of the world is confused to some extent with that of Cuba, which was under the United States' domain at the time, whereas Mexico's boldness represented Latin America at the Bretton Woods Conference. Latin America at the time behaved as a block for the approval of proposals that included development and the human considerations of international economic decisions. Another inaccuracy is the fact of confusing Mexico's interest in 'loans' for development, with 'assistance' for development, which is something that the Mexican delegation never asked for.

Moreover, despite Mexico's proposals having Berle's recognition (as quoted above) and Morgenthau's (as examined in Section 6.2.6 Remarks by the President of the Conference, Henry Morgenthau, before the Executive Plenary Session, and the Reply of the Mexican Delegate, Eduardo Suárez), Helleiner's book mentions that Mexico presented a "vague" proposal on silver at Bretton Woods. Mexico's proposals were far from vague: they were technical, insightful, and went to the core of the system that was being created at Bretton Woods because they promoted a

fairer and more inclusive postwar system. As Mexico's delegation argued, these proposals needed an unbiased technical analysis, as these were monetary decisions "small in economic dimensions but important in human implications."

As Mexico's delegate explained it: "if this or a similar attitude were to be applied to the rest of the problems of the postwar world," there was no way that that "world would be happy."

⁴⁵¹ That is, given that this international economic system that was being created was unbalanced from its origins, there would not be a fair treatment for all, and thus there would not be a leveled prosperity in the new multilateral system. Thus, the result of that not-inclusive system would seem to be connected, in addition to the failure and elimination of the gold standard since 1971, to the nationalist and populist movements around the world that complain precisely about the lack of fair and inclusive economic policies even within the developed countries.

Therefore, this dissertation builds on the analysis of the current state of the literature on Mexico's participation at the Conference, and it also analyzes this participation directly in more detail by drawing on the extensive archival evidence issued on the Bretton Woods Conference by the US government in 1948. Hence, I am the first scholar that articulates (as seen in the following chapter) that Mexico had three roles at the Bretton Woods Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions that were being made at the Conference.

⁴⁵¹ US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference. Bretton Woods, New Hampshire, July 1st to the 22nd, 1944*. Washington, D.C. Document 459, "Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III," presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Dr. Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, "Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation," July 20, 1944, pp. 1043-1044.

6. STUDY CONTRIBUTIONS. AN EVIDENCE-BASED ANALYSIS OF MEXICO'S PARTICIPATION AT THE BRETTON WOODS CONFERENCE AND ITS ADVOCACY FOR THE HUMAN IMPLICATIONS OF THE INTERNATIONAL ECONOMIC SYSTEM

“... Mexico feels certain that a monetary problem, small in economic dimensions but large in human implications, will receive due consideration...”⁴⁵²

~ Eduardo Suárez Aránzolo at the Bretton Woods Conference

6.1 Introduction. A Brief Compendium of Mexico's Participation at Bretton Woods

This chapter studies how the multilateral economic system as is currently known began with the Bretton Woods Agreements in 1944 (July 1st to the 22nd, in New Hampshire, US). Bretton Woods is important because it was the United Nations Monetary and Financial Conference that established the bases for the international postwar economic system. Thus, this chapter responds to the question: *how did Mexico's participation contribute to inform and shape the current multilateral order and its human implications in IPE?* Mexico had three roles at the Bretton Woods Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions and policies that were being made at the Conference.

First, Mexico's appointment as Chair of one of the three commissions of the Conference indicated recognition of five points: the importance of its economy, the international alliances at that time, its willingness to contribute to solve the postwar world's financial problems, the diplomatic abilities of the Mexican representatives, and the high esteem in which Mexico's leading

⁴⁵² US Department of State. *Op. Cit.*, Document 459, "Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III," presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190.

delegate was held. Additionally, Mexico's participation was also relevant since it was part of the "Coordinating Committee" alongside the US (as Chair), Brazil, China, the French Delegation⁴⁵³, the USSR, and Britain; as well as the "Steering Committee" composed of the US (as Chair), Belgium, Brazil, Canada, China, Colombia, the French Delegation, Iran, the USSR, and Britain.

Second, as a moral voice, Mexico strongly advocated for a more inclusive and fairer system. For example, Mexico claimed that in order to achieve that fairer postwar world, the currencies and metals of more countries should be included in the new financial system, not only the gold standard led by the richest countries. Furthermore, Mexico advocated that the rights of all peoples, as members of sovereign countries, should be taken into account when making the financial decisions regarding the price of currency exchanges.

Third, Mexico as a leading Latin American country politically and economically, advocated for economic development. Out of the 44 countries attending the Conference, 19 were Latin American and acted as a political block represented by Mexico. In this position, the Mexican delegation argued that the economic system of the postwar world should be one that would allow peace and prosperity for all the peoples of the Earth. Mexico was strongly committed to an international system that would be cooperative through the United Nations, to promote both reconstruction of the countries affected by the war, as well as development of the countries that needed to foster internal growth.

Through all these three positions, Mexico clearly advocated for a world in which economic decision-making at the global level would focus attention on its human implications. In this way, this dissertation eventually proposes the reflection that had the Bretton Woods Agreements been more inclusive of the countries with smaller economies, and towards the least favoured peoples residing within the dominant countries and regions, then the history of economic multilateralism would have been different, and the world would have inaugurated a very different economic multilateralism. Mexico was advocating to make a more flexible and inclusive international postwar monetary system through its proposals on silver, earmarked gold, and on voting changes in the rates of member currencies, as well as on changing the gold parities of currencies. The international economic system that the Mexican delegation foresaw had the goal to increase the real income of the peoples of the world, by leveling the playing field for all.

⁴⁵³ France was just a delegation at the time because it was under the Nazi occupation, but it counted with the support of the British government.

It is worthwhile to highlight that thanks to the archives issued by the US government, this chapter offers detailed discussions that comprise and support the main argument of this dissertation about the leading role of the Mexican delegation. For example, its speeches were very progressive by that time, given that the New International Economic Order (NIEO) movement would formally form until the 1970s. This historic fact is confirmed thanks to the historic archives of these speeches, issued by the US Department of State. Moreover, this dissertation elaborates on Mexico's specific proposals on: the inclusion of silver in the international monetary system, the gold reserves, and—the approved proposal for—the inclusion of the concept of 'Development' in the purpose of the International Bank for Reconstruction (the current World Bank), and even the supportive perspective of countries such as China and Peru on the proposals on silver. In this way, this careful study of the history of Mexico's participation at the Bretton Woods Conference reveals Mexico's leadership role, as well as the proposals brought forth by Mexico, both of which demonstrate the country's significance to the proceedings and to the history of international economic multilateralism.

6.2 Institutionally, Mexico Chairing One of the Three Commissions among Other Official Contributions

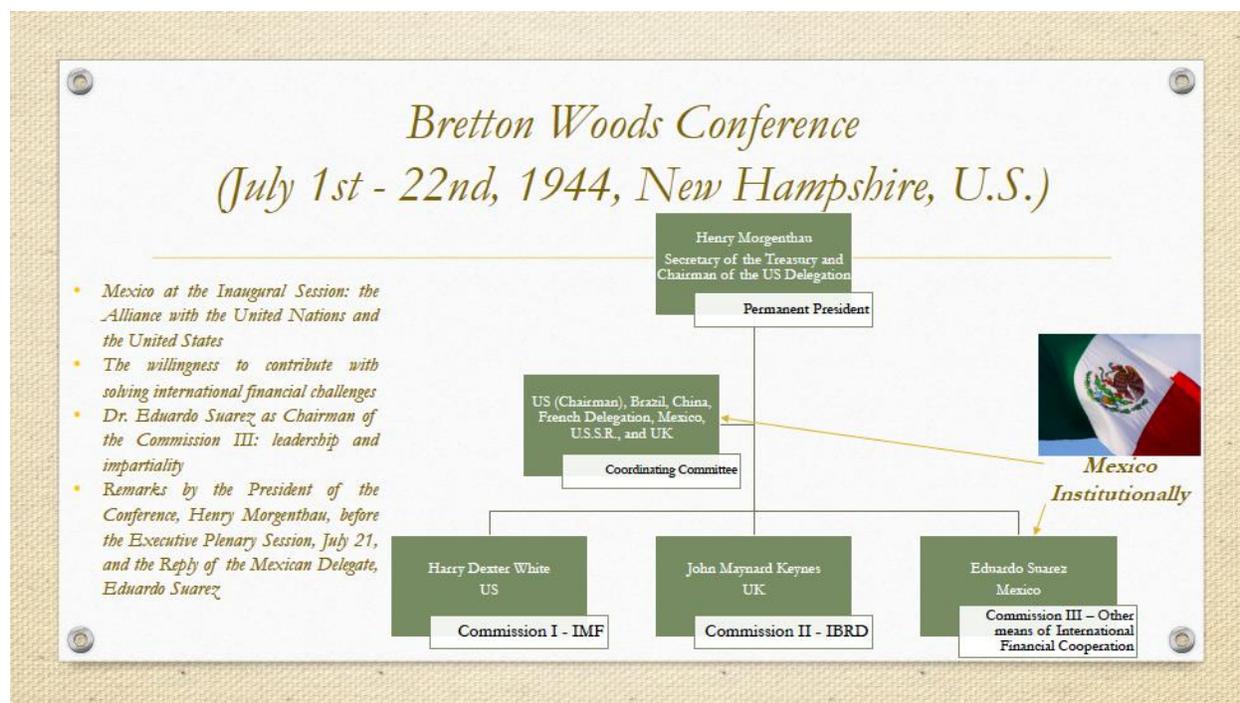


Figure 1. Mexico chaired one of the three Commissions (elaborated by the author)

6.2.1 Mexico as Chair of Commission I, and as Part of the Coordinating and Steering Committees of the Conference

The official documents of the Conference are contained in the *Proceedings and Documents of the United Nations Monetary and Financial Conference* held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944, issued by the US Department of State in 1948. These documents narrate that in order to carry out the works of the Conference, three technical commissions were created. Commission I, under the Chairmanship of United States' Harry D. White, was charged with formulating the Articles of Agreement of the IMF. Commission II, chaired by United Kingdom's John M. Keynes, assumed the same responsibility with respect to the IBRD.

Commission III, under the Chairmanship of Mexico's Eduardo Suárez was designated to consider other means of international financial cooperation.⁴⁵⁴

Mexico's participation was also relevant considering that it was part of the "Coordinating Committee" and the "Steering Committee" of the Bretton Woods Conference. In the former were included: Fred M. Vinson (US Chairman); Arthur de Souza Costa, Brazil; Ping-wen Kuo, China; Robert Mosse, the French Delegation; Eduardo Suárez, *Mexico*; A. A. Arutiunian, the USSR; and Lionel Robbins, the UK.⁴⁵⁵

Mexico was also part of the "Steering Committee." It was composed by: the US (Chairman), Belgium, Brazil, Canada, China, Colombia, the French Delegation, Iran, *Mexico*, the USSR, and the UK.⁴⁵⁶ Hence, if analyzed the composition of the "Coordinating Committee," its 7 members represented 6,490 million dollars, that is, 73.75% of the total of the quotas for voting currency exchanges at the IMF. By contrast, the weight of the 11 members of the "Steering Committee" was of 7,090 million dollars, that is, 80.6% of the total of the quotas for voting currency exchanges. In any case, what is important for this analysis is that Mexico was part of the governance committees of the Conference.

6.2.2 Reasons for These Important Roles

This meaningful role of chairing one of the three Commissions of the Conference, given to Mexico, was an indication of five important factors:

1. The importance of Mexico's economy.
2. Mexico's international alliances with Latin America.
3. Mexico's conviction of the role of the United Nations and the United States
4. Mexico's willingness to contribute to solve the postwar world's financial problems.
5. The diplomatic abilities of the Mexican representative, and the esteem in which he and his team were held.

⁴⁵⁴ Additionally, each Commission established Committees and Subcommittees, in order to solve the technical specificities that would arise, and the formal votes were only going to be taken at the three main Commissions. US Department of State. *Ibid*, "Introduction," pp. vi-vii.

⁴⁵⁵ US Department of State. *Ibid*, Document 509, Report of the Coordinating Committee, which met on July 21st, pp. 1079-1080.

⁴⁵⁶ US Department of State. *Ibid*, Document 443, "Final Act of the United Nations Monetary and Financial Conference," July 1 to July 22, 1944, 762. And, Document 492, "Final Act," July 1 to July 22, 1944, p. 935.

These five factors are analyzed in this and the sections ahead. First, *Mexico's role was determined to a large extent by its economy altogether with its international alliances with Latin America.* Blum explains that the two largest Latin American quotas in the IMF fell to Mexico and Brazil. The third largest quota was for Cuba, the fourth for Chile, and the fifth for Colombia. He explains that since Argentina was not one of the United or Allied nations, it was not represented at the conference, nor was it considered for a quota within the Fund.⁴⁵⁷

During the negotiations, the Quotas in the IMF were established as follows, as stated in the "Report of Quota Committee of Commission I," held on July 15, 1944:⁴⁵⁸

Quotas			
(In millions of dollars)	(In millions of dollars)		
Australia	200	Iran	25
Belgium	225	Iraq	8
Bolivia	10	Liberia5
Brazil	150	Luxembourg	10
Canada	300	Mexico	90
Chile	50	Netherlands	275
China	550	New Zealand	50
Colombia	50	Nicaragua	2
Costa Rica	5	Norway	50
Cuba	50	Panama5
Czechoslovakia	125	Paraguay	2
Denmark*	*	Peru	25
Dominican Republic	5	Philippine Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of South Africa	100
El Salvador	2.5	Union of Soviet Socialist	
Ethiopia	6	Republics	1200
France	450	United Kingdom	1300
Greece	40	United States	2750
Guatemala	5	Uruguay	15
Haiti	5	Venezuela	15
Honduras	2.5	Yugoslavia	60
Iceland	1		
India	400	Total	8800

*The quota of Denmark shall be determined by the Fund after Denmark accepts membership in accordance with Article XIX, Section 1.

Figure 2. Quotas in the IMF by country, in millions of dollars.

It is worthwhile to note the three facts that are highlighted in the Report presented by Fred M. Vinson (U.S.A.), Chairman. First, that the Report indicates that the Committee's recommendation was unanimous with the exception of reservations by China, Egypt, the French Delegation, India and New Zealand. Second, that the Mexican delegation agreed to relinquish \$10 million of its

⁴⁵⁷ Blum, John Morton (1967). *Op. Cit.*, p. 265.

⁴⁵⁸ This table is contained in: US Department of State. *Op. Cit.*, Document 395, Report of Quota Committee of Commission I," July 15, 1944, pp. 634-635. And in Document 472, "Report of Commission I (International Monetary Fund) to the Executive Plenary Session, Louis Rasminsky (Canada), Reporting Delegate," July 20, 1944, p. 907.

quota in favour of \$5 million each for Colombia and Chile (the table above includes these readjustments). Third, that the Committee was composed as follows: Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, Egypt, the French Delegation, India, Mexico, New Zealand, Norway, the United Kingdom, and the Union of Soviet Socialist Republics.

6.2.3 Mexico at the Inaugural Session: Alliance with the United Nations and the United States

At the inaugural session, Eduardo Suárez nominated Henry Morgenthau, Secretary of the Treasury and Chairman of the US delegation, to be Permanent President of the Conference.⁴⁵⁹ The motion was seconded by the Delegates of the Soviet Union, Canada, and Brazil,⁴⁶⁰ and then it was unanimously approved. In doing this proposal, Suárez highlighted that he submitted Morgenthau's name not only to follow customary procedure, but because of his merits and achievements on the international financial policy, which he expressed to be based on the:

Principle that the *national income* should be kept at the *highest possible level and distributed more equitably*, by means of the full utilization of manpower and resources. One of the teachings derived from that wise policy is that *external equilibrium and exchange stability* should not be sought at the expense of *internal equilibrium*. Rather, they should be fundamentally *the automatic consequence of an harmonious development of the national economies of all countries... Had it not been for the effective and timely action of the Treasury of the United States, the world would have remained for many more years in the throes of monetary chaos and competitive depreciation of currencies... We are confident that we shall attain full success in our endeavor to create a stable basis upon which nations can freely interchange their products, thereby raising the standard of living of humanity as a whole.*⁴⁶¹ (my emphasis)

This excerpt illustrates, in addition to the important role given to Mexico from the beginning of the Conference, *Mexico's recognition to the actions taken by the US Government*, in order to alleviate the world from the monetary and economic crises in which it was stuck during those

⁴⁵⁹ Suárez, Eduardo (1977). *Op. Cit.*, p. 132.

⁴⁶⁰ New York Times (1923-Current file). Porter, Russell. "Roosevelt Appeal for Unit Starts Monetary Parley; Word to Men of 44 Countries at Bretton Woods Asks Cooperation in Peace as in War." Jul 2, 1944; ProQuest Historical Newspapers: The New York Times pg. 1.

⁴⁶¹ US Department of State. *Op. Cit.*, Document 40, Minute of the Inaugural Plenary Session, July 1st 1944, pp. 75-76.

years. This speech was also a clear example of *Mexico's willingness to contribute, through the United Nations, to solve the postwar world's financial problems*. The goals to increase national income and to achieve a fairer distribution using manpower and resources are acknowledged altogether with the need for multilateralism to achieve “an harmonious development of the national economies of all countries.” Additionally, as studied in the previous sections, free trade was expected to increase peace and prosperity. Furthermore, Dr. Suárez was confident that this system would improve the living standards of the world.

6.2.4 Mexico's Willingness to Contribute to Solve the Postwar World's Financial Problems

Another firm and meaningful participation by Dr. Suárez was made at the First Session of Commission III, which was held on July 3rd. In his role as Chair of this Commission, he expressed:

... I assume that it is not necessary for me to stress to the members of this group the importance of the cooperative and united approach to the important international financial problems with which we are confronted. As members of the United Nations, we accept as a basic premise the desirability of working together to solve our common problems. ...

*... Without seeming to place undue limitations upon the range of subjects to be considered, I feel that our time will be most profitably employed if we restrict ourselves to problems predominantly financial and monetary, and international in scope. For instance, it has been suggested that there should be some international agreement with respect to the status of *earmarked gold*. Some delegations have privately expressed their concern over the fluctuations in international price levels to the extent that they are important to international exchange stability. Concern has also been expressed about the international monetary functions of silver, for it is felt that the habits and needs of the peoples who continue to use it have not been thoroughly considered and appraised...⁴⁶² (my emphasis)*

In this speech it is possible to appreciate *the commitment of Mexico, and of the international community, to the Bretton Woods Conference itself and to the United Nations*. This international engagement aimed to solve the economic problems that countries were facing. In addition, the topics of silver and earmarked gold are mentioned in a way to introduce them as problems to be

⁴⁶² US Department of State. *Ibid*, Document 49, Press Release: Remarks by the Honorable Eduardo Suárez, Chairman of Commission III, at First Session, July 3rd, 1944, pp. 1152-1154.

addressed, that had been privately tackled by some delegations due to international challenges regarding the prices of currency exchanges. These two topics are part of Mexico's proposals at the Conference, as shown in the following sections of this chapter.

6.2.5 Mexico's Eduardo Suárez as Chairman of Commission III: Leadership and Impartiality Recognized

The diplomatic abilities of the Mexican Finance Minister as Chairman of Commission III were also highlighted. At the last Executive Plenary Session of the Conference, on July 21st, Edward C. Fussell, New Zealand's delegate, highlighted the work undertaken by the Head of the Mexican delegation. In the Report of Commission III, he pronounced these words:

... The Commission has held three sessions under the most excellent Chairmanship of The Honorable Eduardo Suárez, Minister of Finance of Mexico, Chairman of the Mexican delegation. Though entire unanimity on all points was naturally not to be expected, it was largely due to his leadership and impartiality that the work of Commission III was brought so harmoniously to its successful conclusion. In saying this I am confident that I am expressing the feeling of every member of the Commission... ⁴⁶³

This quotation sheds light on the esteem and recognition in which the Mexican delegate was held. The New Zealand delegate mentioned that the proposals examined by the Commission "represent the views of people who had given long and careful thought to the subject matter of their recommendations." Likewise, that there was no limit to the number and variety of proposals that could be submitted. Thus, the unanimity on all points achieved by the Chairman was recognized by Commission III as a whole at the Executive Plenary Session of the Conference.

Therefore, both the entire unanimity on all points at the Commission, as well as the recognition expressed by his colleagues, show *the diplomatic abilities and the esteem in which Eduardo Suárez and his team were held.* In diplomatic careers these two characteristics are highly appreciated hitherto. They are indeed vital assets for any diplomat, and Mexico held these attributes with the greatest sense of patriotism, professionalism, and on behalf of the Latin

⁴⁶³ US Department of State. *Ibid*, Document 524, "Report of Commission III (Other Measures for International Monetary and Financial Cooperation) to the Executive Plenary Session," July 21st, 1944, Edward C. Fussell (New Zealand) Reporting Delegate, pp. 1093-1098 (esp. 1094).

American countries represented at the Bretton Woods Conference, which were 19 out of the attending 44 countries.

6.2.6 Remarks by the President of the Conference, Henry Morgenthau, before the Executive Plenary Session, and the Reply of the Mexican Delegate, Eduardo Suárez

The words spoken by Mr. Morgenthau to Mr. Suárez, and Mr. Suárez' response, are contained in the press release that was issued on July 21st:

I would like now to call on my very good friend, Mr. Eduardo Suárez. Before doing so, I would like to say that over a period of many years I have felt very fortunate that in our sister republic to the south, that Mexico has had as its Finance Minister for so many years a very able citizen in Mr. Suárez. Mr. Suárez and I are sort of old hands at being Ministers of Finance and we have had many, many problems in common not only financial, smuggling across the border, the very difficult question of narcotics, and in every case we in the United States feel that Mr. Suárez and his department have always cooperated fully with us to the end that today Mexico enjoys one of the finest financial reputations of any republic in the world. It is with great pleasure that I call upon my very old friend, Mr. Suárez...

In seconding the motion to approve the report of the Reporting Delegate for the Third Commission, I would very warmly thank the Secretary of the Treasury of the United States, Mr. Henry Morgenthau, who has been, during all the time that I have been Minister of Finance of Mexico, a great help, collaborating with my country in all the difficult problems that we have faced during these long years. I would like also to thank you gentlemen for the applause that you have given in mentioning of my name...⁴⁶⁴

These paragraphs reveal how both Morgenthau and Suárez complimented each other regarding their careers as public officials and diplomats. It is worth noting the courtesy and deference that

⁴⁶⁴ US Department of State. *Ibid*, Document 520, "Press Release: Remarks by the President of the Conference, Secretary Morgenthau, Before the Executive Plenary Session, and the Reply of the Mexican delegate, Señor Eduardo Suárez," presented on July 21, 1944, pp. 1223-1224.

the US Secretary of the Treasury showed to his Mexican counterpart. This respect is meaningful given that the United States was the leader not only of the Bretton Woods negotiations, but of the United Nations and of the postwar world itself. This is the reason why this recognition was an important diplomatic achievement for Mexico, in addition to Mexico's contributions to the specific topics of the monetary and financial negotiations.

6.3 As a Moral Voice, Mexico Advocating for a More Inclusive and Fairer World

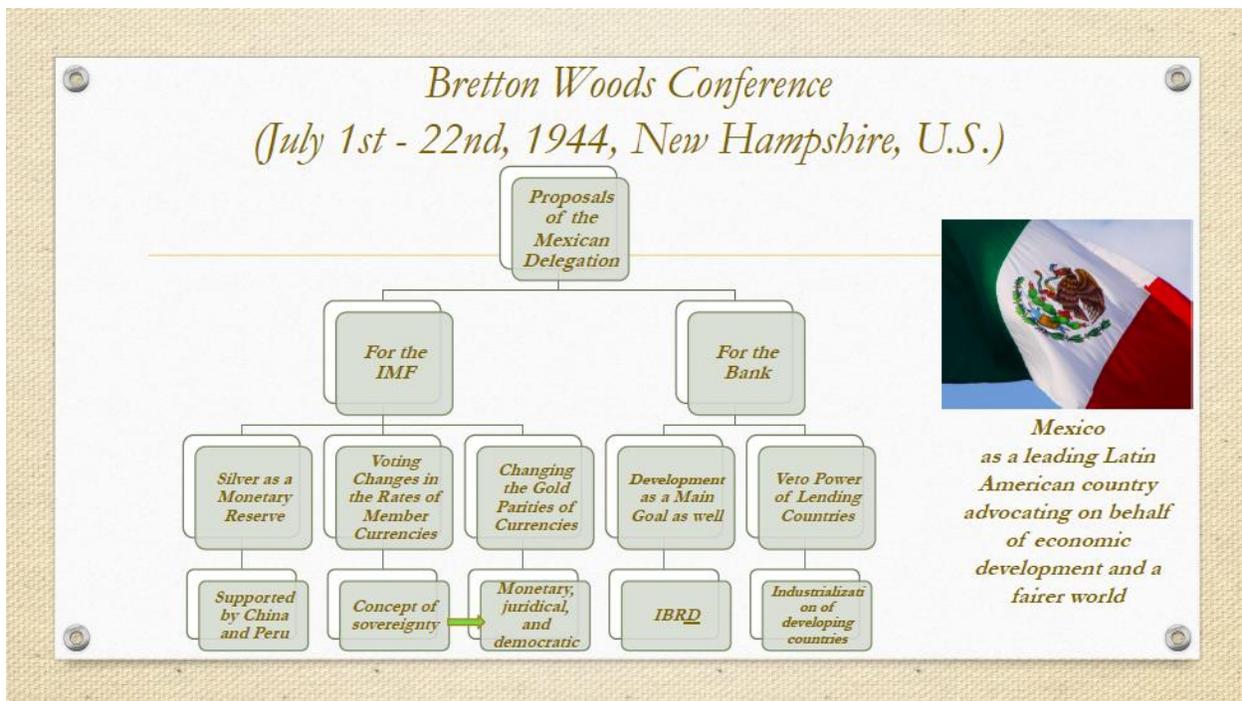


Figure 3. Proposals of the Mexican delegation (elaborated by the author)

6.3.1 Mexico's Proposals for the IMF: Flexibility for both Silver and Gold, and Allocation of Quotas for Currency Exchanges

Commission III, chaired by Dr. Suárez,⁴⁶⁵ received fifteen proposals, which were related to three general fields of interest: 1. The use of silver for International Monetary Purposes; 2. Enemy

⁴⁶⁵ **Commission III was formed by:** Chairman, Eduardo Suárez, Mexico; Vice Chairman, Mahmoud Saleh El Fakay, Egypt; Reporting Delegate, A.G.B. Fisher, New Zealand; Secretary, O. Schmidt; Assistant Secretary, L. Casaday; and the Delegations of: Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti,

Assets, Looted Property and Related Matters; and 3. Recommendations on Economic and Financial Policy; and the Exchange of Information, and Other Means of Financial Cooperation.⁴⁶⁶

6.3.1.1 Mexico's Proposals on Silver

The problem that the Mexican delegation addressed was that of the fairness of which countries and peoples were paying for the costs of the international community's use of the gold standard. As the main producer of silver in the world, Mexico advocated for a more inclusive and fairer international monetary system, based on technical arguments rather than on prejudices. Mexico stated that with the inclusion of silver in the monetary system, developing countries would not have to absorb nationally the changing value of silver *vis à vis* gold. Mexico was already bearing the weight of minting and melting silver as well as buying and selling this metal in the international markets, each time that there were economic expansions and contractions, in order to stabilize the international price of silver. The Mexican delegation put it in these words:

It is a well-known fact that the silver-hoarding peoples of the world absorb large quantities of costly silver coins when their national income is increasing, and return them to the Central Bank when they have to draw on their hoardings in bad times. This monetary phenomenon simply means that the Central Bank has to invest heavily in silver during the upward swing when that metal is normally higher in price, and it is compelled to cash it in the foreign markets during the downward swing, when silver is depreciated. Thus, the

Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippine Commonwealth, Poland, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States of America, Uruguay, Venezuela, and Yugoslavia. In: US Department of State. *Ibid*, Document 156, "Representation of Delegations on Commissions and Committees," with the note that that was a preliminary list, pp. 166-181. This information is later repeated without the transitory note in Document 201, pp. 242-258.

⁴⁶⁶ **Committee 1. The use of silver for international monetary purposes:** Peru (Chairman), China (Reporter), Bolivia, Canada, Ethiopia, India, Mexico, Norway, Union of Soviet Socialist Republics, United Kingdom, and the United States. **Committee 2. Enemy Assets, Looted Property, and Related Matters:** France (Chairman), Norway (Reporter), Belgium, China, Dominican Republic, Netherlands, Poland, Union of Socialist Republics, United Kingdom, Uruguay, and Yugoslavia. **Committee 3. Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.** Chile (Chairman), Iraq (Reporter), Australia, Bolivia, Brazil, Cuba, Czechoslovakia, Ecuador, Egypt, El Salvador, Greece, Iceland, New Zealand, Nicaragua, Peru, Union of South Africa, United Kingdom, and the United States.

US Department of State. *Ibid*, Document 279, "Minutes of Meeting of Commission III: Other Measures for International Monetary and Financial Cooperation," July 10, 1944.

Central Bank of those countries loses not only the difference between the buying and selling price, but also the recurrent minting and melting costs. (my emphasis)

In this speech Mexico explained that, by following this financial process, most of the Latin American countries were absorbing all by themselves the costs of balancing the international price of silver for almost half of the world that used this metal as currency. Mexico basically claimed that the currency exchange from gold to silver were fairly established, rather than continuing the benefits that the Allies received from Mexico in times of need during the War. These proposals are more deeply explored in Sections 6.3.4 (Analysis on Mexico's Proposal on Silver at Commission I) and 6.4.1 (Mexico's Proposals for the IBRD: Development as a Main Goal alongside that of Reconstruction, and Veto Power of Lending Countries).

It is also worthwhile to highlight that Mexico spoke on behalf of Latin America: "we speak for the great majority of Latin American nations." This Mexican representation of the Latin American countries is related to what is explained in Section 3.7 (What was Mexico's place at Bretton Woods in Terms of Results?) regarding that 19 out of the 44 attending countries were Latin American, and they behaved as a united block led by Mexico. In the end, this was a matter of international justice, of which countries and peoples were bearing nationally the costs of not including silver internationally as a collateral security or as a gold-convertible reserve. Mexico's proposals on silver are included in Appendix I.

6.3.1.2 Mexico's Proposed Agreement on Earmarked Gold

Earmarking is setting aside specific money or reserves for particular purposes. In this context, countries discussed the gold that was part of their international reserves at their central banks. Mexico advocated to include earmarked gold as part of the international monetary system:

... Whereas, in order to avoid unnecessary movements of gold and thereby reduce to a minimum the cost and risks involved, it would be convenient to adopt a common international policy with respect to such gold; resolved that the countries represented at this Conference agree to extend to earmarked gold the same treatment and immunities they may agree to give to the gold and other assets of the International Monetary Fund.

In this speech, Mexico asked that, in order to reduce the costs and risks involved in unnecessary movements of gold, the IMF should adopt a common international policy regarding earmarked gold. Consequently, Mexico proposed to facilitate the use, transfer, and transformation of earmarked gold, alongside the other more common type of gold, as part of the international reserves of diverse countries at the IMF. The proposals on earmarked gold are included in Appendix II. These ideas on silver and earmarked gold resonated with other developing countries, and they were even supported by Peru and China in their speeches, which are analyzed in Sections 6.3.2 and 6.3.3, respectively.

6.3.1.3 Mexico's Proposal on Allocation of Quotas to be Used to Change the Gold-Value of the Currencies of the Member Countries

In this proposal, the Mexican delegation advocated for a more distributional system in the allocation of quotas that would be used to change the gold-value of the currency exchanges of the member countries. The argument of the Mexican delegation was that the system presented by the more economically developed countries would provide a hegemonic structure in which a few countries would control the international monetary system, whereas many developing countries would not be able to participate in this distribution of power, not even by voting together. Among its arguments for opposing this formula, Mexico stated the following:

For in any case, the major powers will be able, under the proposed Agreement, to change the gold parities of their own currencies all at once, if they so decide, in as much as they have the majority of the aggregate votes. By so doing, they would naturally change the international price of gold. Almost all small countries would probably follow suit of their own free will, as they have always done in the past... Why should they give up in vain such large measure of their sovereignty?

Lastly, the Mexican delegation will vote against the original formula because it shows a great disregard for the problems of the smaller nations. Indeed, it assumes that these countries would have no problems at all when a uniform change is decreed by the largest ones. It presupposes that small countries will change their laws and perhaps even their Constitutions at a minute's notice, regardless of political, social or economic difficulties. It takes for granted that those countries can brush aside, if they so desire, the

gold clause which they might have subscribed in international contracts. But are all these suppositions truly valid? Are we not taking too much for granted? (my emphasis)

This excerpt of the speeches of the Mexican delegation makes evident the importance that the developing countries gave to their sovereignty. Why, if they were independent states, would they agree to be treated with so much disregard for their monetary, juridical, and democratic national systems? Accordingly, Mexico proposed that developing countries would have a vote on the matter:

... a uniform change in the gold value of member currencies may be made, provided that a majority of countries... including in that majority those countries having 10% or more of the aggregate quotas...

This excerpt illustrates that Mexico, trying to find some common ground, proposed a formula by which the developing countries that had 10% of the IMF's quotas when voting together, would have a way to participate for deciding the gold-value of their currencies. It is important to remember the fact that 28 of the 44 countries that attended the Conference were developing countries, out of which 19 were Latin American and were represented by Mexico, as shown in Section 3.7 (What was Mexico's place at Bretton Woods in Terms of Results?).

It is interesting that Mexico remained strong also in the Special Committee of Commission I (which was created to achieve agreements on the topics that had not been resolved up to that point) regarding its perspective about the allowed capacity of countries to change the parity of their currency. The topic of sovereignty is also examined in the following Section 6.3.1.3.1 (Mexico's Statement on Changing the Gold Parities of Currencies), as well as in the theoretical framework of this dissertation, found in Section 4.1.1 (Washed Out Sovereignty. The End of Classical International Law). The proposal on the rates of member countries for establishing the gold parities of currencies is included in Appendices III and IV.

6.3.1.3.1 Mexico's Statement on Changing the Gold Parities of Currencies

The topic of changing the gold parities of currencies was also addressed at Commission I by Antonio Espinosa de los Monteros. In this progressive message also, Mexico claimed for the respect of the sovereign rights of all nations alike, and for the defense of the countries whose voices

would have vanished due to the draft that was under study. This Mexican delegate addressed this topic in these words:

It is obvious, of course, that international cooperation would be impossible unless we surrender some degree of our sovereign rights. But the question now before this Commission is not whether we shall ask our countries to surrender some measure of a sovereign right, in order to make our cooperation possible and fruitful. Rather, the question is how much of that right need our countries surrender.

Mexico is strongly opposed to the original formula (Alternative A), according to which a uniform change in the gold parities of all currencies can be affected by the decision of the three major powers alone.

We are opposed to it, firstly, because should it be approved, the smaller nations would thereby surrender a maximum of their monetary sovereignty to the three largest countries. This, in the opinion of the Mexican delegation, is entirely uncalled-for and unjustifiable. What reasons are there to submit small countries to the absolute will of the larger ones? How can we help cooperation by the blind submission of small nations?

*... Secondly, we are opposed to that formula also because we do not believe it can ever be accepted by a community of self-respecting nations. For no one here can seriously believe that small countries would be willing to have the gold parities of their currencies changed at will by the largest nations. *Certainly, not a single one of the major powers would be willing to relinquish to a foreign agency the right of fixing the value of its currency. This is, indeed, one of the attributes of sovereignty which they are prone to guard most jealously. How, then, can we expect small countries to accept this formula when we submit it to them? What possible reason would they have for doing so?**

Thirdly ... Thus, are we not already sufficiently insured against rigidity? Why should we ask small countries to participate in decisions which probably will be made, as they have always been made in the past, without their consent? Why should they give up in vain such large measure of their sovereignty?

Lastly, the Mexican delegation will vote against the original formula because it shows a great disregard for the problems of the smaller nations. Indeed, it assumes that these countries would have no problems at all when a uniform change is decreed by the largest ones. It presupposes that small countries will change their laws and perhaps even

their Constitutions at a minute's notice, regardless of political, social or economic difficulties. It takes for granted that those countries can brush aside, if they so desire, the gold clause which they might have subscribed in international contracts. But are all these suppositions truly valid? Are we not taking too much for granted?... (my emphasis)

The main idea in this citation of Montero's words is that the affected countries should participate in the decisions when the IMF would change the gold parities of currencies because the resolutions of the three largest countries (the United States, the Soviet Union, and the United Kingdom) would prevail under the original draft and the alternatives presented. Mexico was against both texts because those formulas disregarded developing countries:

It is because Mexico believes sincerely in not doing unto others what she would not wish to have done unto her, that we insist that this Commission approves a formula whereby due respect be paid to the sovereign rights of small and large nations alike. (my emphasis)

This quotation shows the strength of Mexico's argument in defending national sovereignty. It is worthwhile to mention that the principle of respecting other peoples' rights as Mexico would expect to be respected is established in the Mexican Constitution, Article 89, Section X. This moral norm was defended by President Benito Juárez in 1867. When the Mexican Republic was reinstated after the French intervention, he proclaimed that "among individuals, as among nations, respect for the rights of others means peace." Juárez' proclamation represents the rights to the self-determination of the peoples of the world, the diplomatic non-intervention, and the legal equality of states, which are renowned diplomatic Mexican principles hitherto.

It is also worth mentioning that Alfred E. Eckles Jr. points out that Mexico was not even the most contentious country against this distribution:

Smaller countries might also seek to exert more influence over the fund's voting structure and management. Mexico, Australia, and Belgium, the Treasury memorandum indicated, had already insisted that no member have more than 20 or 25 percent of aggregate votes. The Mexicans simply desired to enhance the position of smaller countries, but the Australians, and possibly the Belgians, also favored this modification in order to remove the American veto over fund policy...⁴⁶⁷

That is, even though Mexico defended the right of sovereign nations to be able to have a say in the price of their currency, other countries were also interested in contributing to this cause. In this

⁴⁶⁷ Eckles Jr., Alfred E. (1975). *A Search for Solvency*. USA. University of Texas Press, p. 129.

excerpt, Australia and Belgium were looking to remove the US veto from the IMF decisions. Thus, it was evidently a challenging post-war world order. The issue about sovereignty is analyzed also in the previous Section 6.3.1.3 (Mexico's Proposal on Allocation of Quotas to be Used to Change the Gold-Value of the Currencies of the Member Countries) as well as in the theoretical framework of this dissertation in Section 4.1.1 (Washed Out Sovereignty. The End of Classical International Law). The full statement on changing the gold parities of currencies is included in Appendix IV.

6.3.2 Peru's Support of Mexico's Proposals on Silver and Earmarked Gold

Mr. Manuel B. Llosa, Peru's delegate, presented a motion on the subject of silver at Commission III, on July 21, 1944. This participation shows that Peru, just as Mexico, had an interest on silver, as this metal was part of its legal monetary reserves. The Peruvian delegate highlighted that:

Outstanding representatives of the silver-minded opinion have formally claimed that unless a place is assigned to silver in monetary stabilization, there would be an insufficiency of media for the settlement of international balances, and the use of silver as money will be undermined.

This statement means that the gold reserves would had been insufficient for the international trade, which would increase their price, and therefore would undermine the value of silver as a currency.⁴⁶⁸ Unfortunately, once the reports of Commission I and Commission III were submitted for approval, postponing the analysis and discussion of this topic indefinitely and only by the interested nations, then the debate on silver was over.⁴⁶⁹ Additionally, Peru made a Reservation on earmarked gold at Commission I, which stated that because of its domestic laws, they would impose no use on earmarked gold, and it would remain under the protection of the Central Reserve Bank.⁴⁷⁰

⁴⁶⁸ US Department of State. *Op. Cit.*, Document 502, "Press Release: Motion of Mr. Manuel B. Llosa, Delegate from Peru, on the Subject of Silver, Before Commission III," July 21, 1944, pp. 1206-1207.

⁴⁶⁹ This reservation is also included as part of the addendum to the final Minutes of Commission I, which is included in US Department of State. *Ibid*, Document 519, "Corrected Minutes of Meetings of Commission I, International Monetary Fund," July 19, 1944, pp. 1085-1091 (esp. 1091).

⁴⁷⁰ US Department of State. *Ibid*, Document 268, "Journal, United Nations Monetary and Financial Conference, Order of the Day," July 11, 1944, pp. 434-349 (esp. 435-436).

6.3.3 China's Support of Mexico's Proposal on Silver

China also addressed the use of silver in the international economy, as silver was part of its trade and monetary policies. China's delegate himself mentioned it in his participation:

... As to China's interest in silver, the Chinese Government intends to follow along with the other United Nations with regard to monetary standards. China has had a managed currency since 1935, which was exceptionally stable until dislocated as a result of Japanese aggression. The Chinese Government intends, in the reconstruction of its currency system, to make use of silver together with nickel and copper for subsidiary coins.

China is looking forward to a period of great economic development and expansion after the war. This includes a large-scale program of industrialization, besides the development and modernization of agriculture. It is my firm conviction that an economically strong China is an indispensable condition to the maintenance of peace and the improvement of well-being of the world. The China market has long been a dream which, I believe, will come true after the war when the purchasing power of "400 million customers" is increased.

After the first World War, Dr. Sun Yat-Sen proposed a plan for what he termed "the international development of China". He emphasized the principle of cooperation with friendly nations and the utilization of foreign capital for the development of China's resources. Dr. Sun's teachings constitute the basis of China's national policy.

America and others of the United Nations, I hope, will take an active part in aiding in the postwar development of China. China will give protection to foreign investments. As to American participation, China looks forward to a long period of happy association and mutual assistance between the two sister republics across the Pacific. China will welcome American tools and machines, American capital, American engineering and technical services...⁴⁷¹ (my emphasis)

This quotation shows China's worldview at the time, which seems to be a self-fulfilling prophecy. Currently, China has a population of 1,415,493,841 inhabitants,⁴⁷² and thus both its market and its productive force are immense. At the time, China was looking for economic growth based on

⁴⁷¹ US Department of State. *Ibid*, Document 65, "Press Release: Statement by Dr. H. H. Kung, Chairman of the Delegation of China," July 4, 1944, pp. 1154-1156.

⁴⁷² Country Meters. "Chinese population," retrieved on December 15, 2020: <https://countrysmeters.info/es/China>

industrialization and modernization of agriculture. This mindset comprised the basis of China's cooperation with the world and its welcoming of foreign capital. China expressed its hopes for cooperation in which it would receive US industry, capital, technology, and engineering. All these plans presented at Bretton Woods have become a reality.

Thus, this excerpt illustrates two key ideas. First, the intention of the Chinese government to be part of the monetary standards of the United Nations, while at the same time "in the reconstruction of its currency system, to make use of silver together with nickel and copper for subsidiary coins." This first point, regarding silver, supports what the Mexican delegation mentioned about silver in relation to its use by the humble nations of the world, including Asia. Second, the vision of economic development that China achieved and is achieving hitherto, connected to the United States with regards to capital, investment, know-how, and technical experience. In this second point, regarding the development of China, this quotation shows that China welcomed foreign direct investment as well as an association with the United States. Complementarily, it also shows China's plans to become one of the main consumers in the world.

Lastly, it is worth mentioning that silver, and its role connecting Latin America with China was important since ancient times. According to Austin Dean, silver was money for a very long time:

After the discovery of the metal in the mountains of South America during the sixteenth century, Spanish and, later, Mexican silver coins traveled through the veins of world commerce for hundreds of years. Many of these coins ended up in China during the Ming (1368–1644) and Qing (1644–1912) dynasties. At the time, the price of silver drew the attention of miners, merchants, politicians, speculators, and intellectuals across the world. It is common, in a world-history textbook or class, to discuss the start of the silver era but not its close.⁴⁷³

This is the reason why the topic of silver was present at Bretton Woods: because it had been a world currency for centuries before this Conference.

⁴⁷³ Dean, Austin. *China and the End of Global Silver, 1873-1937*. USA. Cornell University Press, pp. 1-2.

6.3.4 Analysis on Mexico's Proposal on Silver at Commission I

Commission I's Committee 1 analyzed "Purposes, Policies, and Quotas of the Fund"⁴⁷⁴ and Commission I's Committee 2 analyzed the "Operation of the Fund."⁴⁷⁵ The analysis on Mexico's proposal on silver is contained in seven Documents:

- The first evidence of the discussion of the use of silver for international monetary purposes is contained in Document 238, in which there is also an attempt of "inclusion of silver in quota subscriptions" within Commission I's Committee 1, but it literally says: "not reached by the Committee prior to adjournment, July 8."
- The second evidence is Document 224, which includes the Minutes of the Meeting of Commission I's Committee 1, held on July 8, 1944. In this document, they left for further analysis the alternatives for the changes proposed by the Mexican delegation, which intended to include silver as a collateral security in the international monetary system.
- The third evidence of the analysis of the proposal regarding *purchasing currencies of other members* is a motion that was presented by the Australian, Brazilian, Canadian, Chinese, French, Mexican, Dutch, British, Soviet, and United States representatives. However, that Committee did not have its report yet. This proposal is contained in Document 234, of July 9th, 1944.
- The fourth piece in which there is an analysis of the proposal by Commission I, is Document 234, "Second Report of Committee 2 on Operations of the Fund to Commission I," which includes the following paragraph:

Silver (page 6d)

⁴⁷⁴ **Committee 1 of Commission I was formed by:** Chairman, Tingfu F. Tsiang, China; Kyriakos Varvaressos, Greece; Secretary, W. A. Brown; and the Delegations of: Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippine Commonwealth, Poland, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States of America, Uruguay, Venezuela, and Yugoslavia. The topics addressed by the Commissions and Committees is included in US Department of State. *Op. Cit.*, Document 231, "Officers of the Conference, Members of the Delegations, and Officers of the Secretariat," pp. 291-306.

⁴⁷⁵ **Committee 2 of Commission I was formed by:** Chairman, N. A. Maletin, USSR; Vice Chairman, W. A. Mackintosh, Canada; Reporter, Robert Mosse, France; Secretary, Karl Bopp; Assistant Secretary, Alice Borneuf; and the Delegations of: Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Honduras, Iceland, Iran, Iraq, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippine Commonwealth, Poland, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States of America, Uruguay, Venezuela, and Yugoslavia.

The Committee has received an Alternative E to be inserted as an additional Section after Article III, Section 2 (page 6d). This alternative deals with the rights of silver hoarding countries to obtain from the Fund additional foreign currency. This suggestion obtained support from a number of countries. There was also a strong statement in opposition. Further discussion was deferred when it was suggested that some modification of the waiver provision might afford a satisfactory compromise. (my emphasis)

It is worthwhile to note that the “rights of the silver-hoarding countries to obtain from the Fund additional foreign currency” are considered here, which means that it was an international situation that was recognized to some extent. Furthermore, the fact that the Mexican proposal on silver received support “from a number of countries” (Australian, Brazilian, Canadian, Chinese, French, Mexican, Dutch, British, Soviet, and United States representatives) is highly significant.

Thus, this quotation shows that this was a topic raised by the Mexican delegation representing concerns of other countries and received both support and opposition. However, regarding the fact that “further discussion was deferred when it was suggested that some modification of the waiver provision might afford a satisfactory compromise,” why these discussions were deferred? in what consisted the modification? and why was the discussion not included in the recorded Minutes?

- The fifth evidence of the analysis of the proposal on silver is contained in Document 296, “Proposals Put Before Committee 2 of Commission I,” presented on July 11th, in which the proposal was approved alongside a Cuban suggestion on the wording.
- The sixth evidence is in the Drafting Report of Commission I’s Committee 2, Annex II, “Articles of Agreement of the IMF.” In this Document it is possible to see that thanks to the Mexican delegation, the possibility that the Fund would accept a member to pledge silver as collateral security was included in the Articles of the Agreement of the IMF:

... the Fund shall also take into account a member’s willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security. (my emphasis)

The approval of this proposal is also stated in the “Minutes of the Meeting of the Committee 2 of Commission I,” held on July 12, 1944. This was certainly a victory for the goals of the Mexican delegation, as silver was specifically included as a collateral for the purchase of currencies.

- The seventh evidence of the analysis of the Mexican proposal on silver at Commission I is contained in Document 343, dated July 13, but unfortunately it was mentioned so that the discussion on this topic were not analyzed here, but rather at Commission III. What were the motives for this decision if the agreement about pledging silver as a collateral for the Fund had been reached? The Document does not include them. All the documents of the analysis on Mexico’s proposal on silver at Commission I are included in Appendix V.

It is worthwhile to note that there is not one single technical argument against the inclusion of silver as an equivalent of gold in the international monetary system. This fact means that when the Mexican delegation pronounced the following words, Mexico made a call upon the Bretton Woods system for a more professional way of assessing the international financial and monetary system:

... The Mexican delegation expresses the hope that in the near future countries interested in silver *either as producers or consumers, shall find after unbiased and technical consideration of the problem, a way to stabilize the value of silver... The answers are obvious to all but the prejudiced. Humanity—that is, the larger and poorer part of humanity—continues to believe in silver, even if only because it is not their lot to believe in gold or in any of the so-called higher forms of wealth... (my emphasis)*

Why were there no debates about this proposal in the official archives issued by the US government? Mexico was claiming that the currency exchange from gold to silver were fairly established, rather than continuing the benefits that the Allies received from Mexico in times of need during the war. The Mexican delegation explained it in these terms in Document 459 (Appendix VII):

As for Mexico, her position is clear and definite. During the past few years of tribulations, Mexico has, of her own accord, accepted, in unlimited amounts, an ounce of gold for every thirty-five dollars due her. She has done so in spite of the hardships of inflation, and even realizing to the fullest extent the risk involved in these transactions, inasmuch as no nation has ever committed itself to buy that gold from Mexico at the same price she has paid for it. Throughout this most difficult period she has also issued Mexican currency at a fixed

rate of 4.85 pesos to the US Dollar, or about 169.75 pesos for each ounce of gold, although she has had no assurance or guarantee that other nations will give her in commodities and services a fair equivalent to her investment in gold. Mexico has done all this mainly because of her full unselfish devotion to a higher cause: helping her Allies to win this war.

Mexico and other silver-using countries are entitled to expect in return for their cooperation to maintain the present price of gold the assistance of other countries to stabilize the price of silver at a just and fair level.⁴⁷⁶ (my emphasis)

This quotation shows that Mexico and other silver-using countries were expecting a fair establishment of the price of silver, in return for the currency evaluation that they agreed during times of war in order to support the Allies. It is not fair to be both judge and interested party at the same time, and Mexico claimed this principle for the decision-making regarding the fair stabilization of the currency exchange, that is, the price of gold and silver. This issue is also analyzed in Sections 6.3.1.1 (Mexico's Proposals on Silver) and 6.4.1 (Mexico's Proposals for the IBRD: Development as a Main Goal Alongside that of Reconstruction, and Veto Power of Lending Countries). Likewise, Dr. Suárez' response to Commission 1, because of its refusal to achieve a solution on silver, is contained in Document 459 of the Conference, and is analyzed more deeply in Section 6.3.7 (Mexico's Address before Commission III on the Proposal on Silver: the Appeal to the Human Implications that this System Imposed on the Poorest—"the So-Called Backward Peoples of the Earth").

6.3.5 Report Submitted to Commission III by its Committee 1 on Mexico's Proposal on Silver

Interestingly, when submitting the analysis of the proposal on silver, the response from Commission III's Committee 1 became the same resolution of the Commission itself on this topic. Then it was included in the Final Act under this phrasing:

The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in this Commission. Due to the shortage of

⁴⁷⁶ US Department of State. *Ibid*, Document 459, "Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III," presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico's Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, "Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation," July 20, 1944, pp. 1043-1044.

time, the magnitude of the other problems on the agenda, and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of the Commission that the subject should merit further study by the interested nations. (my emphasis)

In this quotation it is possible to see two points. First, that the problem was also, or mainly, the wide fluctuation in the value of silver. And second, that the proposal was rejected without any justification. However, despite or thanks to all these difficulties in the negotiations, silver was later included in the approved Articles of the Agreement of the IMF, stating that the Fund shall accept a member to pledge silver as collateral security, as studied in Section 6.3.4 (Analysis on Mexico's Proposal on Silver at Commission I). The complete report submitted to Commission III by its Committee 1 is included in Appendix VI of this dissertation.

6.3.6 Report Submitted to Commission III by its Committee 3 on Mexico's Proposal on Earmarked Gold

In this report, there is only one paragraph about Mexico's proposal, in which it was agreed that no action should be taken with respect to this matter, again without any further explanation:

The proposal concerning the status of earmarked gold, submitted by the Mexican delegation and designated as No. 10 in the Report of the Agenda Committee, was considered and it was the decision of the Committee that no action should be taken with respect to this matter.⁴⁷⁷

This quotation shows how the proposal on earmarked gold presented by Mexico, and supported by other countries such as Peru, was disregarded.

⁴⁷⁷ US Department of State. *Ibid*, Document 428, "Report Submitted to Commission III by Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation," presented at the meeting of Commission III, July 17, 1944, pp. 729-732 (esp. 730).

6.3.7 Mexico's Address before Commission III on the Proposal on Silver: the Appeal to the Human Implications that this System Imposed on the Poorest—"the So-Called Backward Peoples of the Earth"

Mexico's Eduardo Suárez' response to Commission 1 because its refusal to achieve a solution on silver, is contained in Document 459 of the Conference. Dr. Suárez' arguments are more progressive here, since he is appealing to the human implications that this system imposed, which costs were going to be borne by the poorest peoples of the world. For example, Mexico was paying \$35 dollars per ounce of gold, the price established by the United States since 1934 after the devaluation. He expressed this concern in these words:

... The Mexican delegation expresses the hope that in the near future countries interested in silver *either as producers or consumers, shall find after unbiased and technical consideration of the problem, a way to stabilize the value of silver... The answers are obvious to all but the prejudiced. Humanity—that is, the larger and poorer part of humanity—continues to believe in silver, even if only because it is not their lot to believe in gold or in any of the so-called higher forms of wealth...*

Nobody who is anybody, it is said, should give a thought to the silver problem, since it only affects a few of the so-called backward peoples of the Earth, whose international trade added together is but a minor, negligible fraction of the world trade. If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy. For how can we brush aside so lightly the economic habits of millions upon millions of humble people, just because they are poor and cannot thus "belong" amongst the economic "elite" of this Earth?

In closing, it is most fitting that the Mexican delegation should quote the wise words which His Excellency the President of the United States, said to Congress in a Special Message on January 15, 1934:

"The other principal precious metal—silver—has also been used from time immemorial as a metallic base for currencies as well as for actual currency itself. It is used as such by probably half of the population of the world. It constitutes a very important part of our own monetary structure. It is such a crucial factor in much of the world's international trade that it cannot be neglected."

Mexico feels certain that a monetary problem, small in economic dimensions but large in human implications, will receive due consideration in the future, as envisaged by the report we have just approved. (my emphasis)

Hence, Mexico claimed the need of an unbiased revision of the problem of stabilizing the price of silver. It is worth noting that the Mexican delegation quoted the US President, Franklin D. Roosevelt (1933-1945), who had claimed that silver was used by half of the world's population. This is certainly a democratic economic position from the Mexican delegation, that was against all odds because of both, the economic elites of the world represented at the Conference, and the fact that it was thirty years ahead of the New International Economic Order (Section 7.4 The Mexican Delegation at Bretton Woods was Ahead of its Time: the Call to a NIEO until the 1970s). Thus, what can be seen is the fight not only for a financial decision, but also against biased and prejudiced international economic decisions that had human implications. The Mexican delegation's speech before Commission III on the proposal on silver is included in Appendix VII of this dissertation.

6.4 As a leading Latin American country politically and economically, Mexico advocating for economic development

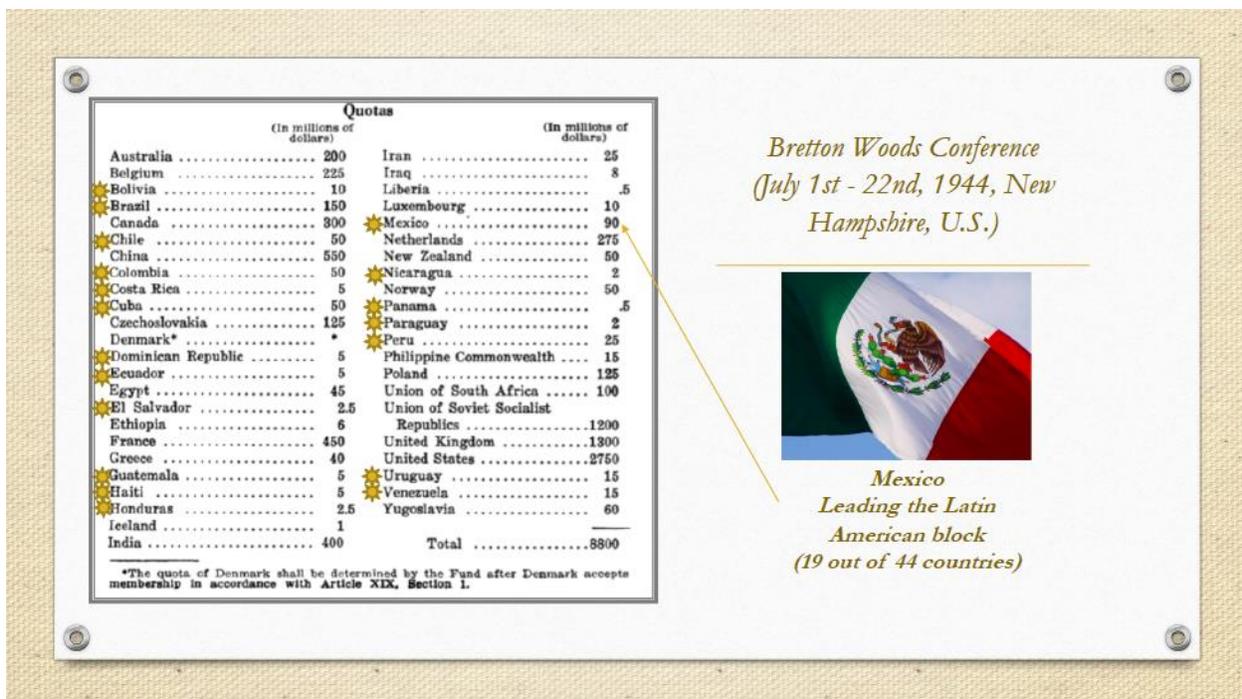


Figure 4. Mexico as a leading Latin American country politically and economically, advocating for economic development (elaborated by the author).

6.4.1 Mexico's Proposals for the IBRD

6.4.1.1 Development as a Main Goal alongside that of Reconstruction

Mexico proposed an amendment to the draft in regard to the purposes of the Bank, in order to include the 'development' of the Southern countries alongside the 'reconstruction' of those devastated by the war. Mexico's Daniel Cosío Villegas⁴⁷⁸ conveyed this proposal in these terms:

... We have resources which are still untapped. A large part of our population has not yet attained an adequate standard of living. And yet we have not hesitated to throw in our lot with our Allies, disregarding temporarily our own wide domestic problems...

... But since we happen to have unprecedented holdings of gold and foreign exchange—we speak for the great majority of Latin American nations—and since we feel that we have before us an opportunity of devoting part of our holdings to the import of capital goods for our development, it is our considered opinion that in contributing part of them, ungrudgingly, to the Bank, for the benefit of all the nations constituting it, we should desire at least the assurance that our requests for capital for development purposes shall, in the words of our amendment, be given equal consideration as is given to reconstruction projects, and, further, the assurance that the resources and facilities of the Bank shall always be made available to the same extent for either kind of project... (my emphasis)

In this quotation, Cosío Villegas was referring to the fact that Mexico did not hesitate to support the Allies in economic terms despite the needs of its own population. Consequently, he asserted that the least that Mexico could expect was reciprocity in the sense that the Bank should support development projects and not only projects for the reconstruction from the war. Other occasions in which Mexico appealed to reciprocity from the largest countries given the support that Mexico was giving to the Allies during the war are discussed in Sections 6.3.1.1 (Mexico's Proposals on Silver) and 6.3.4 (Analysis on Mexico's Proposal on Silver at Commission I).

This proposal for including development as a purpose of the Bank was approved. Moreover, the fact that the Bank would serve for both reconstruction and development projects is one of the main achievements of the Mexican delegation, studied in Section 3.7 (What was

⁴⁷⁸ Suárez, Eduardo (1977). *Op. Cit.*, p. 132.

Mexico's place at Bretton Woods in Terms of Results?).⁴⁷⁹ This achievement was important for diverse reasons. First, it was accomplished by looking for permanent and not transitory solutions. Second, it was proposed by Mexico on behalf of "the great majority" of the Latin American countries. Third, it was achieved with hopes for a better future under the support for 'development' that was foreseen through this institution that later became part of the World Bank, to which all the represented countries were contributing with their holdings. The proposal presented by the Mexican delegation regarding development as a main goal for the IBRD alongside that of reconstruction is included in Appendix VIII.

6.4.1.2 Veto Power of Lending Countries

Regarding the International Bank for Reconstruction and Development, the Mexican delegation also presented a strong opinion on the veto power of lending countries, at Commission II:

The issue involved is that the approval of a country is to be required in order to spend in that country a loan made by the Bank out of its subscribed capital. We feel certain doubts about the interpretation of this provision. Apparently, two interpretations may arise:

1. That in the transition period after the war there may not be enough capital goods to satisfy the demand of all countries in need of them, so that many countries will have to continue exercising control over the exports of capital goods. If this is the correct interpretation, we have nothing further to say except that perhaps it would be advisable to state it clearly.

2. But a second interpretation is possible, namely, that a country is entitled permanently to refuse to export capital goods at certain times. This would appear to be the case, as was explained at one of the meetings of Committee II, when a condition of full employment were reached and further expansion of exports was considered undesirable from the general economic and monetary point of view of the country in which the loan is to be spent. ...

We attach importance to this view because we feel that the provision, as it is before us now, will undoubtedly be difficult to explain to countries which have during the last three or four years been experiencing the consequences of dealing with what we may call

⁴⁷⁹ Solís, Ricardo (2011). Op. Cit., pp. 334-335.

a “restricted purchasing area”, that is, one in which money cannot be spent... (my emphasis)

This excerpt makes evident the concern of the Mexican delegation regarding the circumstances under which the (Keynesian) system for achieving full employment domestically aimed to be implemented. Mexico worried that this system could be imprinted in a radical way in order to forbid a borrower country to spend its money on the country that lent the money for buying capital goods. The considerations of the Mexican delegation are embedded in the context of the postwar moment and appealed for the respect that should be given to the borrower countries to make decisions on the money that would be lent to them. Mexico’s arguments revolved around the fact that if developing countries would not be allowed to buy capital goods, then how could they achieve their development goals? Mexico’s proposal regarding the veto power of lending countries for the IBRD is included in Appendix IX.

An interesting note on this topic was the position of the Government of Canada. Having the Canadian government participated in the preparation of the initial drafts of the Agreements, the only occasion in which Canada was recorded speaking to make a specific proposal or opinion at the Conference was in the Report of Committee 2 of Commission I, about the Operations of the Fund. The Canadian delegate participated to support the need of authorization from the countries that would sell currencies for investments in their own countries. The Minute shows it in these terms:

There has been general agreement on Section 2A, on Conditions Governing Purchases for Capital Transfers. But an important question was raised by the delegates of Greece and Czechoslovakia. They asked whether the country of which the currency is requested for capital transfer is obliged to accept imports of capital. Let me take an illustration of this point. Under certain conditions, which have been fully agreed and understood by the members of the Committee, Canada might purchase drachmas in order to make capital investments in Greece. Normally, Greece is required to accept drachmas for current payments, but is she obliged to accept them for capital investments in Greece by Canadian interests? *The delegates of Canada gave the answer that any country could refuse imports of capital. In other words, the consent of the nation of which the currency is purchased,*

*will be required in practice. This answer was deemed satisfactory, and it is with this implication that the Section has been generally accepted.*⁴⁸⁰ (my emphasis)

This excerpt shows the concern of the developed nations, or perhaps the concern of the United Kingdom as head of the Commonwealth, about the kinds of foreign investment that would arrive in a country. Mexico expressed this concern regarding the need of consent from the nations of which the currencies would be purchased. From an angle different to that of Canada, Mexico was concerned about the need to buy industrial assets, and about the possibility of its economy being led by the countries who would sell the currencies for this purpose. However, the proposal was approved as originally framed. Fortunately—according to Víctor Urquidi, the technical secretary of the Mexican delegation and a diplomat in the following years—there were no issues regarding this stipulation in the ulterior years.⁴⁸¹

6.5 Mexico’s Proposals and their Impacts

There were moderate and great impacts of both the Bretton Woods Conference as well as Mexico’s proposals. Regarding Bretton Woods, as explained in Section 4.4.1, the four historical phases in which the Bretton Woods system took place, according to Helleiner, were: a legitimacy crisis of the old order (1929 crisis), an interregnum (rest of 1930s with the US-Latin American negotiations), a constitutive phase (Bretton Woods Agreements), and an implementation phase (from 1944 to 1971).⁴⁸² Nevertheless, this latter phase was never really achieved. Helleiner specifies that “the detailed provisions of the Bretton Woods system itself were in effect in a kind of ‘virtual cold storage’ during this time.”⁴⁸³ Moreover, for Helleiner, the beginning of the neoliberal globalization began in 1971 when the US ended the gold standard, and in 1973, a moment in which the generalized movement toward floating exchange rates was established.

Therefore, the significance of the Bretton Woods Agreements in the current multilateral order lies chiefly in the importance that the International Monetary Fund and the World Bank have had in the international economy. That is, the legacy of the Bretton Woods Conference does not

⁴⁸⁰ US Department of State. *Op. Cit.*, Document 128, “Report of Committee 2 on Operations of the Fund to Commission I,” July 5, 1944, pp. 139-141.

⁴⁸¹ Urquidi, Víctor (1994). *Op. Cit.*, pp. 12-13.

⁴⁸² Helleiner, Eric (2010). *Op. Cit.*

⁴⁸³ Helleiner, Eric (2010). *Ibid*, p. 625.

lie in the gold standard and the procedures for fixing the exchange rates in international monetary markets. Interestingly, these last two points were exactly those that the Mexican delegation at Bretton Woods argued that were not fair, and thus, would not be sustainable or endurable.

In this respect, Dr. Suárez mentions in his memoirs that after the economic chaos left by the War, both the Fund and the Bank were expected to:

- Stabilize currency exchanges.
- Shorten periods of imbalance in the balance of payments.
- Create conditions to promote a continuous flow of productive capital between countries.
- *Reduce restrictions in the traffic of currencies, bilateral exchange arrangements, multiple monetary mechanisms, and discriminatory practices in exchanges.*
- Through an adequate use of credit, support both the reconstruction of countries devastated by the war and the economic development of the developing countries.⁴⁸⁴

Unfortunately, most of these purposes were not achieved, and the world had to cope with this reality. The gold standard adopted at the Bretton Woods Conference brought about a nearly 50% decrease in exports globally, contributing to international unemployment and devaluation of currencies.⁴⁸⁵ The gold standard established at the Bretton Woods Conference in 1944, lasted until August 15, 1971, when US President Nixon unilaterally withdrew the United States from it, after a number of financial crises. This shift toward liberalization, in turn, was accompanied by many more international crises. As Mazower explains:

... between 1945 and 1971 there were just 38 banking or currency crises globally; between 1973 and 1977 there were 139. There were no banking crises in the developing world in the earlier period and only 16 currency crises; after 1973 there were 17 banking crises, 57 currency crises, and 21 combined. As Financial Times columnist Martin Wolf has noted, “the age of financial liberalization was... an age of crisis.”⁴⁸⁶

This quotation shows the costs that the world had to pay for the unbalanced implementation of economic multilateralism and its consequential liberalization process: banking and currency crises globally. Furthermore, Mazower explains that poor financial leadership from the United States began in the first half of the 20th century:

⁴⁸⁴ Suárez, Eduardo (1977). *Op. Cit.*, pp. 272-273.

⁴⁸⁵ Suárez, Eduardo (1977). *Ibid*, p. 277.

⁴⁸⁶ Mazower, Mark (2012). *Op. Cit.*, p. 351.

With the council torn, the League's inability to respond as the crisis shook the European banking system and encouraged a new round of protectionism led its members to look to the United States for leadership instead. But at the 1933 World Economic Conference that took place in London to stabilize exchange rates and boost international trade, it was in fact American policy—above all the decision of the new President, Franklin Roosevelt, to take the dollar off gold—that caused the meeting's failure and effectively ended international economic cooperation for a decade. Internationalism went into reverse and around the world the nation-state became the primary framework for economic policy for the next four decades.⁴⁸⁷

This citation is significant as it shows that the complications caused by the United States to establish a healthy international monetary system began in the 1930s because of Franklin Delano Roosevelt's policies. The same US President who the Mexican delegation quoted at the Bretton Woods Conference, as having acknowledged that silver was used by half of the world's population, and who at Bretton Woods was withdrawing from that position. Interestingly, according to Mazower, this was the same US President who did not achieve successful results on monetary cooperation both in 1933 at the World Economic Conference as well as in the period after the Bretton Woods Conference. This is the reason why Mazower explains that the nation-state became the primary framework for economic decisions (what became the import substitution industrialization, ISI) during the next four decades, until the liberalization of currency exchanges and the promotion of international trade in the 1970s.

Mazower also explains that monetary instability in the 1970s due to the floating exchange rates in the developed world was followed by the issue of sovereign debt in the so-called "Third World" during the 1980s and 1990s, the period when the United States controlled the policies of the developing countries through the IMF:

The US Treasury hid behind the Federal Reserve and the Fed hid behind the IMF... More than 60% of all emerging market debt trading by 1994 was in paper backed by US Treasury bonds, a sign of their importance in keeping the system liquid.⁴⁸⁸

⁴⁸⁷ Mazower, Mark (2012). *Ibid*, p. 151.

⁴⁸⁸ Mazower, Mark (2012). *Ibid*, pp. 351-352.

This quotation illustrates both the importance of the US Treasury for international monetary liquidity, and its influence over the IMF. It is also significant that 60% of the emerging countries' debt was backed by US Treasury bonds.

In addition to the international facts, Dr. Suárez wrote in his memoirs that the multilateral system approved at the Bretton Woods Conference was limited, as it contained only the provisions that could be ratified by the participant countries,⁴⁸⁹ and therefore it should be amended. This idea is the same that Helleiner wrote in his paper decades later regarding the fourth stage of the Bretton Woods system, i.e., implementation, which was never achieved. Thus, Dr. Suárez advocated in his memoirs for an IMF and a WB that would have more attributions for the governance of the international economic system, rather than institutions with partial attributions that were, because of this limitation, not effective enough for keeping the required monetary international stability.⁴⁹⁰

More specifically, regarding Mexico, its Delegation presented four main proposals at Bretton Woods. These proposals and their respective impacts are presented below. The first proposal was for the IMF to accept silver as a monetary reserve alongside gold, to contribute to the price stability of this currency. Developing countries were absorbing nationally the costs of the international community's use of the gold standard because these countries were minting and melting silver as well as buying and selling this metal in the international markets, whenever there were economic expansions and contractions. They had to do this process in order to stabilize the international price of silver, because silver became more expensive as a metal than as a currency at the time.⁴⁹¹

In this way, developing countries in effect were absorbing the economic costs of the gold standard, and thus were paying the opportunity costs of their own development goals. The solution for this proposal at Bretton Woods was that silver was accepted as a collateral reserve, among other metals, to ask for loans. However, Suárez Dávila (who in addition of being Dr. Eduardo Suárez' son, has also occupied many diplomatic positions including Ambassador to Canada) also explains that when he began working at the Bank of Mexico, "the silver holdings could be computed as part of Mexico's international reserves and could be used as *guarantee* for loans."⁴⁹²

⁴⁸⁹ The issue of whether the Congress of the United States would approve the projects, was also addressed in an editorial in: Chicago Daily Tribune (1923-1963). Furlong, Thomas. "Delegates ask if money plan will be used; unreal atmosphere hangs over parley." Jul 5, 1944; ProQuest Historical Newspapers: Chicago Tribune p. 22.

⁴⁹⁰ Suárez, Eduardo (1977). *Op. Cit.*, pp. 272-288.

⁴⁹¹ Schuler, Kurt (2013). *Op. Cit.*

⁴⁹² Suárez Dávila, Francisco (2014). *Op. Cit.*, p. 2.

Therefore, the impact of the Mexican proposal on silver was positive to level the playing field for asking for loans at the World Bank.

The second proposal of the Mexican delegation at Bretton Woods attempted to effectively include the developing countries in the total voting quotas for fixing the exchange rates at the IMF. Because if the Agreements were accepted as drafted (which happened), then the juridical, democratic, and monetary sovereignty of the developing countries would be affected. Thus, there was no reason for these countries to accept and implement these Agreements in the longer term.

The Mexican delegation's third proposal was to include the goal of 'development' alongside that of 'reconstruction' at the International Bank for Reconstruction and *Development*. The acceptance of this proposal by John M. Keynes was a great achievement for the Mexican delegation, and a basic goal for which Mexico had advocated since the 1930s at the negotiations with the United States. This proposal (as with other Mexican proposals) was made after consultation with all of the 19 Latin American countries represented at the Conference, out of the 44 attending countries. Therefore, Mexico was here acting both in representation of the Latin American region, as well as a moral voice for making a more inclusive and fairer postwar world.

The fourth main proposal was regarding the veto power that the lending countries could have at the IBRD for the projects paid with the loans granted in their currencies. Víctor Urquidí⁴⁹³ explains that this disposition tried to achieve "full employment" in the developed countries. However, it also reduced the capacity of the borrower countries to acquire equipment in the sector that they preferred because of these restrictions. Thus, the Mexican delegation claimed that the Draft needed some clarification on this point. However, this stipulation was not amended. Nevertheless, it was not relevant eventually, as the largest countries did not established limits to the developing countries' industries, since the largest countries were more concerned about having the control of their military industries.⁴⁹⁴

Eventually, regarding the evolution of the international financial institutions in Latin America, these played different roles than expected. Urquidí, discussing König's paper, explained that the IMF never concerned itself with the development aspects of monetary problems and behaved rigidly in terms of the orthodox principles it required Latin America to follow. By

⁴⁹³ Víctor Urquidí at the time was the young Technical Secretariat of the Mexican delegation at the Bretton Woods Conference, and over the years worked in diverse international institutions and wrote numerous papers about the Conference as well as analyses of what became the IMF and WB.

⁴⁹⁴Urquidí, Victor (1994). Op. Cit., pp. 12-13.

contrast, the Bank, although limited by its need to obtain capital from the private market, soon learned that its business was development, and it had consequently contributed much to infrastructure growth in Latin America. Even though the total amounts involved had not been decisive, they had increased. The IMF reflected largely on the interests of the ‘great monetary powers’ and was managed by them. The Bank, although largely run by its management, not by its Board, had responded to Latin American aspects of development, even if only on a project basis, for multilateral financing.⁴⁹⁵

Overall, when analyzing the impacts of the Mexican delegation’s proposals, some commentators argue that these proposals were ‘limited’ or ‘secondary.’ By contrast, the real question and the real argument is the extent to which the Bretton Woods Agreements were efficient and inclusive enough to endure over time. That is, in an international architecture that foresaw the gold standard as the monetary rule for a postwar world, as well as institutions that would not include the real problems of developing countries (as those countries did not have enough representation in those international institutions), then, as history proved, that multilateral structure was destined to find challenges such as diverse groups and movements against the liberal international order. If counterfactual history is considered, then a free and fair currency exchange system alongside institutions that would have considered the interests and needs of all countries and peoples involved, could have created a more sustainable multilateral system both because of its inclusiveness and because of its concern for the human implications of economic decisions for both the developed and developing countries.

6.6 1950s and 1960s: Mexico’s Interest in Public Investment versus Private Foreign Investment

Urquidi gave a seminar later in life at Harvard, in which he explained the developmental goals. In that conference, Urquidi told the audience that the investment on development was needed to increase agricultural productivity and enlarge the domestic market based on its own industrialization. In Urquidi’s words, as noted by Helleiner:

⁴⁹⁵ Urquidi commenting on König, Wolfgang, “International Financial Institutions and Latin American Development.” In Urquidi, Victor and Thorp, Rosemary (1973). *Latin America in the International Economy: Proceedings of a Conference held by the International Economic Association in Mexico City, Mexico*. USA. Palgrave Macmillan, pp. 164-165.

In his view, this program required foreign public—rather than private—assistance because private investors “will be after profits, or lower corporation taxes” and will not be interested in “our organic development or industrialization as a whole.”⁴⁹⁶

This citation is very important because it sheds light on the fact that ‘development’ is not one fixed concept. Helleiner quotes Mexico’s Urquidi further on, defending this idea:

In these ways, Mexico and other Latin American countries helped to defend and strengthen the development focus of the Bank, although Urquidi himself worried after the conference that the Bank would still put “too little emphasis on development” and its activities “would be mostly to supplement private investors . . . instead of lending its own money.”⁴⁹⁷

These excerpts make evident the rationale of Mexico’s position on promoting public investment in developing countries, and thus the reason for Mexico backing of the Bretton Woods’ institutions. However, after the Bretton Woods Conference there was a shift in the United States’ policy. In Helleiner’s perspective:

The Bank’s lack of development lending angered many Latin American officials, including Mexico’s Monteros.⁴⁹⁸ Urquidi, who had joined the Bank in October 1947 was also increasingly frustrated by its lack of enthusiasm for development issues and he left his position in mid-1949.⁴⁹⁹

This shift of policy obviously upset Mexico’s officials, as they had just been instrumentalized for legitimizing the Agreements at Bretton Woods, as noted by Thornton.⁵⁰⁰ Perhaps it would be fair to acknowledge that there was not a shift of policy but rather that that was the policy at Bretton Woods. That is, since the narrative at this summit included the concept of “economic development,” they simply believed that all their proposals from the 1930s and 1939-1940 had been taken into account.

The outcome was that there was a different profile for the way in which loans were lent at the IBRD. This result was evidently disappointing for Latin America after all the previous years of dedicated work preparing drafts and proposals under the understanding of cooperative collaboration with the United States. As Helleiner describes it:

⁴⁹⁶ Helleiner, Eric (2014). *Op. Cit.*, “Quotes from his original notes in Urquidi 1996, 43,” p. 163.

⁴⁹⁷ Helleiner, Eric (2014). *Ibid.*, “Quotes from his original notes in Urquidi 1996, 43,” p. 165.

⁴⁹⁸ Helleiner, Eric (2014). *Ibid.*, “Casey 2001, 157–60; Fuchs 1974b, 47–48,” p. 261.

⁴⁹⁹ Helleiner, Eric (2014). *Ibid.*, “Urquidi 1996, 45–46, 49,” p. 261.

⁵⁰⁰ Thornton, Christy (2017) and (2018). *Op. Cit.*

Indeed, US officials now argued that private investment flows and free trade should serve as the main engines for development in Latin America, a perspective that many regional officials viewed very skeptically.⁵⁰¹ Symbolizing the shift away from policies of the Good Neighbour financial partnership, the Truman administration even formally withdrew the IAB legislative proposal from Congress in April 1947, despite enduring Latin American interest in the idea.⁵⁰² To explain the sudden shift in postwar US policy toward Latin America, it is useful to recall how US support for the Good Neighbour financial partnership emerged from a combination of strategic interests, New Deal values, and economic interests. At the end of the war, the strategic rationale for the policy collapsed as the region no longer had the same kind of importance to US security interests that it had had in the face of the Nazi threat...⁵⁰³

This citation is a good summary of how Latin America was no longer of interest to the United States after the war. The idea that private investment flows and free trade should serve as the main engines for economic development in Latin America was an idea proposed by US officials represented by General George Marshall, as explained by Urquidi.⁵⁰⁴

The IBRD began to deal with development issues only when the Marshall Plan occurred in 1947-1948. Urquidi emphasizes that it should be remembered that still in April of 1948, at the Bogotá Conference—where the Organization of American States (OAS) was created, replacing the Pan-American Union—the head of the US Delegation, General Marshall, stated clearly that there would be no funds of official origin to finance the development of Latin American countries. According to Marshall’s recommendations, Latin American development was meant to be achieved with the support of free trade and private foreign direct investment. The same had been affirmed by the Secretary of Commerce, William Clayton, at the Chapultepec Conference in 1945.⁵⁰⁵

⁵⁰¹ Helleiner, Eric (2014). *Op. Cit.*, “Green 1971, chap. 7, 11; Gilderhus 2000, 124–25; Schoultz 1998, 332–23; Urquidi 1996, 44; Grow 1981, 91; Wallich 1948, 156; Dosman 2008, 241; Hilton 1981, 602–4; Rabe 1978,” p. 262.

⁵⁰² Helleiner, Eric (2014). *Ibid* “Congressional Record, April 17, 1947, vol.,93, part 3, p. 3583. For enduring Latin American interest in the IAB, see Green 1971, 206, 284; Urquidi 1996, 33; Fuchs 1974b, 48,” p. 262.

⁵⁰³ Helleiner, Eric (2014). *Ibid* “Green 1971, chap. 7; Hilton 1981, 602–4; Rabe 1978,” p. 262.

⁵⁰⁴ Urquidi, Victor (1994). “Bretton Woods: Un Recorrido por el Primer Cincuentenario.” *Comercio Exterior*, vol. 44, no. 10, p. 15: <http://revistas.bancomext.gob.mx/rce/magazines/364/1/RCE1.pdf>

⁵⁰⁵ Urquidi, Víctor L. (1996). “Bretton Woods y México. Balance del Fondo Monetario Internacional y el Banco Mundial”. México. *Revista Mexicana de Política Exterior*, 171-189, pp. 184-185.

This policy would represent the origins of free trade and investment agreements that became the norm, even to the detriment of the economic global policies established at the World Trade Organization (WTO). The WTO has been in a stalemate since the Doha Round of Negotiations in the early 2000s, whereas these regional commercial agreements have been in place since the 1990s globally, for example in countries such as Mexico, the United States, and Canada. These agreements comprise precisely the origins of what happened in the international economic system after Bretton Woods. In addition, further study is deserved to the sustainability impacts of those agreements, both economically and environmentally, because of their power to put transnational companies above sovereign countries and their national interest, as well as their number (between 3,000 and 4,000 currently in the world).

Finally, it is also worth mentioning the evolution of financial mechanisms in Latin America after Bretton Woods. In the 1950s, the World Bank relaxed some of its operating rules. It allowed, for example, that part of its loans would be used for local purchases of equipment and materials that the developing countries were already producing, as was the case in Mexico. However, general requirements including IMF endorsement, made it difficult for many borrowing countries to ensure a sufficient flow of development funds, at least in Latin America. In this region, and active promotion by ECLAC due to dissatisfaction with access to long-term credit, led to revive the Inter-American Development Bank.

Thus, in 1954, at the Inter-American Conference of Finance Ministers held in Quitandinha, Brazil, the United States and Peru rejected the proposal on the grounds that the WB already existed and that in any case, as it had stated General Marshall at the Bogotá Conference of 1948, what the US recommended was that private foreign investment be promoted and not that funds of public, bilateral, or multilateral origin be requested. However, in 1960, with the strong leadership of Chile and Mexico, and with the push of the efforts carried out by Felipe Herrera, the IDB was finally created. In subsequent years, similar regional banks would be established in Asia and Africa and subregional banks in Central America and the Caribbean.

6.7 Reflections. Integral Vision of the Mexican Delegation: a more Inclusive and Fairer World Beyond Silver and Economic Development

This dissertation builds on the analysis of the current state of the literature on Mexico's participation at the Conference, and it also analyzes this participation directly in more detail by drawing on the extensive archival evidence issued by the US government in 1948. Hence, I am the first scholar that articulates and explains that Mexico had three roles at the Bretton Woods Conference: (1) Institutionally it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions that were being made at the Conference.

First, throughout this chapter it is evident that Mexico had a leading role at the Bretton Woods Conference, as it participated not only as a Delegation, but Dr. Suárez was also the Chairman of Commission III of the three Commissions of the Conference. This Commission was created to analyze the characteristics of this new economic system. The other two Commissions were headed by Harry Dexter White and John Maynard Keynes, respectively. Additionally, Mexico's participation was also relevant given that it was part of the "Coordinating Committee" of the Bretton Woods Conference—in which were included: the US (Chairman), Brazil, China, the French Delegation, Mexico, the USSR, and the UK—as well as the "Steering Committee"—formed by: the US (Chairman), Belgium, Brazil, Canada, China, Colombia, the French Delegation, Iran, Mexico, the USSR, and the UK.

The Mexican delegation accomplished more remarkable diplomatic achievements. For instance, the leadership and impartiality of Dr. Suárez as Chairman of Commission III, having achieved unanimity on all points analyzed by the Commission, is remarkable. Moreover, this achievement in his Chairmanship of Commission III was recognized by the representative of New Zealand, who spoke on behalf of the members of that Commission, at the closing Plenary Session of the Conference. Likewise, the special mention that Dr. Suárez received from the Permanent President of the Conference and boss of the Chair of Commission I: the US Secretary of the Treasury. Henry Morgenthau recognized Dr. Suárez' professionalism and devotion to the works

for creating a new world economic order that was expected to bring peace and prosperity after the damages of both World Wars.

In second place, Mexico also presented specific proposals for a more inclusive and fairer world order. Those proposals included more flexibility for both silver and gold, and a more distributional allocation of the rates of the member currencies in the IMF, so that the sovereignty of both developed and developing countries would be respected alike. In studying this International Conference, it is interesting to note that out of the 44 countries that attended the Conference, 19 were Latin American and behaved like a political block represented by Mexico. Likewise, it is noteworthy that in giving its proposals, Mexico was supported by countries such as Peru, a Latin American country with similar circumstances on silver.

Thirdly, as a complement of this general commitment for increasing the living standards of the world through free trade and monetary stability, Mexico acted as a leading Latin American country politically and economically, advocating for economic development. In these activities, Mexico showed commitment to solve the challenges of the postwar world. That is, Mexico expressed its belief in achieving peace and economic stability that included the increase of the income and the living standards of the peoples of the world, through an international cooperative system. Moreover, Mexico endorsed that this system was led by the vision and the economic support of the United States, after the monetary chaos and crises left by the two World Wars. In this context, Mexico highlighted the need to invest in development policies, in order to foster economic development from a national perspective. It is exceptional that the proposal so that what would become the World Bank would include the goal of development alongside that of reconstruction was the only proposal that Lord Keynes welcomed, Head of Commission II.

Interestingly, China also supported the Mexican proposal on silver because it clearly considered that silver would be included as part of its own monetary system. Additionally, in this conference, China stated its vision regarding its national development based on the international cooperation, both in general and specifically in relation to the United States. This cooperation was envisioned to take place through US foreign direct investment, foreseeing to increase the purchase power of over 400 million customers, which explains China's role in this 21st century. These historic facts are important because China became the economic giant that it envisioned itself to become at the time that the Bretton Woods Conference took place.

In addition to the leadership shown as Chair of Commission III of the three Commissions of the Conference, there are various points in Mexico's role advocating both for economic development and for a more inclusive and fairer world that deserve special mention. The first merit is the Mexican delegation's calls for the richest countries of the international community (the winners of the Second World War) to reflect on the human implications of this new monetary and financial systems. The postwar system did not consider the role of the structure imposed "by the economic elites of the Earth" by not including other metals in the monetary system, nor did it consider a more distributional decision-making in the process for voting the currency exchanges. The costs of these decisions, as explained by the Mexican delegation, would be borne by the poorest, "the so-called backward peoples of the Earth." For example, Mexico was paying \$35 dollars per ounce of gold as established by the United States since 1934 after the devaluation. It is also worthwhile to note that these thoughts on the IMF and other reflections on the IBRD, were not pronounced in the 1960s or 1970s in the context of the NIEO, but rather by Mexico in 1944!

It is worthwhile to highlight that, in scrutinizing these ideas and proposals, this chapter explored a high number of primary sources. In this way, the analysis of all three Commissions and their respective Committees, as well as the Plenary Sessions of the Conference, was possible thanks to the *Proceedings and Documents of the United Nations Monetary and Financial Conference* issued by the US government. Additionally, Dr. Suárez' memoirs, the writings of his son Eduardo Suárez Dávila, and Víctor Urquidi's papers, alongside some newspaper editorials published at that time, were also taken into account, in an attempt to find all the facts.

Additionally, this chapter includes Appendices presented at the end of this dissertation, with the most significant parts of the original documents of the Conference issued by the US government. These official documents allow these historical events to speak by themselves and not only through the interpretation of the author of this dissertation.

Finally, this chapter elaborated on the specific impacts of each one of Mexico's proposals. This analysis was presented to provide evidence of Mexico's contributions both to the Conference and to the world history itself. The position that neglects the "forgotten origins of Bretton Woods" states that Mexico's proposals were 'limited' or 'secondary'. By contrast, the real question and the real argument shown in this chapter and throughout this dissertation is the extent to which the Bretton Woods Agreements were representative enough to be sustained over time. That is, in an international architecture that foresaw the gold standard as the monetary rule for the postwar world,

which was eliminated in 1971 so that a new system of free currency exchanged were stablished in 1973, then the obvious question is: could the world have spared those two decades of economic crises due to the failed implementation of the Bretton Woods Agreements, if Mexico had been listened to at the time?

7. STUDY CONTRIBUTIONS. BRETTON WOODS AS A NEO-COLONIAL ATTEMPT AT GLOBAL GOVERNANCE?

It is easy to misunderstand our position. *Mexico produces 40% of all the silver. Therefore, one could think, Mexico is interested, above all, in furthering the interests of her mining industry.*

However, we do not come before this High Assembly of Nations as the largest producers of silver. Certainly, nobody could believe that the gold-producing nations are represented here to further their own interests. Rather, we are all here to present our common monetary problems, and to seek an agreement on how to meet them in the brotherly spirit of cooperation.

We wish to emphasize, then, that Mexico wants to present to your consideration a strictly monetary problem. We believe that this problem has *international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations.* Furthermore, we are certain that this problem has never received the unprejudiced consideration it deserves by the nations which do not have to face the same difficulties...⁵⁰⁶ (my emphasis)

~Antonio Espinosa de los Monteros at the Bretton Woods Conference

7.1 The Neglected Origins of Bretton Woods at the Joint Statement by Experts on the Establishment of an IMF of the United and Associated Nations

There was a decade of previous negotiations between the United States and Latin America for the creation of an institution that would allow and foster international financial cooperation. However, in the second paragraph of the passage of the original documents, the report of Commission I

⁵⁰⁶ US Department of State. *Op. Cit.*, Document 157, “Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico’s Proposal on Silver,” presented on July 5,” pp. 182-183.

mentions only in general terms that the Joint Statement by Experts on the Establishment of an IMF of the United Nations was published in many of the world's capitals in April of 1944.

Thanks to the official documents published by the US Department of State, it is possible to see the countries involved in the prior negotiations to the Bretton Woods Conference. In the second paragraph of the "Introduction" of the integral document of the *Proceedings and Documents of the United Nations Monetary and Financial Conference*, it is mentioned:

Discussion of international financial objectives and procedures was stimulated as the war progressed until the middle of 1943 when the first informal discussion of technical experts from a large number of countries was held in Washington. *Following this meeting concrete proposals from Canada, China, France, Great Britain, and the United States were exchanged, and in April of 1944 the Joint Statement of Experts on the International Monetary Fund was published simultaneously in Washington, London, Moscow, Chungking, Ottawa, Rio de Janeiro, Mexico City, and Habana.* The report was also published in full or abbreviated form in many other countries. It reported the views of the experts of the numerous consulting countries and constituted the basis for the development of the subsequent detailed plan.⁵⁰⁷ (my emphasis)

This citation shows two things. First, China exchanged concrete proposals in 1943 in addition to Canada and France, alongside the United Kingdom and the United States. Second, the countries that published the Joint Statement by Experts were the Soviet Union, China, Canada, Brazil, Mexico, and Cuba, in addition to the United States and the United Kingdom. Therefore, it can be stated that there was a representation of developing countries in this international structure.

Furthermore, there were over 30 countries involved in the discussions among technical experts. The Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations states in its initial words:

For more than a year, the technical experts of the United and Associated Nations have been considering tentative proposals for post-war international monetary cooperation.

A preliminary draft of a proposal for an international stabilization fund, prepared by the technical staffs of the Treasury and other Departments of this Government, was sent by the Secretary of the Treasury to the Finance Ministers of the United and Associated Nations for study by their technical experts. The Finance Ministers were also invited to

⁵⁰⁷ US Department of State. *Ibid*, "Introduction," p. iii.

send representatives to Washington for informal discussions with the technical men of this Government.

As a result of discussions among the technical experts of more than 30 of the United and Associated Nations, the conclusion was reached that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. The experts have issued a Joint Statement setting forth the principles which they believe should constitute the basis for this fund.

The Joint Statement of the experts has been published in Washington, London, Moscow, Chungking, and in the capitals of other United Nations. It is, of course, a document representing only the views of the technical experts of the United and Associated Nations. No government is in any way bound by the Joint Statement.⁵⁰⁸ (my emphasis)

This excerpt makes evident that there was a participation of over 30 countries in the efforts prior to the Bretton Woods Conference. These experts concluded that the better way of assuring international monetary cooperation was through an IMF. It is actually strange that in these documented endeavours, there is not one single document that lists the names of those over 30 countries. However, at least it can be inferred that they constitute most of the 44 countries present at Bretton Woods.

Henry Morgenthau, as the US Secretary of the Treasury, highlighted the contributions of the United States, the United Kingdom, and Canada:

The publication of the Joint Statement of the recommendations of the experts on an International Monetary Fund is concrete evidence that the United Nations can and will cooperate in establishing a peaceful and prosperous world.

It is a matter of gratification that the agreement of the experts on principles for international monetary cooperation was reached in harmony with the best traditions of democracy. *Tentative proposals prepared by the technical experts of the United States, the United Kingdom and Canada were published and widely distributed.* In this country, the representatives of the Treasury and of other Departments discussed the tentative proposals with interested groups in Washington, Chicago, Boston, St. Louis, Philadelphia, New York, and other cities. Out of these meetings came helpful suggestions, many of which

⁵⁰⁸ US Department of State. *Ibid*, "Final Act, Appendix IV: 7. Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations," April 21, 1944, pp. 1629-1636.

were incorporated in the Joint Statement. *In the meantime, exploratory discussions were going on between the technical representatives of the United States and the technical representatives of more than 30 other countries.* As a result of these discussions, an agreement was reached by the experts recommending the establishment of an International Monetary Fund as the most practical method of assuring international monetary cooperation.⁵⁰⁹ (my emphasis)

This quotation illustrates that the ‘neglected origins of Bretton Woods’ as defined by Helleiner, was a real situation. All the contributions derived from the negotiations between Latin America and the United States during the decade that preceded that Conference (which were studied in Chapter 5 of this dissertation) were completely omitted from these records. Not only were Latin American countries not even mentioned in a list of the more than 30 countries that contributed with their proposals to the Bretton Woods negotiations, but those negotiations were not mentioned at all. This narrative explains how this historical event was being seen and shaped in the construction of the post-war world.

7.2 Elephant in the Room: Technical Rather Than Prejudiced Arguments?

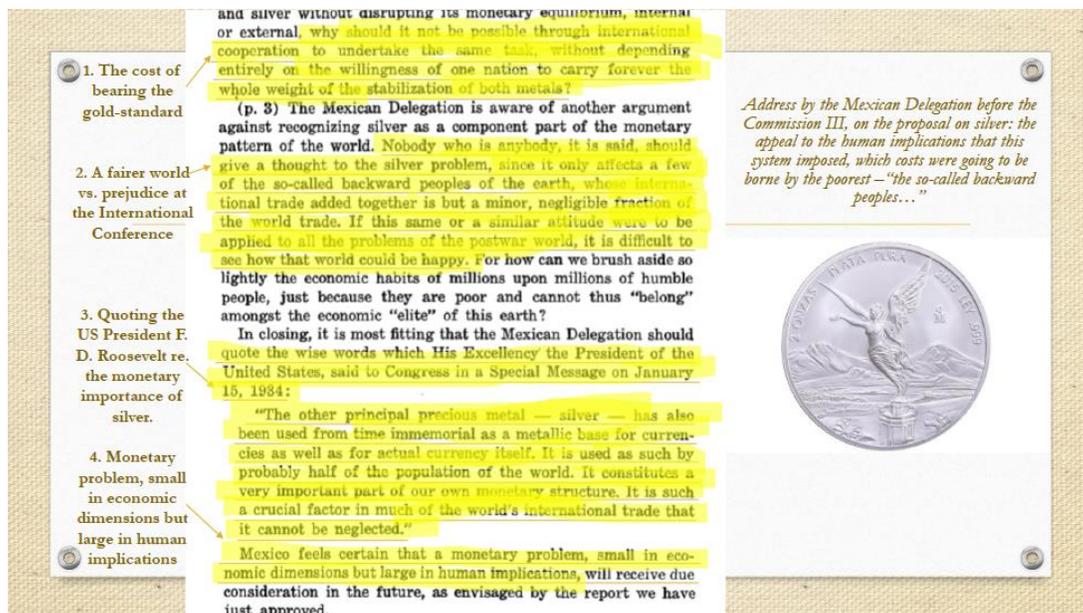


Figure 5. Mexico as a moral voice, advocating for a more inclusive and fairer world (elaborated by the author)

⁵⁰⁹ US Department of State. *Ibid*, “Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations,” pp. 1629-1630.

7.2.1 An Incident with Private Interests on Silver at the Conference

Regarding the topic on silver, the perspectives of the newspapers varied. For instance, The Christian Science Monitor was neutral:

The third Commission, which will consider any other financial matters to come before the conference, had a brief organization meeting. Its chairman is Eduardo Suárez, chairman of the Mexican delegation. One of the questions expected to reach this commission is the use of silver as a monetary base, in which Mexico has a great interest.⁵¹⁰

By contrast, The Chicago Tribune published a note about the interest of 25 US Senators on the inclusion of silver:

The American Delegation, it was reported, is solidly opposed to the use of silver in any of the postwar monetary arrangements. This was made clear by a Delegation member after the word was received of the letter sent to President Roosevelt by 25 western Senators urging that silver be given consideration at the present conference. The question is expected to come up later at the conference. The Mexican delegation is expected to ask especial consideration for silver.⁵¹¹

And, some days later, the same newspaper reported that there was a US refining company with assets in the United States and Mexico, at the hotel in which the Conference was taking place:

A minor sensation was caused by the discovery that a publicity representative of the American Smelting and Refining company had gained admission to the conference hotel. The refining company is reported interested in getting special consideration for silver at the conference. It has extensive silver mining properties in the United States and Mexico. The Mexican delegation has made several suggestions for incorporating silver in postwar monetary arrangements.⁵¹²

The information that the second note of the Chicago Tribune omitted, which is mentioned in its first article, was that there were 25 US Senators trying to include silver in the Bretton Woods monetary system, and that they even sent a letter with this petition to US President Franklin Delano

⁵¹⁰ The Christian Science Monitor (1908-Current file). Fleming, Harold. "Dr. White Vigorously Attacks Critics of Stabilization Fund." Jul 5, 1944; ProQuest Historical Newspapers: The Christian Science Monitor pg. 1.

⁵¹¹ Chicago Daily Tribune (1923-1963). Furlong, Thomas. "Keynes tells parley world bank is needed; White Heads Major Commission." Jul 4, 1944; ProQuest Historical Newspapers: Chicago Tribune, p. 21.

⁵¹² Chicago Daily Tribune (1923-1963). "Study Means to Balk Hiding of Axis Assets." Jul 9, 1944; ProQuest Historical Newspapers: Chicago Tribune, p. A5.

Roosevelt. Thus, the fact that this incident suggested a link between Mexico and this incident in the last news article could be due to reasons such as political opportunism, or even to prejudice. Hence, the topic of partiality will be analyzed below.

7.2.2 A Fairer World versus Prejudice at the International Conference?

Interestingly, in his memoirs, Dr. Suárez refers very highly to all his fellow statesmen at the Conference. He did not write about anyone in a derogatory manner. On the contrary, he expresses gratitude for the attentions of all of the diplomats, whether American, Russian, or Latin American, addressing each with sympathy, trust and respect, as they did so as well, in his consideration, towards the Mexican delegation.⁵¹³

However, in his book, Benn Steil uses a number of discriminatory phrases within a paragraph, regarding the Mexican proposal on silver (which by the way is the only proposal that he mentions of all the proposals presented by Mexico):

... Another irritant was the silver interests. Twenty-five western senators had written a letter to President Roosevelt on June 21 urging the remonetization of silver; the conference plans, they argued, suffered from a “basic, organic defect” in failing to assign a role for the metal in the monetary base. They had allies in the Mexican delegation, which demanded “extra credit facilities” for silver-producing countries. The idea was, not surprisingly, treated with disdain by countries without major silver mining companies. An Indian representative stated bluntly at a press conference that his country had “no interest whatever”[sic] in a monetary role for silver. The British deemed it “totally unacceptable.” Of the Americans, Robbins observed that they were reluctant to fuel a domestic political problem by opposing the silver interests publicly, “preferring to handle the matter... by obscure deals in the couloirs of the Conference.” The Mexicans eventually climbed down after being offered what some termed the “Coconut Clause—a face-saving phrase which permits the Fund... to accept various commodities, including possibly silver, as collateral.”⁵¹⁴ (my emphasis)

⁵¹³ Suárez, Eduardo (1977). *Op. Cit.*, pp. 131, 134, 138.

⁵¹⁴ Steil, Benn (2013). *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*. United States of America. Princeton University Press, Princeton and Oxford, p. 214.

Steil's words are plagued with biased and derogatory statements. First, it is interesting how he connects the Mexican delegation to the US Senators with interest on silver, when there is no link between them whatsoever in all the official sources. What is worse, from where did he obtain these declarations by the alleged Indian and British representatives? There is not one single—at least official—word of rejection or disdain in any the official documents published in the *Proceedings and Documents of the United Nations Monetary and Financial Conference*. Moreover, the expressions of “*obscure deals in the couloirs of the Conference*” and “*Coconut Clause*” show a deep prejudice towards developing countries. Furthermore, the fact that this proposal was not accepted in the exact terms as proposed by the Mexican delegation, is a usual situation that occurs in any collegial and deliberative process, both nationally and internationally.

Hence, Steil omits to mention the many other noteworthy contributions of the Mexican delegation, such as the proposal so that the International Bank would not only be for ‘reconstruction’, but also for ‘development.’ Interestingly, another author, Ed Conway, also refers to Mexico and its proposal, despite that the “Coconut Clause” does not appear at all in the IMF Agreement:

Ultimately White was to do with silver what he did with all other tricky topics, shunting it off into Commission III, where a compromise was found. So silver never found its way into the official agreement, but a so-called ‘Coconut-clause’ was added which allowed the fund, at its discretion, to accept as collateral various other commodities—be they coconuts or silver. Needless to say, it has never been activated, but it did allow Suárez to save face, returning to Mexico proclaiming that ‘after some stormy discussions [the Fund] had agreed to Mexico’s proposal to accept silver on the same footing as gold, for contributions to the Fund.’⁵¹⁵ (my emphasis)

Conway’s perspective is interesting because both there is no mention at all about coconuts in the IMF Agreement, but also because the IMF indeed accepted silver as collateral and for the contributions to the Fund, which was Mexico’s proposal. So, what was wrong with this?

Likewise, these authors also avoid mentioning the proposal on the importance of balancing the votes for the decisions on currency exchanges, as well as the Mexican delegation’s reference to US President Franklin Delano Roosevelt, since he himself had said that half of the world’s population used silver as currency. The Mexican delegation put it in these words:

⁵¹⁵ Conway, Ed (2014). *Op. Cit.*, p. 262.

In closing, it is most fitting that the Mexican delegation should quote the wise words which His Excellency the President of the United States, said to Congress in a Special Message on January 15, 1934⁵¹⁶:

“The other principal precious metal—silver—has also been used from time immemorial as a metallic base for currencies as well as for actual currency itself. It is used as such by probably half of the population of the world. It constitutes a very important part of our own monetary structure. It is such a crucial factor in much of the world's international trade that it cannot be neglected.” (my emphasis)

This quotation shows that the Mexican delegation based its proposals on technical arguments, which were even shared by US President Roosevelt 10 years before, whereas Steil's words were based on bias and prejudice. In the same book, Steil included another derogatory quotation in another mention of Mexico, regarding the places where the Fund and the Bank would be located:

... Vinson, Keynes wrote to Dalton, “rail-road[ed] this decision through the Conference, vocally supported (as became usual) by a pathetic procession of stooges, of which Ethiopia (represented by an American banker), Salvador, Guatemala, Mexico and China were prominent, with most of the rest discreetly silent.”⁵¹⁷ (my emphasis)

This citation reveals bias again. By contrast, interestingly, Dr. Suárez refers to “Lord Keynes” with the utmost distinction throughout his memoirs.⁵¹⁸ Suárez affirms that Keynes had a “very brilliant mind,” and that he had a “very intelligent conception” for the International Bank. Additionally, Dr. Suárez expresses himself very highly of Lord Keynes because of his approval of the Mexican proposal regarding the purpose of the Bank (in order to include the goal of development alongside that of reconstruction), when at the same time he rejected all the other countries' proposals.

Yet, Suárez also refers that when Keynes' physical health was deteriorated, he attacked almost everybody, including lawyers in general, and even Morgenthau himself. Suárez narrates in his memoirs that in a meeting with Secretary Morgenthau, after saluting him with courtesy greetings, Keynes said “let's start doing business, where's your lawyer?” to which Morgenthau responded that he did not consider necessary to bring a lawyer. Then, Keynes asked him “then

⁵¹⁶ Franklin Delano Roosevelt was President of the United States from 1933 to 1945.

⁵¹⁷ Steil, Benn (2013). *Op. Cit.*, p. 301.

⁵¹⁸ Suárez, Eduardo (1977). *Op. Cit.*, pp. 136-139, and 272-288.

who is the person thinking on your behalf?”⁵¹⁹ The overall point is, why does Steil only include these derogatory comments about Mexico, and moreover, in the 21st century?

In this respect, the Mexican delegation addressed the problem of bias with these words when it gave its speeches regarding silver:

... We wish to emphasize, then, that Mexico wants to present to your consideration a *strictly monetary problem*. We believe that this problem has *international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations*. Furthermore, we are certain that this problem *has never received the unprejudiced consideration* it deserves by the nations which do not have to face the same difficulties... (my emphasis)

Likewise, Mexico addressed the problem of prejudice when it presented its arguments regarding the quotas for voting on currency exchanges:

The Mexican delegation realizes that it is difficult to find a definite solution to the silver problem in this Conference. *But it considers that a great step has been taken in recognizing the importance that silver has for some countries as a monetary metal*. The Mexican delegation expresses the hope that in the near future countries interested in silver *either as producers or consumers, shall find after unbiased and technical consideration of the problem, a way to stabilize the value of silver*... *The answers are obvious to all but the prejudiced. Humanity— that is, the larger and poorer part of humanity—continues to believe in silver, even if only because it is not their lot to believe in gold or in any of the so-called higher forms of wealth.*

... If this plain truth be accepted, then it must be evident *that any monetary scheme designed to meet the needs of all the peoples of the world is incomplete unless it takes into account silver as one of the component factors of the whole picture*... *If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy* ... (my emphasis)

In these two quotations from the speeches on silver and on the quotas for voting on currency exchanges, respectively, the Mexican delegation claimed that an unbiased technical consideration of the world monetary problems and proposals was a challenge for the biggest powers. Moreover, the bias denounced by the Mexican delegation still continues in the 21st century in views such as

⁵¹⁹ Suárez, Eduardo (1977). *Ibid*, p. 138.

Steil's. The question remains whether people such as Steil, living in the 21st century, can find an impartial perspective. The complete speeches on silver and on the quotas for voting on currency exchanges are included in Appendices I and VII.

7.3 Bretton Woods as a Neo-colonial Attempt at Global Governance?

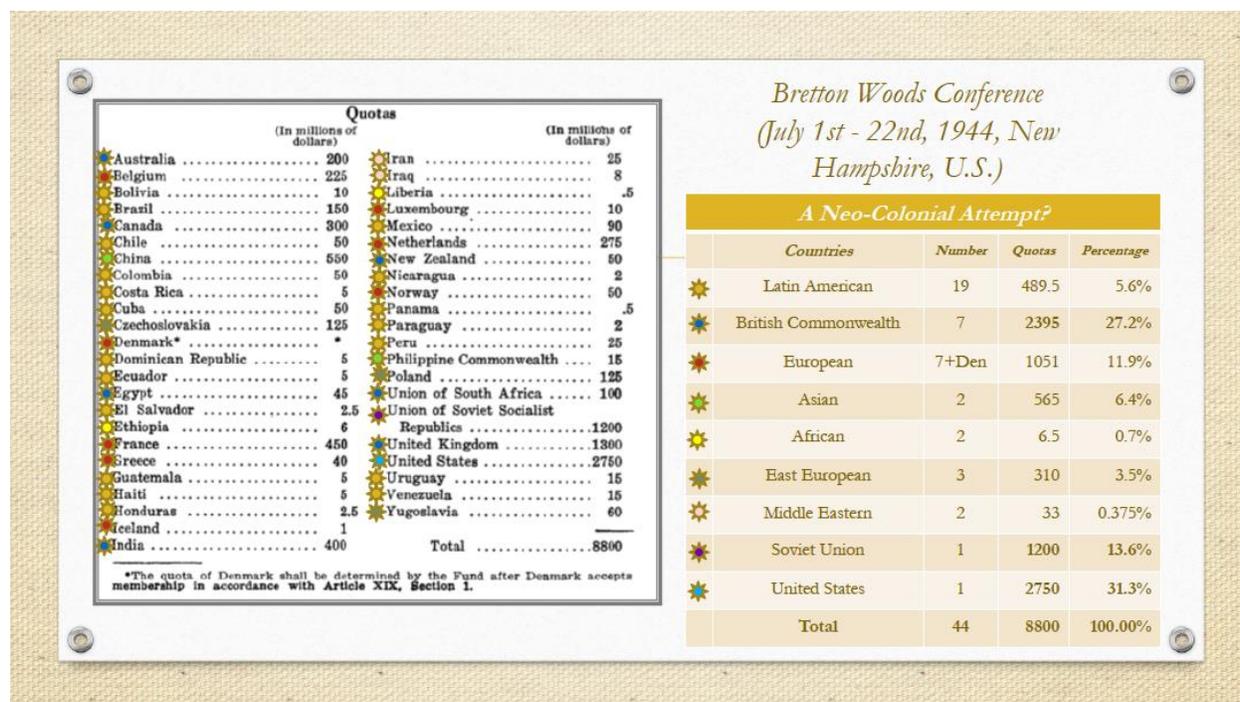


Figure 6. Countries in the IMF distributed by number, quotas, and percentages (taken from the US Department of State and elaborated by the author)

This section returns to the quotas of the member countries of the IMF as foreseen at the Bretton Woods Conference discussed in Section 6.3.1.3 (Mexico's Proposal on Allocation of Quotas to be Used to Change the Gold-Value of the Currencies of the Member Countries). As the reader might remember, the quotas, in millions of dollars, showed the influence that the countries would have in voting for the currency exchanges to the gold standard. This was certainly an unbalanced system because, as the Mexican delegation claimed, the three largest countries could establish the prices of the currencies, without having to consult with the rest of the world. What possible reasons would

all the sovereign countries had for accepting this system that was meant to, discretionally, set the price to their own currency—their own money?

Now, it is interesting to scrutinize these quotas, which reflected a majoritarian system, as opposed to a multilateral one. The three largest countries, i.e., the United States (with 31.3% of the quotas), the United Kingdom with the countries that were part of the British Commonwealth (27.2% of the quotas), and the Soviet Union (13.6% of the quotas), had together 72.1% of the quotas. Actually, the “Western” block led by the United States and the United Kingdom had 58.5% of the quotas. In contrast, Latin America with 19 of the 44 countries attending the Conference, had only 5.6% of the quotas. The European countries (seven, without Denmark which had not confirmed its membership to the IMF) had 11.9% of the quotas. Similarly, 2 Asian countries had 6.5% of the quotas, considering China alone 6.25%. Lastly, 3 East European countries had 3.5% of the quotas, and 2 Middle Eastern countries had 0.375% of the quotas.

Therefore, the question remains: what possible reasons would any sovereign country have for accepting this system for setting the price to their own money (i.e., the exchange rates)? And, moreover, what could be the interests represented in this “multilateral” system of the postwar world? This international structure was meant to represent only the interests of the three biggest powers at the time, and furthermore, it was being designed to remain that way over time.

This was the fundamental claim of the Mexican delegation when it presented the proposals on both silver and the voting quotas for the currency exchanges in regard to the gold standard. This assertion is what Mexico claimed when its Delegation argued for considering the human implications of these structural decisions. The human implications of these decisions meant for the developing countries that they were bearing nationally the costs of the international community’s use of the gold standard, as well as of absorbing the economic, political, and social costs of having their currency arbitrarily fixed by the two or three largest countries of the world. That is, Mexico was not only advocating for silver and voting quotas, but also for the inclusiveness and fairness of the “multilateral” system that was being established at the time.

Thus, the Bretton Woods system, which originally foresaw to establish the gold standard, had a complete disregard of what is currently known as the “Global South.” The disregard was not only in relation to the developing countries’ “place at the table of negotiations,” but also regarding the representation and the voice that these countries could have to advocate for their own interests and needs.

For example, the Indian official quoted by Steil (in Section 7.2.2 A Fairer World versus Prejudice at the International Conference?) had surely no interest on silver, since this metal was not an interest of the United Kingdom. The UK had interest on the gold standard, and the Indian delegation was led by a British colonial official, according to Helleiner, and it included some Indian delegates.⁵²⁰

Mexico politely denounced this neo-colonial attempt at Global Governance, in addition to its clear explanation about the equal sovereignty of all countries, by also questioning the motives of the proposal by South Africa. In the debates about changing the gold parities of currencies at Commission I, Mexico's Antonio Espinosa de los Monteros pronounced these words:

Mr. Chairman, Fellow Delegates:

On behalf of the Mexican delegation, I wish to make a statement regarding the point now under consideration. It should be evident to all the Delegates that in this case *we are dealing with one of the fundamental sovereign rights of nations. We must, therefore, be extremely cautious in relinquishing rights which all our Governments have sworn to uphold.*

It is obvious, of course, that international cooperation would be impossible unless we surrender some degree of our sovereign rights. But the question now before this Commission is not whether we shall ask our countries to surrender some measure of a sovereign right, in order to make our cooperation possible and fruitful. Rather, the question is how much of that right need our countries surrender.

Mexico is strongly opposed to the original formula (Alternative A), according to which a uniform change in the gold parities of all currencies can be affected by the decision of the three major powers alone.

We are opposed to it, firstly, because should it be approved, the smaller nations would thereby surrender a maximum of their monetary sovereignty to the three largest countries. This, in the opinion of the Mexican delegation, is entirely uncalled-for and unjustifiable. What reasons are there to submit small countries to the absolute will of the larger ones? How can we help cooperation by the blind submission of small nations?

⁵²⁰ Helleiner, Eric (2019). "The life and times of embedded liberalism: legacies and innovations since Bretton Woods." Review of International Political Economy, 26:6, p. 1122.

Secondly, we are opposed to that formula also because we do not believe it can ever be accepted by a community of self-respecting nations. For no one here can seriously believe that small countries would be willing to have the gold parities of their currencies changed at will by the largest nations. *Certainly, not a single one of the major powers would be willing to relinquish to a foreign agency the right of fixing the value of its currency. This is, indeed, one of the attributes of sovereignty which they are prone to guard most jealously. How, then, can we expect small countries to accept this formula when we submit it to them? What possible reason would they have for doing so?*

Thirdly, the Mexican delegation is against the formula because it is wholly unnecessary. We know, of course, that no country would be ready to submit once more to the rigidity of the gold standard. All of us want a great degree of flexibility. But why should we, in order to attain such flexibility, set aside the sovereignty of small countries while respecting that of the largest ones? We hold this is entirely unnecessary. For in any case, the major powers will be able, under the proposed Agreement, to change the gold parities of their own currencies all at once, if they so decide, in as much as they have the majority of the aggregate votes. By so doing, they would naturally change the international price of gold. Almost all small countries would probably follow suit of their own free will, as they have always done in the past. Thus, are we not already sufficiently insured against rigidity? Why should we ask small countries to participate in decisions which probably will be made, as they have always been made in the past, without their consent? Why should they give up in vain such large measure of their sovereignty?

Lastly, the Mexican delegation will vote against the original formula because it shows a great disregard for the problems of the smaller nations. Indeed, it assumes that these countries would have no problems at all when a uniform change is decreed by the largest ones. It presupposes that small countries will change their laws and perhaps even their Constitutions at a minute's notice, regardless of political, social or economic difficulties. It takes for granted that those countries can brush aside, if they so desire, the gold clause which they might have subscribed in international contracts. But are all these suppositions truly valid? Are we not taking too much for granted?

The Mexican delegation wants to thank some Delegations for their efforts towards a reconciliation between our point of view and that of Alternative A. We regret to say, however, that in matters of principle a compromise is hardly possible.

The essential difference between Alternative B and Alternative C is that, whereas under the former a majority of countries is required to approve a uniform change, under the latter a vote of only one-third of member countries would be necessary.

I must not tire this Commission with the enumeration of the reasons on which we base our opposition to Alternative C. Basically, they are the same as those I have presented before. *Suffice it to say, nevertheless, that while Mexico would agree to submit to the decision taken in this important matter by a majority of countries, she does not consider it necessary to accept the dictum of a small minority, as proposed by South Africa.*

Certainly, Mr. Chairman, the implications of this whole question are very serious. It is because Mexico believes sincerely in not doing unto others what she would not wish to have done unto her, that we insist that this Commission approves a formula whereby due respect be paid to the sovereign rights of small and large nations alike.⁵²¹ (my emphasis)

Hence, Mexico concludes its participation by making clear that it would agree to submit a democratic decision, not a dictum taken by a small minority of countries, as proposed by South Africa, a country that was part of the British Commonwealth. Mexico presented this reflection in addition to the technical arguments about the lack of endurability of the gold standard. The Statement on Changing the Gold Parities of Currencies can be found in Appendix IV.

That is, not all countries, even the imperial ones at the time, were given the same power at Bretton Woods. The three main powers that won the Second World War were taking most of the quotas in the multilateral institutions created at Bretton Woods. However, according to Helleiner, “it is important to recall that most colonies found no representation at the Bretton Woods conference, with the only exceptions being India... and the Philippines (which had been promised independence after the war by the United States and whose delegation was headed by a Filipino).”⁵²² He also adds that:

⁵²¹ US Department of State. *Ibid*, Document 353, “Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies,” July 14, 1944, pp. 1178-1180.

⁵²² Helleiner, Eric (2019). *Ibid*, p. 1122.

Imperial norms trumped multilateral ones in other specific ways as well during the conference. For example, delegates at Bretton Woods rejected demands by Indian nationalists for the IMF to help liquidate the enormous Indian blocked sterling balances that had accumulated during the war with imperial authorities in.⁵²³ In this way, imperial relations within the sterling bloc were insulated from the multilateralism of Bretton Woods. The same was true of other colonial monetary arrangements such as the CFA monetary zones in French colonial Africa. Formal imperial norms were also baked into the calculation of IMF quotas at the 1944 conference. When the Dutch invoked their colonies to justify a request for a large IMF quota, US officials fretted privately that acceptance of this idea (and large quotas for other imperial powers) would effectively endorse colonial rule. To avoid this situation, they debated amongst themselves whether separate quotas should be created for colonies or whether an explicit provision should be made that these countries' quotas would be divided up when their colonies became independent. In the end, however, the issue was simply dropped to avoid a major political conflict at the conference over the issue of colonialism.⁵²⁴

This quotation shows Helleiner's perception that Bretton Woods avoided colonial rules by excluding colonies of the imperial powers. However, the British Commonwealth had 27.2% of the IMF quotas, which was an overrepresentation in comparison with the number of member countries, given that the British Commonwealth encompassed 7 countries out of the 44 Bretton Woods' attendants. That is, the United Kingdom had the votes of 15.9% of the Bretton Woods' attending countries, which is a membership that the Allies denied to the other imperial nations.

7.4 The Mexican Delegation at Bretton Woods was Ahead of its Time: the Call to a New International Economic Order (NIEO) until the 1970s

The goal of economic development was another important cause of the developing countries, and particularly of the Latin American countries. This goal was very important for Latin America long before that the Bretton Woods Conference took place in 1944, and long before that the New

⁵²³ Helleiner, Eric (2014). *Op. Cit.*, pp. 221-222, and Simha, S. (1970). *A history of the Reserve Bank of India*. (Vol 1). Bombay: Reserve Bank of India, Ch. 14. Quoted in Helleiner, Eric (2019). *Op. Cit.*, p. 1122.

⁵²⁴ Helleiner, Eric (2014). *Ibid.*, pp. 184-185.

International Economic Order and the interdependency theory emerged in the 1970s in the international community.

Kurt Schuler, addressed in Chapter 5 (Current US and Canadian Literature: US-Mexico Relations Before Bretton Woods), defines Dr. Suárez' significance to developmentalism in these words:

*Suárez was Secretary of Public Finance and Credit under two Mexican Presidents from 1935 to 1946. His tenure in the office remains the second longest on record (after Antonio Ortiz Mena, who served from 1958 to 1970). He can be considered the founder of what has been termed the “developmentalist” school of thought in Mexican economic policy making. Two important events during his tenure were a rise in the world price of silver in 1935 that made Mexican silver pesos worth more as metal than as money, and the nationalization of foreign oil companies by President Lázaro Cárdenas in 1938.*⁵²⁵ (my emphasis)

This citation is very important, in addition to the two relevant economic events that Dr. Suárez had to face as Secretary of the Treasury, which were discussed in Section 5.1 (US-Mexico Relations as a Prelude to Bretton Woods), because he is considered the founder of the “developmentalist school of thought in Mexican economic policy making.” Thus, it is highly significant that Eduardo Suárez advocated for economic development at Bretton Woods, three decades before the international discussion about this needed cause.

Indeed, in the 1970s the New International Economic Order (NIEO) emerged. According to Victor McFarland, one of the most important concepts of this movement was the interdependence theory, which consisted of the idea that both developing and developed countries relied on one another, for their own economic growth. Thus, developing nations were thinking of increasing the price of commodities for a fairer trade. By contrast, US' Henry Kissinger, who even recognized a more interconnected world, thought about the destabilization that that increase would have on the US economy, especially on the oil and energy sector. The United States' vision was “a more pessimistic and minimalist view: an interdependence of fear.”⁵²⁶ Nevertheless, both

⁵²⁵ Schuler, Kurt (2013). “Bretton Woods: Who was Eduardo Suárez?” Center for Financial Stability. USA: <http://centerforfinancialstability.org/wp/2013/11/27/bretton-woods-who-was-eduardo-suarez/>

⁵²⁶ McFarland, Victor (2015). Op. Cit., p. 218.

approaches shared the goal of managing the world economy through the hands of industrialized nations, rather than through the UN General Assembly.

In 1974 the Declaration on the Establishment of a NIEO adopted by the UN General Assembly was issued, containing as goals: interdependence, common interests and cooperation among states, sovereign equality, and equity, for the interests of all nations. According to McFarland, one of the main ideas of the NIEO was to extrapolate the Keynesian policies of planning and political action from the state-level to the international economy. At the same time, it contained ideas of respecting the sovereignty of other nations, as stated by Montesquieu, Kant, Thomas Paine, John Stuart Mill, and Frederic Bastiat, and as explained in Chapter 4, the historical framework of this dissertation.

McFarland explains that the origins of the new interdependence theory can be traced to 1968, when the Yale economist Richard Cooper published *The Economics of Interdependence: Economic Policy in the Atlantic Community*.⁵²⁷ This work inspired political scientists such as Robert Keohane and Joseph Nye, who popularized the idea of “transnational relations” through dependence and interdependence, which at the same time helped in the formation of the IPE field. Additionally, Keohane and Nye published in 1977 the book *Power and Interdependence: World Politics in Transition*, which promoted a vision of interdependence as a force that constrains states, but this interdependence could be led by a powerful country like the United States with the proper policies.⁵²⁸

At this point, McFarland lists the jobs that these authors had in the US government, working in that way for a US-led multilateral economic system:

[Joseph] Nye, for example, served in the State Department and the National Security Council during the Carter administration. Richard Cooper worked in the Council of Economic Advisors and the State Department during the Kennedy-Johnson years and later became the undersecretary for economic affairs at the State Department under Carter. C. Fred Bergsten, who wrote widely on interdependence while he was based at the Brookings Institution, had previously worked under Henry Kissinger at the National Security Council and later served as assistant secretary for international affairs at the US Treasury during

⁵²⁷ McFarland, Victor (2015). Ibid, p. 223.

⁵²⁸ McFarland, Victor (2015). Ibid, p. 224.

the Carter administration.⁵²⁹ (my emphasis)

This quotation shows that multilateralism in the international arena in the 1970s was strongly influenced by the economic interests and projects of the United States. Later, during the 1980s, the discussion about global economic interdependence began to be replaced by that of “globalization,” expressed in Milton and Rose Friedman’s book in 1979, *Free to Choose*. This book stated that for the global economy to function, it needed no institutions of governance, commodity agreements, or political cooperation, but mainly the market.

Thus, according to McFarland, under the NIEO, developing countries believed that they could overcome their situation under the right political circumstances of interdependence and cooperation. By contrast, under neoliberalism, these countries lack agency *vis à vis* the international economic order because this globalized system is ruled by the market in an opposite direction of that proposed by the NIEO.

Therefore, it is possible to see that the academic and policy approaches of interdependence that linked developed and developing countries, and asserted the consequential need of big countries to be more inclusive and fair towards the smaller nations, took place until the 1970s. That is, three decades after the Mexican delegation at Bretton Woods advocated for this cause. What would be the multilateral architecture of the current world, had the major powers listened to the Mexican delegation at the Bretton Woods Conference? That is uncertain, but we can certainly know what happened after Mexico was not listened to.

7.5 Economic Multilateralism After the Bretton Woods Conference

7.5.1 American Leadership and Neoliberalism

In the 20th and part of the 21st centuries, US leadership was considered responsible for fighting the problems of the world. For instance, Jonathan Koppell states that:

To maximize American influence in global rulemaking institutions that can respond to worldwide financial crises, climate change, and other transnational issues, the time to promote Global Governance is now.⁵³⁰

⁵²⁹ McFarland, Victor (2015). Ibid, p. 225.

⁵³⁰ Koppell, Jonathan G.S (2010). *World Rule: Accountability, Legitimacy and the Design of Global Governance*, p.

Hence, there has been a relationship between global interests and the US leadership of Global Governance. From international economic crises, environmental problems, and all kinds of transnational issues, “the time to promote Global Governance is now.” This dissertation showed in Chapter 4 (Historical Framework: How the Bretton Woods Agreements Came About) how US leadership contributed to a great extent to frame the world of the postwar in relation to the international economic policies and institutions that were designed at the Bretton Woods Conference. However, some of these international policies, such as the gold standard, were not implemented.

The gold standard was eliminated in 1971, and the free exchanges of currencies was established in 1973. It was in this decade when the United States began to promote a neoliberal global economy. Neoliberalism, as explained by Aihwa Ong, is a system in which governmentality results from the infiltration of market-driven truths and calculations into the domain of politics and even ethics, and strategies for reterritorialization become vital not only in stimulating markets in border zones but also in accommodating spaces of varied governance.⁵³¹

Thus, according to Ong, in the neoliberal system, economic interests become more important than politics and even than moral standards, and the strategies for ‘reterritorialization’ are part of this relatively new power dynamic. Ong states that governing is a challenging activity that is continually changing in order to create the conditions of possibility for economic development, political stability, and regional organization.⁵³² Specifically, she states that political freedom, international connections, and “market reforms” in China, have provided an opening for greater flexibility in sovereign rule in the use of economic zones that spread economic networks and promote political integration. Likewise, she points out that other aspects such as market logic, national security, and technologies, may bring other kinds of reterritorialization or remapping of sovereignty, security, and civil liberties.

In the 1990s, after the end of the Cold War (1989-1992), the United States promoted a unilateral international system, rather than the multilateralism that it led during the decades of the postwar period.⁵³³ In this way, according to MacDonald, the Cold War turned out to be a blessing

321.

⁵³¹ Ong, Aihwa (2006). *Neoliberalism as exception: mutations in citizenship and sovereignty*. Durham, NC: Duke University Press, pp. 1-27.

⁵³² Ong, Aihwa (2006). *Ibid.*, pp. 177-239.

⁵³³ Sofer, Sasson (2009). “The Prominence of Historical Demarcations: Westphalia and the New World Order,” *Diplomacy & Statecraft* 20, 1, pp. 1-19.

in disguise, in which the US felt the obligation to be a benevolent leader.⁵³⁴ Mazower himself criticized US leadership in some parts of his book, when it did not adhere to the basis of multilateralism, by trying to impose a new form of imperialism.⁵³⁵

To some extent, there has been a return to unilateralism since 2001, under the US presidency of George W. Bush. That administration pushed aside the WTO and other multilateral institutions, and created a series of bilateral and regional agreements. Moreover, regarding the Doha Round of Trade Negotiations, which attempted to address development as part of international trade, unfortunately “in July 2006, the new WTO chief, Pascal Lamy, declared trade talks officially suspended.”⁵³⁶ At the same time, 2001 is a significant year as China joined the WTO in December. Hitherto, “no longer China is an emerging great power, it is a ‘risen’ one.”⁵³⁷ According to Christopher Layne and James MacDonald, we are living the dilution of unipolarity and of the Pax Americana, not its elimination, yet.

In this context, the international feeling against US leadership increased after the crisis in 2008-2009. The bailouts protecting those who were responsible for the crisis, and neglecting those who were affected, is the main argument of nationalist international political economic authors like Jonathan Kirshner, who affirm that this crisis created distrust in the US-led system both in that country and in the rest of the world.⁵³⁸ He explains that “the financial world remains a very dangerous place—more dangerous than it was even before the crisis,”⁵³⁹ as corrupt practices and lack of regulation are still present and they are not being addressed.

⁵³⁴ MacDonald, James (2015). *Op. Cit.*, pp. 8-11, 250.

⁵³⁵ Mazower, Mark (2012). *Op. Cit.*, Some examples: on page 373 Mazower argues that: “Woodrow Wilson’s old university, Princetown, was the birthplace of a new Project on National Security, critical not so much of Bush’s projection of American power overseas as of his stupidity in not working in a properly multilateral spirit.” And on page 375, he states “The neoimperialist prescription was also doomed by its own amnesia. Mandating a return to the imperial origins of international institutions, it refused to recognize that time has changed... Thus, the imperial version of the development/security nexus never really got the chance to prove itself except in Iraq and Afghanistan, which demonstrated its impossibility.”

⁵³⁶ Mazower, Mark (2012). *Ibid.*, p. 362.

⁵³⁷ Layne, Christopher (2012). “This time it’s real: The end of unipolarity and the *Pax Americana*.” *International Studies Quarterly*, 56, pp. 203-213 (212).

⁵³⁸ Kirshner, Jonathan (January 2016). “The international consequences of financial fragility.” *Current History*, pp. 23-28.

⁵³⁹ Kirshner, Jonathan (January 2016). *Ibid.*, p. 27.

7.5.2 Economic Nationalisms. Implications for Global Governance of the Rise of Right-Wing, Anti-Globalization Movements Around the Globe

As explained in the previous sections, managing systemic risk requires that globalization, in order to be more sustainable, must ensure that it will be more inclusive, transparent, and resilient. This postulate was exactly the postulate of the Mexican delegation at Bretton Woods and it still is completely current. However, there are challenges in this globalized economic system.

Firstly, according to Mazower, there is a corrupt linkage between the traditional policy makers and international private interests, and this is precisely the conclusion of his book:

Our representatives continue to hand over power to experts and self-interested self-regulators in the name of efficient Global Governance while a skeptical and alienated public looks on. The idea of governing the world is becoming yesterday's dream.⁵⁴⁰

Mazower's thought is completely current. Contrary to the confidence in the multilateral system based on diplomacy and the values of humanity and an international society,⁵⁴¹ US President, Donald Trump, has been criticized even by the United Nations itself. These critics have arisen because of his attacks to the fundamental values advocated by the international community through multilateralism in the second half of the 20th: international trade,⁵⁴² human rights,⁵⁴³ and the environment.⁵⁴⁴ He disrupted in this way the international balance of power that was led by the United States. Moreover, UN Secretary-General Antonio Guterres, at the beginning of 2018 raised a "red alert" for the world regarding human challenges, such as the deepening of international conflicts, the increasing risk of nuclear weapons, climate change, inequalities, violations of human rights, nationalisms and xenophobia.⁵⁴⁵

⁵⁴⁰ Mazower, Mark (2012). *Op. Cit.*, p. 427.

⁵⁴¹ Sluga, Glenda (2013). *Internationalism in the Age of Nationalism*. And, Sluga, Glenda (2017). "The Beginning(s) and End(s) of the International Order," *E-International Relations* 22 May, <http://www.e-ir.info/2017/05/22/the-beginnings-and-ends-of-the-international-order/>

⁵⁴² RT Question More. "Trump calls WTO a 'catastrophe,' says US losing out and needs new deal." February 28, 2018: <https://www.rt.com/usa/419874-trump-wto-catastrophe-world-trade-organization/>

⁵⁴³ CNN Politics. "UN human rights office calls Trump's comments 'racist.'" January 12, 2018: <https://www.cnn.com/2018/01/12/politics/un-human-rights-trump-response/index.html>

⁵⁴⁴ Independent. "Syria signs Paris Agreement – leaving US only country in the world to refuse climate change deal." New York, November 7, 2017: <https://www.independent.co.uk/news/world/middle-east/syria-paris-agreement-us-climate-change-donald-trump-world-country-accord-a8041996.html>

⁵⁴⁵ United Nations. "An alert for the world" – UN Secretary-General Antonio Guterres, 2018 New Year Video Message: <https://www.youtube.com/watch?v=FNfSEI-kFEk>

This threat to the liberal system that took place during the last 78 years is summarized in the article “The Post-World War II Order is Under Assault from the Powers that Built it” by Peter S. Goodman in the New York Times:

The institutions created after World War II have never lacked for critics — or instances of failing to live up to lofty rhetoric.

The IMF has long provoked criticism that it caters to the investor class while imposing austerity on ordinary people in crisis-hit countries. Trade deals have been crafted to advance the interests of politically connected special interests. Labor groups have accused the European Union of harboring an unhealthy obsession for avoiding budget deficits at the expense of jobs. Democratic convictions have not stopped the West from supporting authoritarian regimes in pursuit of their own strategic goals.

But if the justice of the liberal order has been contentious, now its basic endurance appears in question.⁵⁴⁶

This quotation illustrates clearly and succinctly that the international liberal order has always been challenged, but now its own existence is in real danger. Moreover, according to Goodman, international destabilization comes not only from the United States, but from Russia as well, making China seem a prudent force. Additionally, Brexit in the United Kingdom, and populist voices in Poland, Hungary, and Italy, are distrustful of the European Union.

Overall, there are radical voices trying to take political and economic advantage of the social discontentment because there is a huge part of the world’s population that has not benefitted from the economic model that took place over the last decades. As stated by Ian Goldin and Mike Mariathan, the lesson to be taken:

... is that policymakers need to be aware that the growing sense of a blizzard of complexity and unequal sharing of benefits is provoking a reaction that threatens the foundations of globalization.⁵⁴⁷

This excerpt makes evident that policymakers need to realize the level of social discomfort. This failure of policymakers to see the socioeconomical discontentment and connect with its real causes is bringing nationalisms and protectionism. What is really dangerous is that the levels of social

⁵⁴⁶ New York Times. Goodman, Peter S. “The Post-World War II Order is Under Assault from the Powers that Built It.” March 26, 2018: <https://www.nytimes.com/2018/03/26/business/nato-european-union.html>

⁵⁴⁷ Goldin, Ian and Mariathan, Mike (2014). *The Butterfly Defect: How Globalization Creates Systemic Risks, and What To Do About It*. Princeton: Princeton University Press: p. 188.

rage are threatening globalization, and thus Global Governance. These reactions can be reflected on the electoral movements in Europe, the US, and the UK. In Europe, the graph below shows the increase of the electoral results of radical right-wing parties over the last four decades⁵⁴⁸:

TABLE 7.3.
ELECTION RESULTS OF RADICAL RIGHT-WING PARTIES (PERCENT), NATIONAL ELECTIONS (AVERAGES),
AND EUROPEAN PARLIAMENT (EP) ELECTIONS, 1980–2009

Country	1980–84	1985–89	1990–94	1995–99	2000–2004	2005–9	EP 2009
Belgium	1.1	1.7	6.6	11.6 ^a	13.8	14.0	10.1
Denmark	6.4	6.9	6.4	9.8	12.6	13.9	14.8
German Federal Republic	0.2	0.6	2.3	3.3	1.0	2.1	1.7
France	0.4	9.9	12.7	14.9	12.4	4.7	6.3
Great Britain	—	0.6	0.9	—	0.2	0.7	8.3
Italy	6.8	5.9	17.8	15.7	4.3 ^b	8.3 ^b	10.2 ^b
Norway	4.5	8.4	6.0	15.3	14.7	22.5	—
Austria	5.0	9.7	19.6	24.4	10.0	28.2	17.8
Sweden	—	—	4.0	—	1.5	3.0	3.3
Switzerland	3.8	6.3	10.9	9.3	1.3	30.0	—
Average	2.8	5.0	8.7	13.0	7.2	12.7	—

Notes: The following parties were included in the calculations: Belgium—Vlaams Blok, Front National; Denmark—Fremskridtsparti, Dansk Folkeparti; Germany—Republikaner, Deutsche Volksunion, German National Democratic Party; France—Front National, Mouvement National Républicain; UK—British National Party, National Front; Italy—Movimento Sociale Italiano, Alleanza Nazionale, Movimento Sociale-Fiamma Tricolore, Lega Nord; Netherlands—Centrumpartij, Centrumdemocraten, List Pim Fortuyn, Party for Freedom; Austria—Austrian Freedom Party, Bündnis Zukunft Österreich; Sweden—Ny Demokrati, Sverigedemokraterna, Nationaldemokraterna. Dashes indicate no data.

^aThis figure (and the corresponding average) has been corrected based on data derived from <http://electionresources.org/>, accessed 21 July 2013.

^bWithout Alleanza Nazionale but including Lega Nord, Movimento Sociale-Fiamma Tricolore, Mussolini, and Rauti.

Source: Michael Minkenberg, 2011, “The Radical Right in Europe Today: Trends and Patterns in East and West,” in *Is Europe on the “Right” Path? Right-Wing Extremism and Right-Wing Populism in Europe* (Berlin: Friedrich Ebert Stiftung Forum), 37–55, data on 44. Used with permission.

Figure 7. Election results of radical right-wing parties, national elections, and European Parliament elections, 1980-2009 (retrieved from Goldin and Mariathan).

This table shows the trend in which right-wing parties have been increasing their electorate in the last four decades in Europe. These trends are especially appealing in years of economic crises, such as the second half of the 1990s and 2000s.

Likewise, the political process of the rise of right-wing movements is precisely what happened in the United States and in the United Kingdom. In the United States, Autor, Dorn, Hanson and Majlesi, considered the rising trade with China over the recent decades and made an analysis of the US Congress, and found that there is a strong connection between adverse economic conditions and the support to extremist politicians, and specifically Trump.⁵⁴⁹ Similarly, in Great Britain, Jonathan Hopkin explains how governments since the Thatcher administration have

⁵⁴⁸ Goldin, Ian and Mariathan, Mike (2014). *Ibid.*, pp. 190-191.

⁵⁴⁹ Autor, D.; Dorn, D.; Hanson, G; Majlesi, K. (2016). Importing political polarization? The electoral consequences of rising trade exposure. Mimeo. <http://www.ddorn.net/papers/ADHM-PoliticalPolarization.pdf> [plus post-election addition on same website: “A note on the effect of rising trade exposure on the 2016 Presidential election”].

implemented neoliberal reforms that have economically and socially affected its population, transmitting the image that they were attributable to the European Union. Hence, according to him, Brexit was a nationalist way for the British people to regain sovereignty and representative democracy (particularly for lower income, less educated, and older voters), rather than xenophobia.⁵⁵⁰

Complementarily, Goldin and Mariathan explain that global inequalities exist both within and between countries. This perspective explains that the problem about the economic issues derived from the current form of globalization covers not only an independent part of the world's problems because it also encompasses and connects infrastructure, health, ecology, the environment, supply chains, and social forms of systemic risks.⁵⁵¹ Goldin and Mariathan highlight that there should be a greater focus on inclusivity and long-term sustainable growth, and that a failure to understand these risks will lead to outdated policies. In addition, they present insights for a global policy reform: to promote resilience and sustainability; to foster the transparent communication of choices, risks, and uncertainties; to improve risk measurement; to rectify economic incentives; to prepare for contingencies; and to define and enforce unified legal responsibilities.

7.6 Reflections. Were the Limitations in the Mexican Delegation's Proposals or in the Bretton Woods System itself?

So far, this dissertation has analyzed the evolution of several interesting events, international institutions, key persons, schools of thought, and the specific contributions of the Mexican delegation to the governance of the international economic system that exists hitherto. Moreover, this chapter demonstrated that those contributions were highly significant to the discussions held at the United Nations Monetary and Financial Conference.

First, the 'neglected origins of the Bretton Woods Conference' are clearly demonstrated by analyzing the acknowledgements given in the wording of the Agreements. More specifically, the

⁵⁵⁰ Hopkin, Jonathan (2017). "When Polanyi Met Farage: Market Fundamentalism, Economic Nationalism, and Britain's Exit from the European Union." *The British Journal of Politics and International Relations* 19 (3), pp. 465–78.

⁵⁵¹ Goldin, Ian and Mariathan, Mike (2014). *Ibid.*, pp. 9-35, 168-220.

Joint Statement by Experts on the Establishment of an IMF of the United and Associated Nations, included in the official archives, does not account for the negotiations held between the United States and Latin America during the decade that preceded that Conference. Moreover, it did not mention the proposals brought for by Mexico since 1942, year of the initial draft of the Bretton Woods Agreements. Thus, it is possible to see that even though Mexico had very strong positions about the topics that were being discussed at the Bretton Woods Conference, it was not listened to. This is the reason why its participation is not widely acknowledged in the current state of the literature.

This chapter then explored the role of bias and prejudice at the Conference. First, it analyzed the role of the newspapers that described the actions of 25 US Senators also interested in including silver in the new monetary system, and the attempt of one private corporation with interests on silver to enter into the buildings where the negotiations were taking place. These events led to analyze the discrimination and prejudice held by one author of a book about the Conference. Whatever reason that author might had had for writing in those terms, this section was helpful to address the issue of bias. This problem was the elephant in the room denounced in some of the speeches of the Mexican delegation, in order to question the establishment of the economic decisions being made. These decisions were asymmetric against the developing countries, and they did not take into account the technical arguments that Mexico presented in the clearest way.

Mexico's leadership role and proposals demonstrate this country's significance to the proceedings and to the history of international economic multilateralism. As foreseen by the Mexican delegation, the Bretton Woods Agreements had failures of inclusiveness and representativeness that could not be borne by the international system as a whole. The world faced severe economic crises, and then in 1971 the gold standard was eliminated and replaced by a system of free currency exchanges in 1973. Moreover, since the international institutions in charge of coordinating the multilateral system, the IMF and the WB, did not design a representative mechanism for making decisions, that multilateral structure was destined to find challenges along the way. These challenges have included diverse groups and movements against the liberal international order in both developing and developed countries.

Then, this chapter reflected on the question whether Bretton Woods was a neo-colonial project. All the structural issues explained above that can be seen both in the academic literature as well as in the archives issued by the US government, show a power dynamic of a neo-colonial

attempt at Global Governance. The main piece of evidence were the quotas foreseen to be established at the IMF so that decisions about currency exchanges were made. This was evidently an abuse to the sovereignty rights of the rest of the world, except to the three major victorious powers of the Second World War. Thus, it was a new postwar system, but one attempting to establish a majoritarian, or hegemonic, authority in Global Governance.

It is interesting to scrutinize these quotas, which reflected a majoritarian system, as opposed to a multilateral one. The three largest countries, i.e., the United States (with 31.3% of the quotas), the United Kingdom with the countries that were part of the British Commonwealth (27.2% of the quotas), and the Soviet Union (13.6% of the quotas), had together 72.1% of the quotas. Actually, the “Western” block led by the United States and the United Kingdom had 58.5% of the quotas. In contrast, Latin America with 19 of the 44 countries attending the Conference, had only 5.6% of the quotas. The European countries (seven, without Denmark which had not confirmed its membership to the IMF) had 11.9% of the quotas. Similarly, 2 Asian countries had 6.5% of the quotas, considering China alone 6.25%. Lastly, 3 East European countries had 3.5% of the quotas, and 2 Middle Eastern countries had 0.375% of the quotas.

Therefore, the question remains: what possible reasons would any sovereign country have for accepting this system for setting the price to their own money (i.e., the exchange rates)? And, moreover, what could be the interests represented in this “multilateral” system of the postwar world? This international structure was meant to represent only the interests of the three biggest powers at the time, and furthermore, it was being designed to remain that way over time.

Finally, this chapter showed that the Mexican delegation was ahead of its time because the call to a New International Economic Order (NIEO) did not take place until three decades later. The NIEO ideas about dependency and interdependency were very similar to the developmentalist proposals presented by Mexico at Bretton Woods. That is, had the principle that the prices of commodities produced by developing countries would be listened to at Bretton Woods, then Southern countries would have been in a place of improving their living conditions and of spending on their own national projects.

Lastly, it is also worth mentioning that in analyzing Mexico’s participation at the Bretton Woods Conference, many specific details and excerpts were obtained from primary sources, in addition to having conducted a comprehensive study of the bibliographic sources. These primary sources consisted mainly of the *Proceedings and Documents of the United Nations Monetary and*

Financial Conference, issued by the US Department of State in 1948. All these records constitute over 1,800 pages that systematize the evidence and historic knowledge on these proceedings, in two volumes. These sources are included alongside some editorials from newspapers at that time, as well as the memoirs of some members of the Mexican delegation. These official documents provide an impartial perspective from that of the author of this dissertation.

Over 78 years later, the world has gone through many challenges, but the one that the international liberal order is experiencing today has special significance. This importance is given because of the ongoing risk of the disappearance of the multilateral system that initiated at the Congress of Vienna in 1815 with the purpose of preventing that the world could be occupied by an Emperor like Napoleon. This balance of powers was disrupted with the two World Wars, but since the end of the Second World War, thanks to the institutions created at Bretton Woods, this multilateral system has been led by the United States and expressed through the United Nations, and it has represented a historical opportunity for Global Governance. After the international financial crisis in 2008, nationalist ideologies took hold, and expressed increasingly populist movements around the globe. Would the history of the world have differed, had the big countries heard the developing countries, represented by Mexico, regarding the need for a fairer economic world? The origins of the Bretton Woods System, and the participation of Mexico in this historical period, were analyzed here to provide some better understanding about the origins of the international economic governance that exists today.

In this way, this chapter revealed both the international origins and Mexico's contributions to the current global economic order, and Mexico's vision and call to level the playing field—a need that remains 78 years later!—Would the history of the world have differed, had the big countries heard the developing countries, represented by Mexico, regarding the need for a fairer economic world? Given the risks currently faced by the global economic multilaterals, will the current international system become a new one? Or are the institutions and ideologies built during the past two centuries enough to cope with these major threats? These questions may look forward into the future, but the participation of Mexico in the Bretton Woods System was analyzed in this chapter to shed light on and better understand the origins of the international economic governance that exists today.

8. OVERALL CONCLUSIONS. DECOLONIZING IPE, AND THE VINDICATION OF MEXICO'S ADVOCACY TO CONSIDER THE HUMAN IMPLICATIONS OF THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEMS AT THE BRETTON WOODS CONFERENCE

When the Mexican delegation at Bretton Woods expressed its concern about some of the decisions being made, those decisions were precisely those concerning the lack of inclusiveness of the proposed new international economic system that was being built, towards the developing countries and the least favoured people within wealthy countries.

Careful analysis of the archival findings shows that the image that there is in the current state of the literature about Mexico's role at Bretton Woods is incomplete or inaccurate. It would seem that the literature attempts to describe, metaphorically, an elephant:

- Some authors focus on Mexico's participation as Chair of one of the three commissions of the Conference—this would be like the ears of the elephant—and thus those authors conclude that Mexico backed the US policies.
- Some other authors focus on Mexico's role advocating for economic development—this would be like the legs of the elephant—and thus their conclusions tend to shed light on the instrumentalization that the US government made of those ideas to legitimize the postwar multilateral system.
- Other authors focus only on the fact that some of Mexico's proposals were not approved at Bretton Woods—this would be like the tusks of the elephant. This perspective is also misinformed because eventually, history proved Mexico to have been right with the disappearance of the gold standard in 1971, and the establishment of free currency exchanges in 1973.
- Some authors just consider Mexico's advocacy for including silver as a currency alongside gold—this would be like the tail of the elephant—as if that were a goal in itself from the Mexican delegation, without looking at the technical arguments that Mexico presented for substantiating the proposal. That is:
 - Mexico was claiming that the gold standard was not affordable because it was being imposed on unreal currency exchanges that were unfair to the developing countries.

- Another reason why the gold standard was not endurable over time was because, in order to stabilize the international price of silver, the costs of minting and melting the silver in order to buy it in and sell it into the international markets whenever there were economic expansions or contractions, was a cost that was being absorbed by the developing countries, especially by Mexico as the main producer of silver in the world.
- Thus, the opportunity cost of using gold as a single international currency was the investment in productive projects in those countries.
- Therefore, Mexico’s advocacy was in favour of considering the human consequences of the gold standard, i.e., of the international economic decisions for the postwar world. This is what Mexico referred to at Bretton Woods, the human implications of the international and monetary systems, not to an isolated metal—this integral idea would be the body of the elephant.
- Consequently, this dissertation sheds light on the core idea that, at the Conference that designed the economic system of the current world, Mexico was trying to bring attention to the human implications of the international monetary and financial systems. Moreover, this call for the creation of the multilateralist international system remains current amidst the nationalist and populist movements around the world due to the generalized discontent towards economic policies that are not inclusive nor sustainable—This need to consider the human implications of IPE in the current times is like a baby elephant that was born from this dissertation.

The three main challenges for a more peaceful and prosperous society, according to the Mexican delegation (in Dr. Suárez’ words: “... If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy...”⁵⁵²) were the gold standard and, the quotas for voting the currency exchanges, and finding ways for fostering economic development in developing countries:

⁵⁵² US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference. Bretton Woods, New Hampshire, July 1st to the 22nd, 1944*. Washington, D.C. Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Dr. Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

- Regarding the international community's use of the gold standard, its costs would be nationally borne by the poorest countries, which were the producers of other metals—specifically, silver—for currencies. For example, Mexico was paying \$35 dollars per ounce of gold, the price established by the United States since 1934 after the devaluation.
- Regarding the quotas for voting the currency exchange rates, these were completely asymmetrical, and thus, infringed developing countries' sovereignty. Eventually, history proved Mexico to have been right with the disappearance of the gold standard in 1971 and the establishment of floating currency exchanges in 1973. Dr. Suárez claimed that neither developed nor developing countries would have any reason for implementing these [non-inclusive and non-representative] agreements. Moreover, Helleiner explains that the Bretton Woods Agreements were never implemented, which was an important reason why the gold standard was eliminated in 1971.
- Regarding economic development, Mexico proposed that this goal was included alongside reconstruction as the main purposes of the International Bank of Reconstruction and Development, and this proposal was accepted.

Consequently, the concept of inclusiveness in international political economy is key for a healthy and sustainable Global Governance system because the international monetary and financial systems should have included—from the beginning of the post-war system—its human implications, which are vital.

Therefore, the main contribution to knowledge of this dissertation is that it sheds light on the fact that Mexico's real position went well beyond what the current state of the literature asserts. Mexico advocated for the new multilateral system to consider the human implications of the international economic order. Mexico's role was not to support or legitimize the multilateral international economic system created by others at Bretton Woods. Nor did Mexico just offer some outlying contributions about silver. Rather, Mexico's proposals went directly to the core of the sustainability and durability of the international economic order that was being created, by considering its implications for the countries that had to pay for the costs of the gold standard and that were not being effectively represented in the quotas for voting on the exchange rates. This assertion is the main contribution of this dissertation to the historiographies on multilateralism and Global Governance. Had Mexico been listened to at the time, it is very likely that the economic multilateral system that we currently have would be more inclusive and fairer.

It is worthwhile to highlight that this dissertation builds on the analysis of the current state of the literature on Mexico's participation at the Conference, and it also analyzes this participation directly in more detail by drawing on the extensive archival evidence issued by the US government in 1948. Hence, I am the first scholar that explains that Mexico had three roles at the Bretton Woods Conference: (1) Institutionally, it chaired one of the three Commissions of the Conference and it was active as a member of the Summit's "Coordinating Committee" and "Steering Committee"; (2) As a moral voice, it strongly advocated for a more inclusive and fairer world; (3) As a leading Latin American country politically and economically, it actively advocated for economic development. In this way, Mexico called for the Bretton Woods system to consider the human implications of the international economic decisions and policies that were being made at the Conference.

In addition, this dissertation draws on the archival sources issued not only by the US government and by Eduardo Suárez' and Víctor Urquidi's memoirs. Complementarily, this dissertation studies the history of the Mexican political system to show how the principles of foreign policy that Mexico defended at Bretton Woods were part of its DNA since it became an independent nation at the beginning of the 19th century, i.e., over a century before. In this way, this research stresses the broader significance of the Mexican delegation's claims for the Bretton Woods Agreements as well as for the fairness and inclusiveness of the multilateral world order itself.

The *Juárez, Carranza, and Estrada Doctrines* define Mexico's diplomatic vision of the world. These doctrines established the principles of non-intervention, self-determination of the peoples of the world, legal equality of countries, and peaceful settlement of disputes, for which Mexico is highly recognized internationally. That is the reason why, at Bretton Woods, Mexico's vision was one in which international law should be the rule for all the countries, not only for some of them. And, it is a vision in which the international economic agreements should be at the service of all nations, not only the old colonial ones.

It is especially interesting to analyze the actions undertaken by President Juárez, in the mid-19th century, in which he refused to recognize the abusive commercial agreements with the European countries that tried to make of Mexico an European protectorate. Mexico's officials had these diplomatic principles in mind, and they advocated for a vision of the world that was fair for everyone. This was the diplomatic heritage that the Mexican delegation brought to Bretton Woods.

Mexico's foreign policy during the Second World War was characterized by its constant adherence to international law, its display of Inter-American solidarity, and its invariable rejection of Nazi and fascist ideology. Mexico was one of the countries that promoted Inter-American cooperation the most. It showed invariable solidarity with the attacked nations. It protested against the aggressions made by the Axis countries, condemning the use of force as an instrument of international dominance.

During the Cardenismo and Second World War, Mexico's foreign policy was characterized by a high capacity for international negotiations. From a pragmatic perspective, the Cárdenas (1934-1940) and Ávila Camacho (1940-1946) administrations took advantage of this special circumstance to obtain important diplomatic achievements and maintain a constant presence on the international scene. Mexico's foreign policy in the Cárdenas nationalist period and during World War II contributed to the consolidation of internal political stability and the promotion of economic development. To boost economic growth, the country increased its exports, it entered into favorable trade agreements and attracted again foreign investment.

Unfortunately, it is also important to realize that Mexico's diplomatic vision and history have been misunderstood even by some of the most inclusive and progressive scholars on these topics. Moreover, that these misunderstandings mean that these revisionist perspectives shape not only historians' perspectives, but also the policy debates of our time. How is it possible to respect our neighbours, if we think that they are not able to understand the vision for a fair and sustainable world that we share? Let this dissertation be a bridge towards a better understanding of what Mexico argued at Bretton Woods. Mexico was not worried about silver and developmentalism as ends by themselves. Rather, Mexico tried to contribute towards a more solidary and fair post-war international economic system.

This research uncovered unexpected findings in the study about Mexico's role at Bretton Woods. Unwittingly, the literature has three biases: first, the authors support their research on Mexico's 20th century archival records, which results in an excellent archival work but is devoid of history of the Mexican political system. Second, they build an argument about Mexico's international role throughout the 20th century, by taking for granted what Mexican elites expressed three decades after Bretton Woods, which is a narrative that grew misaligned from Mexican reality as the 20th century passed. Third, they still focus on the United States, especially what the United

States instrumentalized from its relationship with Mexico to build and legitimize the multilateral international system, sidelining the validity and legitimacy of Mexico's message. This doctoral dissertation studies these topics in an intertwined way, as they are braided in real life through the way in which the international order has evolved before and after the Bretton Woods Conference.

Accordingly, this dissertation details the ways in which the Mexican delegation advocated for making the international monetary system of the postwar world more flexible and inclusive. This advocacy can be seen in Mexico's proposals on the quotas for voting the currency exchanges and the inclusion of silver to be considered as collateral for loans. Additionally, Mexico advocated for economic development through its proposals for the IBRD, both for including the goal of development alongside that of reconstruction in the purpose of the bank, as well as questioning the veto power of lending countries. All these proposals allow to see *Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference*.

In addition, the examples of inadvertent biases in the current state of the literature presented in this dissertation are evidence that there is an external view in these North American books that, inadvertently, include a bias against the real Mexico. The actual Mexico had hard-won diplomatic victories; it was the home country of a diplomat who was a Nobel Prize Laureate; and above all, it was a country that influenced the historic world trend of events at the time of the Bretton Woods Conference. Looking at both Mexican history books and the North American books about Mexico, it would seem that the latter want to present a fancy image of a developing country—Mexico—that is based only of research on some diplomatic archives of some conferences, and not on the history of the Mexican diplomatic and political system that surrounded these moments. That perspective fails to see that the Mexican delegation at the Bretton Woods Conference was formed by men with serious convictions about the creation of a fairer new world order, and that Mexico defended the sovereignty of all countries and the equality of states since the 19th century.

Overall, when analyzing the impacts of the Mexican delegation's proposals as well as those of the Bretton Woods Conference, some authors state that Mexico's proposals were 'limited' or 'secondary.' By contrast, the real question and the real argument is the extent to which the Bretton Woods Agreements were efficient and inclusive enough to endure over time. That is, in an international architecture that foresaw the gold standard as the monetary rule for a postwar world, as well as institutions that would not include the real problems of developing countries (as those

countries did not have enough representation in those international institutions), then, as history proved, that multilateral structure was destined to find challenges such as diverse groups and movements against the liberal international order. If counterfactual history is considered, then a free and fair currency exchange system alongside institutions that would have considered all countries and peoples involved, could have created a more sustainable multilateral system. This system would have been more inclusive and representative because of its concern for the human implications of the international economic decisions for both developed and developing countries.

Therefore, when looking overall at *Mexico's Advocacy to Consider the Human Implications of the International Monetary and Financial Systems at the Bretton Woods Conference*, it is possible to affirm that inclusiveness and representativeness in the international field are the key to not repeat the mistakes of the past that have brought social discontent and national and populist movements to the present time. The international economic system has consequences over people's lives, and these connections and impacts should be acknowledged. This is the message that Dr. Suárez explained when he stated that these problems, "small in economic dimensions but large in human implications,"⁵⁵³ need to be addressed so that the world can be sustainable, and thus happy. This message is still equally relevant hitherto. Let us hope that we do not make the same generational mistakes.

⁵⁵³ US Department of State. *Ibid.* Document 459, "Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III," presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190.

REFERENCES

Amrith, Sunil and Sluga, Glenda (September 2008). "New Histories of the United Nations." *Journal of World History*, Volume 19, Number 3: pp. 251-274.

Anand, S. and Sen, A. (2000). "Human Development and Economic Sustainability." *World Development*, Vol. 28, No. 12, pp. 2029-2049.

Autor, D.; Dorn, D.; Hanson, G; Majlesi, K. (2016). Importing political polarization? The electoral consequences of rising trade exposure. Mimeo. <http://www.ddorn.net/papers/ADHM-PoliticalPolarization.pdf> [plus post-election addition on same website: "A note on the effect of rising trade exposure on the 2016 presidential election"].

Babb, Sarah (1996). *Managing Mexico: Economists from Nationalism to Neoliberalism*. Princetown University Press, U.S.A.: <https://books.google.ca/books?id=Uuk9DwAAQBAJ&pg=PA41&lpg=PA41&dq=%22antonio+espinosa+de+los+monteros%22+AND+%22banco+de+mexico%22&source=bl&ots=bV0hR1iKK&sig=aMU1RjRgj4 qL Lzf04HiXsT7 M&hl=en&sa=X&ved=0ahUKEwiAyZDoxKvaAhXKTLwKHde3Ar0Q6AEIXTAM#v=onepage&q=%22antonio%20espinosa%20de%20los%20monteros%22%20AND%20%22banco%20de%20mexico%22&f=false>

Baldwin, Richard (2016). "The World Trade Organization and the future of multilateralism." *Journal of Economic Perspectives* 30(1), pp. 95-116.

Barnett, Michael and Duvall, Raymond (Winter 2005). "Power in International Politics." *International Organization* 59, pp. 39-75.

Becker Lorca, Arnulf (2011). "Sovereignty Beyond the West: The End of Classical International Law." *Journal of the History of International Law* 13, pp. 7-73.

Bevir, Mark (2006). "Political Studies as Narrative and Science, 1880-2000," *Political Studies*. Vol. 54, pp. 594-595.

Blum, John Morton (1967). *From the Morgenthau Diaries, Years of War 1941-1945*. Houghton Mifflin Company Boston. USA.

Borges, Jorge Luis (1974), edited by Frías, Carlos V. *Jorge Luis Borges, Obras Completas: 1923-1972*. Emecé Editores. Buenos Aires, Argentina, pp. 597-598.

Cain, Peter (1979). "Capitalism, war and internationalism in the thought of Richard Cobden." *British Journal of International Studies* 5(3): pp. 229-247.

Cárdenas, Enrique commenting on Bardesch and Levy. "Populism and Economic Policy in Mexico." In Dornbusch, Rudiger and Edwards, Sebastian (1991). *The Macroeconomics of Populism in Latin America*. USA. University of Chicago Press.

Cetré, Moisés. "Las instituciones de Bretton Woods y Centroamérica". En Banco Nacional de Comercio Exterior (1994). "Un recorrido por el primer cincuentenario de Bretton Woods". México. BANCOMEXT, pp. 887-895.

Chandra, Uday (2013). "The Case for a Postcolonial Approach to the Study of Politics," *New Political Science* 35 (3), pp. 479-491.

Chappell, Louise (2014). "Conflicting institutions and the search for gender justice at the International Criminal Court." *Political Research Quarterly* 67(1) 183-196, pp. 183-196.

Christoff, Peter and Eckersley, Robyn (2013). *Globalization and the Environment*. UK. Rowman & Littlefield Publishers, Inc.

Clapp, Jennifer (2016). "Distant agricultural landscapes." *Sustainability Science*. 10(2), pp. 305-311.

Coen, David and Pegram, Tom (2018). “Towards a Third Generation of Global Governance Scholarship.” *Global Policy* 9(1), pp. 107-113.

Coen, David and Pegram, Tom (October 2015). “Wanted: a Third Generation of Global Governance Research.” *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 28, No. 4, pp. 417-420.

Comisión Nacional para el Conocimiento y Uso de la Biodiversidad. “Ecosistemas de México”. Biodiversidad Mexicana: <https://www.biodiversidad.gob.mx/ecosistemas/ecosismex>

Comisión Nacional para el Conocimiento y Uso de la Biodiversidad. “México Megadiverso”. Biodiversidad Mexicana: <https://www.biodiversidad.gob.mx/pais/quees.html>

Conway, Ed (2014). *The Summit: Bretton Woods, 1944*. USA. Pegasus Books.

Country Meters. “Chinese population,” retrieved on December 15, 2020: <https://countrymeters.info/es/China>

Cutler, Claire (2016). “Transformations in statehood, the investor-state regime, and the new constitutionalism.” *Indiana Journal of Global Legal Studies* 23(1), pp. 95-125.

Dean, Austin. *China and the End of Global Silver, 1873-1937*. USA. Cornell University Press.

Eckes Jr., Alfred E. (1975). *A Search for Solvency*. USA. University of Texas Press.

El Colegio de México. “Daniel Cosío Villegas.” <http://biblio.colmex.mx/info/cosio.htm>

Forman-Barzilai, Fonna (2000). “Adam Smith as Globalization Theorist.” *Critical Review: A Journal of Politics and Society*, 14: 4, pp. 391-419.

Galeana, Patricia (2007). “Antecedentes Históricos del Artículo 89 Constitucional”. México. UNAM, Vol 1, retrieved from: <http://www.journals.unam.mx/index.php/anuhist/article/view/31580/29199>

Garrido, Luis Javier (1982). *El Partido de la Revolución Institucionalizada*. México. Siglo XXI.

Gaudry, Adam J. P. (2011). “Insurgent Research,” *Wicazo Sa Review* 26 (1), pp. 113-136.

Ghosh, Jayati (2015). “The creation of the next imperialism: The Institutional Architecture.” *Monthly Review* 67(3): 146-158.

Gobierno de México. “Inicio de la ‘Guerra de los Pasteles’”. <https://www.gob.mx/siap/articulos/inicio-de-la-guerra-de-los-pasteles?idiom=es>

Goldin, Ian and Mariathan, Mike (2014). *The Butterfly Defect: How Globalization Creates Systemic Risks, and What To Do About It*. Princeton: Princeton University Press.

González Casanova, Pablo (2000). *La Democracia en México*. México. Ediciones Era.

Google Arts & Culture. “Coup of 18 Brumaire”: <https://artsandculture.google.com/entity/m024rjc?hl=en>

Hall, Peter A. and Lamont, Michele (2013). “Why Social Relations Matter for Politics and Successful Societies.” *Annual Review of Political Science*. Vol. 16, pp. 49-71.

Halm, George N. (1945). *International Monetary Cooperation. United States of America*. Chapel Hill. The University of North Carolina Press, Van Rees Press.

Haufler, Virginia (2018). “Producing Global Governance in the Global Factory: Markets, Politics and Regulation”, *Global Policy* 9(1), pp. 114-120.

Helleiner, Eric (2002). “Economic nationalism as a challenge to economic liberalism? Lessons from the 19th century.” *International Studies Quarterly* 46, pp. 307-329.

Helleiner, Eric (2006). “Reinterpreting Bretton Woods: International Development and the Neglected Origins of Embedded Liberalism.” *Development and Change* 37(5).

Helleiner, Eric (2010). “A Bretton Woods moment? The 2007–2008 Crisis and the Future of Global Governance.” *International Affairs* 83, 3, pp. 619-636.

Helleiner, Eric (2014). *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. Cornell University Press.

Helleiner, Eric (2019). “Multilateral Development Finance in Non-Western Thought: From Before Bretton Woods to Beyond.” *Development and Change*, published by John Wiley & Sons Ltd on behalf of the Institute of Social Studies.

Helleiner, Eric (2019). “The life and times of embedded liberalism: legacies and innovations since Bretton Woods.” *Review of International Political Economy*, 26:6.

Helleiner, Eric and Rosales, Antulio (2017). “Toward Global IPE: the overlooked significance of the Haya-Mariategui debate.” *International Studies Review*, Volume 19, Issue 4, 1, pp. 667–691.

Hopkin, Jonathan (2017). “When Polanyi Met Farage: Market Fundamentalism, Economic Nationalism, and Britain’s Exit from the European Union.” *The British Journal of Politics and International Relations* 19 (3), pp. 465–78.

Hurrell, Andrew (March 2011). “The Theory and Practice of Global Governance: The Worst of All Possible Worlds?” *International Studies Review* (2011) 13, pp. 144-154.

INEGI. “Extensión territorial”. Gobierno de México:
<https://cuentame.inegi.org.mx/territorio/extension/default.aspx?tema=T>

Instituto de Investigaciones Jurídicas UNAM (2005). *Diccionario Jurídico*. México. UNAM. Tomo III.

Instituto de Investigaciones Jurídicas, Universidad Nacional Autónoma de México (2005). *Diccionario Jurídico Mexicano*. Editorial Porrúa. México: Tomo II.

Instituto de Investigaciones Jurídicas, Universidad Nacional Autónoma de México (2005). *Diccionario Jurídico Mexicano*. Editorial Porrúa. México: Tomo I.

International Monetary Fund. “History.” <http://www.imf.org/en/About>

Kaufman, Robert and Stallings, Barbara. “The Political Economy of Latin American Populism.” In Dornbusch, Rudiger and Edwards, Sebastian (1991). *The Macroeconomics of Populism in Latin America*. USA. The University of Chicago Press.

Kauze, Enrique (1997). *La Presidencia Imperial: De Manuel Ávila Camacho a Carlos Salinas de Gortari*. México. Tusquets Editores, p. 85.

Kendi, Ibram X. TedTalk: <https://www.youtube.com/watch?v=KCxbl5QgFZw>

Keynes, John Maynard (1933). “National self-sufficiency.” *The Yale Review* 22(4), pp. 755-69.

Kirshner, Jonathan (January 2016). “The international consequences of financial fragility.” *Current History*, pp. 23-28.

Koppell, Jonathan G.S (2010). *World Rule: Accountability, Legitimacy and the Design of Global Governance*.

Koskenniemi, Martti (2009). “Miserable Comforters: International Relations as New Natural Law,” *European Journal of International Relations* 15 (3), pp. 395-422.

Layne, Christopher (2012). “This time it’s real: The end of unipolarity and the *Pax Americana*.” *International Studies Quarterly*, 56, pp. 203-213.

League of Nations–Economic, Financial and Transit Department (1944). *International Currency Experience: Lessons of the Inter-War Period*. League of Nations. Reprinted by United Nations: 1947.

López Villafaña, Víctor (2005). *La Formación del Sistema Político Mexicano*. México. Siglo Veintiuno Editores.

MacDonald, James (2015). *When Globalization Fails: The Rise and Fall of Pax Americana*.

Mantz, Felix (2019). “Decolonizing the IPE syllabus: Eurocentrism and the coloniality of knowledge in International Political Economy.” *Review of International Political Economy*, 26:6, 1361-1378, p. 1375.

May, C. (1996). “Strange fruit: Susan Strange’s theory of structural power in the international political economy.” *Global Society* 10(2).

Mazower, Mark (2012). *Governing the World: The History of an Idea. 1815 to the Present*. Penguin Books. USA.

McFarland, Victor (2015). “The New International Economic Order, interdependence, and globalization.” *Humanity* 6(1).

McMichael, Philip (2015). “The land question in the food sovereignty project.” *Globalizations* 12(4): 434–451.

Mexican Constitution, retrieved from the website of the Federal Congress: <http://www.diputados.gob.mx>

Meyer, Lorenzo (2000). *Historia General de México*. El Colegio de México. México.

Milliken, Jennifer (1999). "The Study of Discourse in International Relations: A Critique of Research and Methods." *European Journal of International Relations*. Vol. 5, No. 2, pp. 225-254.

Myers, Vernã. TedTalk: <https://www.youtube.com/watch?v=uYyvbGINZkQ>

Nacional Financiera. "Historia." <http://www.nafin.com/portalfn/content/sobre-nafin/historia.html>

Neff, Stephen C. (2014). *Justice Among Nations: A History of International Law*. Cambridge, Massachusetts, USA.

Oliveira, Gustavo and Schneider, Mindi (2016). "The politics of flexing soybeans: China, Brazil and global agroindustrial restructuring." *The Journal of Peasant Studies* 43(1): 167-194.

Ong, Aihwa (2006). *Neoliberalism as exception: mutations in citizenship and sovereignty*. Durham, NC: Duke University Press.

Orden Jurídico. Sentimientos de la Nación:
<http://www.ordenjuridico.gob.mx/Constitucion/1813.pdf>

Organization of American States, retrieved from its website:
https://www.oas.org/en/about/our_history.asp

Organization of American States, retrieved from its website:
https://www.oas.org/en/ser/dia/perm_observers/countries.asp

Ortiz Ahlf, Loretta (2012). *Derecho Internacional Público*. México. Oxford University Press.

Patniak, P. (2014). "Lenin, imperialism, and the first world war." *Social Scientist* 427/8, pp. 29-46.

Phillips, Nicola (2016). “Labour in global production: reflections on Coxian insights in a world of global value chains.” *Globalizations*, 13(5): 594-607.

Piper, Karen (2014). *The Price of Thirst: Global Water Inequality and the Coming Chaos*. University of Minnesota Press. USA.

Plesch, Dan and Weiss, Thomas (2015). *Wartime Origins and the Future United Nations*. USA. Routledge.

ProMéxico. “Posición de México en el Mundo”. Gobierno de México: https://www.gob.mx/cms/uploads/attachment/file/43882/MEX_Ficha_resumen.pdf

Ramcharan, Bertrand. “Normative human rights cascades, North and South.” In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge.

Ravenhill, John ed. (2017). *Global Political Economy*, fifth edition.

Riguzzi, Paolo and De los Ríos, Patricia (2012). *Las relaciones México-Estados Unidos, 1756-2010. Volumen II. ¿Destino no manifiesto? 1867-2010*. Universidad Nacional Autónoma de México (UNAM). México, http://www.historicas.unam.mx/publicaciones/publicadigital/libros/mexusa/v02/14_guerra_mundial_guerra_fria.pdf

Rodríguez Huerta, Gabriela (2019). *México en el Mundo: Constitución y Política Exterior*. México. FCE.

Rofe, Simon (2017). “‘Prelude to the Future’: The Antecedents of the Bretton Woods Architecture.” In Scott-Smith, Giles and Rofe, J. Simon. *Global Perspectives on the Bretton Woods Conference and the Post-War World Order*. Palgrave Macmillan, pp. 35-50.

Rothschild, E. (2004). “Global commerce and the question of sovereignty in the eighteenth-century

provinces.” *Modern Intellectual History* 1(1), pp. 3-25.

Roy, Pallavi (2016). “Economic growth, the UN and the Global South: an unfulfilled promise.” *Third World Quarterly*, Vol. 37, No. 7, pp. 1293-1294.

Roy, Pallavi. “Economic growth, the UN and the Global South: an unfulfilled promise.” In Weiss, Thomas G. and Roy, Pallavi (2017). *The UN and the Global South: 1945 and 2015*. UK. Routledge.

Sabaratnam, Meera (2013). “Avatars of Eurocentrism in the critique of the liberal peace,” *Security Dialogue* 44 (3), pp. 259-278.

Sabine, George (2000). *Historia de la Teoría Política*. México. FCE.

Sagar, Paul (2018). “The Real Adam Smith: He might be the poster boy for free-market economics, but that distorts what Adam Smith really thought.” AEON Newsletter, January 16, 2018: <https://aeon.co/essays/we-should-look-closely-at-what-adam-smith-actually-believed>

Schiavón, Jorge; Spenser, Daniela; y Vázquez Olivera, Mario (editores). *En Busca de una Nación Soberana: Relaciones Internacionales de México, siglos XIX y XX*. México. CIDE y SRE.

Schuler, Kurt (2013). “Bretton Woods: Who was Eduardo Suárez?” Center for Financial Stability. USA: <http://centerforfinancialstability.org/wp/2013/11/27/bretton-woods-who-was-eduardo-suarez/>

Schuler, Kurt and Bernkopf, Mark (2013). “Who was at Bretton Woods?” http://www.centerforfinancialstability.org/bw/Who_Was_at_Bretton_Woods.pdf

Schuler, Kurt and Rosenberg, Andrew (2012). *The Bretton Woods Transcripts*. USA. Center for Financial Stability.

Scott-Smith, Giles and Rofe, J. Simon (2017). "Bretton Woods: A Global Perspective." In Scott-Smith, Giles and Rofe, J. Simon (editors). *The World of the Roosevelts: Global Perspectives on the Bretton Woods Conference and the Post-War World Order*. USA. The Roosevelt Institute. Palgrave Macmillan.

Secretaría de Economía. "México cuenta con 12 Tratados de Libre Comercio". May 30, 2016. Available at: <https://www.gob.mx/se/articulos/mexico-cuenta-con-12-tratados-de-libre-comercio?idiom=es>

Sepúlveda, César (2013). *Derecho Internacional*. México. Porrúa.

Sluga, Glenda (2013). *Internationalism in the Age of Nationalism*. And, Sluga, Glenda (2017). "The Beginning(s) and End(s) of the International Order," *E-International Relations* 22 May, <http://www.e-ir.info/2017/05/22/the-beginnings-and-ends-of-the-international-order/>

Soederberg, Susanne (2004). *The Politics of the New International Financial Architecture: Reimposing Neoliberal Domination in the Global South*. UK. Zed Books.

Sofer, Sasson (2009). "The Prominence of Historical Demarcations: Westphalia and the New World Order," *Diplomacy & Statecraft* 20, 1, pp. 1-19.

Solís, Ricardo (2011). "Eduardo Turrent Díaz, México en Bretton Woods. México, Bank of Mexico, 2009." *América Latina en la Historia Económica* No. 35. México, enero/junio: 2011, pp. 333-339. http://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S1405-22532011000100019

Solórzano Marcial, Carmen (2002). "Eduardo Suárez: Legista y Gestor de la Intervención Económica." *Sistema Político Mexicano. Estudios Políticos*, Num. 30, Sexta Época, Mayo-Agosto, pp. 213-256 (216).

Steil, Benn (2013). *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*. United States of America. Princeton University Press, Princeton and Oxford.

Stiglitz, Joseph (2013). “The Global Crisis, Social Protection and Jobs.” *International Labour Review*, Vol.152, No. S1 (Special Supplement), pp. 93-106.

Strange, Susan (1996). *The Retreat of the State*. Cambridge University Press.

Suárez Dávila, Francisco (2014). “Mexico’s Role at Bretton Woods: An Assessment 70 Years Later.” Words pronounced at the event “1944-2014-2084 Bretton Woods: The Founders and the Future” organized by the Center for Financial Stability. New York, USA. September 4, 2014.

Suárez, Eduardo (1977). *Comentarios y Recuerdos (1926-1946)*. México. Senado de la República, Segunda Edición (2003):
https://www.senado.gob.mx/BMO/pdfs/biblioteca_digital/historia/historiaX.pdf and
http://www.senado.gob.mx/BMO/pdfs/biblioteca_digital/historia/historiaXI.pdf

Tecnológico de Monterrey. “Eugenio Garza Sada”: <https://tec.mx/en/about-us/our-history/eugenio-garza-sada>

Temin, Peter and Vines, David (2015). “Keynes and the world economy today.” *Challenge* 58(5), pp. 386-397.

Tena Ramírez, Felipe (2000). *Derecho Constitucional Mexicano*. México. Editorial Porrúa.

The Nobel Prize 1982. “Alfonso García Robles, Facts”:
<https://www.nobelprize.org/prizes/peace/1982/robles/facts/>

The Nobel Prize 1990. “The Nobel Prize in Literature 1990”:
<https://www.nobelprize.org/prizes/literature/1990/summary/>

The Nobel Prize 1995. “The Nobel Prize in Chemistry 1995”:
<https://www.nobelprize.org/prizes/chemistry/1995/summary/>

Thornton, Christy (2017). “Voice and Vote for the Weaker Nations: Mexico’s Bretton Woods.” In Scott-Smith, Giles. *Global Perspectives on the Bretton Woods Conference and the post-war world order*. Cham, Switzerland.

Thornton, Christy (2018). “‘Mexico Has the Theories’: Latin America and the Invention of Development in the 1930s,” in *The Development Century: A Global History*, Stephen Macekura and Erez Manela, eds. New York: Cambridge.

Thornton, Christy (2021). *Revolution in Development: Mexico and the Governance of the Global Economy*. University of California Press.

Tienhaara, Kyla (2017). “Regulatory Chill in a Warming World: The Threat to Climate Policy Posed by Investor-State Dispute Settlement.” *Transnational Environmental Law*, Cambridge University Press.

Tsing, Anna (2005). *Friction: An Ethnography of Global Connection*. Princeton: Princeton University Press.

Tucker, Karen (2018). “Unraveling Coloniality in International Relations: Knowledge, Relationality, and Strategies for Engagement.” *International Political Sociology* (2018) 12, 215–232.

Turrent Díaz, Eduardo (2016). *Historia del Bank of Mexico: Reorganización Programática, Volumen V*. México. Bank of Mexico: <https://www.banxico.org.mx/publicaciones-y-prensa/e-library/d/%7BC6821EDD-7D3B-114D-BFB2-4E553D31A3A4%7D.pdf>

Urquidi commenting on König, Wolfgang. “International Financial Institutions and Latin American Development.” In Urquidi, Victor and Thorp, Rosemary (1973). *Latin America in the International Economy: Proceedings of a Conference held by the International Economic Association in Mexico City, Mexico*. USA. Palgrave Macmillan.

Urquidi, Víctor (1994). “Bretton Woods: Un Recorrido por el Primer Cincuentenario.” *Comercio Exterior*, vol. 44, no. 10: <http://revistas.bancomext.gob.mx/rce/magazines/364/1/RCE1.pdf>

Urquidi, Víctor L. (1996). “Bretton Woods y México. Balance del Fondo Monetario Internacional y el Banco Mundial”. México. *Revista Mexicana de Política Exterior*, 171-189.

US Department of State. Office of the Historian. “A Guide to the United States’ History of Recognition, Diplomatic, and Consular Relations, by Country, since 1776: Cuba”: <https://history.state.gov/countries/cuba>

Van den Bossche, Peter and Zdouc, Werner (2013). *The Law and Policy of the World Trade Organization*. Third Edition. Cambridge University Press.

Van Dormael, Armand (1978). *Bretton Woods: Birth of a Monetary System*. New York. Holmes & Meier Publishers, Inc..

Velázquez Flores, Rafael (1995). *Introducción al Estudio de la Política Exterior de México*. México. Editorial Nuestro Tiempo.

Velázquez Flores, Rafael (2007). *La Política Exterior de México Durante la Segunda Guerra Mundial*. México. Plaza y Valdés Editores.

Velázquez Flores, Rafael and González Cruz, Salvador Gerardo (2016). “La Política Exterior de México hacia América Latina en los Gobiernos de la Alternancia: Encuentros y Desencuentros”. In Velázquez Flores, Rafael, González Cruz, Gerardo, and López Leyva, Santos (Coordinadores).

Relaciones Internacionales y Desarrollo Global: América Latina en el Contexto Regional. México. Fontamara.

Velázquez Flores, Rafael y Schiavón, Jorge A. (2021). *Introducción al Estudio de la Política Exterior de México.* México. UNAM, CIDE, CESPEN.

Watson, Matthew (2016). “Historicising Ricardo’s comparative advantage theory, challenging the normative foundations of liberal International Political Economy.” *New Political Economy*, pp. 257-272.

Wikipedia. “Eduardo Suárez Aránzolo.” https://es.wikipedia.org/wiki/Eduardo_Suárez_Aránzolo

Wikipedia. “Rodrigo Gómez Gómez.” https://es.wikipedia.org/wiki/Rodrigo_Gómez_Gómez

Wikipedia. “V́ctor Urquidí.” https://en.wikipedia.org/wiki/V%C3%ADctor_Urquidí

World Bank. “International Bank for Reconstruction and Development.” <http://www.worldbank.org/en/who-we-are/ibrd>

Worth, O. (2012). “Accumulating the critical spirit: Rosa Luxemburg and critical IPE.” *International Politics* 49(2), pp. 136–153.

US Official Archives:

US Department of State (1948). *Proceedings and Documents of the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1st to the 22nd of 1944*. Washington, D.C.

—Introduction, p. vi.

—Document 116, “Proposal on Silver,” Mexican delegation, pp. 126-127.

—Document 118, “Proposal on Voting a Uniform Change in the Gold Value of Member Currencies,” Mexican delegation, pp. 128-129.

—Document 128, “Report of Committee 2 on Operations of the Fund to Commission I,” July 5, 1944, pp. 139-141.

—Document 135, “Press Release: Statement by the Delegation of Mexico,” July 5, 1944, p. 1157.

—Document 156, “Representation of Delegations on Commissions and Committees,” with the note that that was a preliminary list, pp. 166-181. This information is later repeated without the transitory note in Document 201, pp. 242-258.

—Document 157, “Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico’s Proposal on Silver,” presented on July 5,” pp. 182-183.

—Document 187, “Agreement on Earmarked Gold, Submitted by the Mexican delegation, for Consideration by Commission III,” p. 227.

—Document 189, “Mexico’s Proposal on Silver, Submitted for consideration by Commission III,” pp. 227-230.

—Document 189, “Mexico’s Proposal on Silver, Submitted for consideration by Commission III,” pp. 227-230.

—Document 224, “Minutes of Meeting of Committee 1 of Commission I: Purposes, Policies, and Quotas of the Fund,” July 8, 1944, pp. 286-288 (especially p. 288).

—Document 231, “Officers of the Conference, Members of the Delegations, and Officers of the Secretariat,” pp. 291-306.

—Document 234, “Second Report of Committee 2 on Operations of the Fund to Commission I,” July 9, 1944, pp. 309-315 (esp. pp. 309-310).

—Document 235, “Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III,” presented at the meeting of Commission III, on July 10, 1944, pp. 326-333 (esp. pp. 327-329 and 333).

—Document 238 “Report of Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund,” July 9, 1944, pp. 335-345 (esp. p. 345).

—Document 268, “Journal, United Nations Monetary and Financial Conference, Order of the Day,” July 11, 1944, pp. 434-349 (esp. 435-436).

—Document 279, “Minutes of Meeting of Commission III: Other Measures for International Monetary and Financial Cooperation,” July 10, 1944.

—Document 290, “Commission II, Bank for Reconstruction and Development, Proposed Amendment to Draft,” presented by the Mexican delegation, p. 485.

—Document 296, “Proposals Put Before Committee 2 of Commission I,” July 11th, pp. 487-488.

—Document 306, “Press Release: Statement by Delegation of Mexico at Meeting of Commission II, July 11, 1944,” presented on July 12, 1944, pp. 1175-1177.

—Document 321, “Report of the Drafting Committee of Commission I—Annex II: Articles of Agreement of the International Monetary Fund,” pp. 518-537 (esp. 523-524).

—Document 325, “Minutes of Meeting of Committee 2 of Commission I, Operations of the Fund,” July 12, 1944, pp. 539-541 (esp. 539).

—Document 326, “Minutes of Meeting of Committee 1 of Commission I, Purposes, Policies, and Quotas of the Fund,” July 12, 1944, pp. 541-543.

—Document 333, Report of Committee 2 to Commission I, Concerning the Meetings of July 11th and July 12th,” pp. 554-558 (esp. 554-555).

—Document 343, “Third Report of the Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund,” July 13, 1944, pp. 573-576.

—Document 353, “Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies,” July 14, 1944, pp. 1178-1180.

—Document 353, “Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies,” July 14, 1944, pp. 1178-1180.

—Document 374, “Report of Special Committee of Commission I,” July 14, 1944.

—Document 395, Report of Quota Committee of Commission I,” July 15, 1944, pp. 634-635. And in Document 472, “Report of Commission I (International Monetary Fund) to the Executive Plenary Session, Louis Rasminsky (Canada), Reporting Delegate,” July 20, 1944, p. 907.

—Document 40, Minute of the Inaugural Plenary Session, July 1st 1944, pp. 75-76.

—Document 413, “Working Draft—Fund Agreement,” pp. 655-696 (esp. 664-665).

—Document 425, “Report Submitted to Commission III by Committee 1 on the Use of Silver for International Monetary Purposes,” presented at the meeting of Commission III, on July 17, 1944, pp. 327-329 and 333.

—Document 428, “Report Submitted to Commission III by Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation,” presented at the meeting of Commission III, July 17, 1944, pp. 729-732 (esp. 730).

—Document 432, “Press Release: Remarks Made by Mexican delegation on Veto Power of Lending Countries Before Commission II, July 16, 1944,” issued on July 17, 1944, pp. 1182-1184.

—Document 443, “Final Act of the United Nations Monetary and Financial Conference,” July 1 to July 22, 1944, 762. And, Document 492, “Final Act,” July 1 to July 22, 1944, p. 935.

—Document 448, “Second Report of Drafting Committee of Commission I,” Annex I, pp. 765-810 (esp. 774-775).

—Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190.

—Document 472, “Report of Commission I (IMF) to the Executive Plenary Session, July 20, 1944, Louis Rasminsky (Canada), Reporting Delegate,” pp. 864-913.

—Document 49, Press Release: Remarks by the Honorable Eduardo Suárez, Chairman of Commission III, at First Session, July 3rd, 1944, pp. 1152-1154.

—Document 492, “United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1 to July 22, 1944, Final Act,” pp. 927-1015 (esp. 939).

—Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

—Document 502, “Press Release: Motion of Mr. Manuel B. Llosa, Delegate from Peru, on the Subject of Silver, Before Commission III,” July 21, 1944, pp. 1206-1207.

—Document 509, Report of the Coordinating Committee, which met on July 21st, pp. 1079-1080.

—Document 510, “Resolution, Recommendations and Statement Submitted to the Conference by Commission III,” pp. 1081-1084 (esp. 1084).

—Document 519, “Corrected Minutes of Meetings of Commission I, International Monetary Fund,” July 19, 1944, pp. 1085-1091 (esp. 1091).

—Document 520, “Press Release: Remarks by the President of the Conference, Secretary Morgenthau, Before the Executive Plenary Session, and the Reply of the Mexican delegate, Señor Eduardo Suárez,” presented on July 21, 1944, pp. 1223-1224.

—Document 524, “Report of Commission III (Other Measures for International Monetary and Financial Cooperation) to the Executive Plenary Session,” July 21st, 1944, Edward C. Fussell (New Zealand) Reporting Delegate, pp. 1093-1098 (esp. 1094).

—Document 56, “Proposal on Voting Changes in Rates of Member Currencies,” Mexican delegation, pp. 95-96.

—Document 65, “Press Release: Statement by Dr. H. H. Kung, Chairman of the Delegation of China,” July 4, 1944, pp. 1154-1156.

—Documents 143 to 148. Alternatives “A” to “F”, that contain different options for a “Joint Statement,” with “no provision” of whose joint statement it is, in which silver is widely addressed.

—“Final Act, Appendix IV: 7. Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations,” April 21, 1944, pp. 1629-1636.

—“Introduction.”

—“Joint Statement by Experts on the Establishment of an International Monetary Fund of the United and Associated Nations,” pp. 1629-1630.

Archival Newspapers:

BBC & The Listener. Keynes, John Maynard and White, Harry Dexter. "The Bretton Woods Conference." (London, England), Thursday, July 27, 1944; pg. 100; Issue 811.

Chicago Daily Tribune (1923-1963). "Study Means to Balk Hiding of Axis Assets." Jul 9, 1944; ProQuest Historical Newspapers: Chicago Tribune, p. A5.

Chicago Daily Tribune (1923-1963). Furlong, Thomas. "Delegates ask if money plan will be used; unreal atmosphere hangs over parley." Jul 5, 1944; ProQuest Historical Newspapers: Chicago Tribune p. 22.

Chicago Daily Tribune (1923-1963). Furlong, Thomas. "Keynes tells parley world bank is needed; White Heads Major Commission." Jul 4, 1944; ProQuest Historical Newspapers: Chicago Tribune, p. 21.

New York Times (1923-Current file). Porter, Russell. "Roosevelt Appeal for Unit Starts Monetary Parley; Word to Men of 44 Countries at Bretton Woods Asks Cooperation in Peace as in War." Jul 2, 1944; ProQuest Historical Newspapers: The New York Times pg. 1.

Newspapers.com, Independent Press-Telegram from Long Beach, California. "From Beyond the Border." February 15, 1953: <https://www.newspapers.com/newspage/17811264/>

The Christian Science Monitor (1908-Current file). Fleming, Harold. "Dr. White Vigorously Attacks Critics of Stabilization Fund." Jul 5, 1944; ProQuest Historical Newspapers: The Christian Science Monitor pg. 1.

The Washington Post. "Julian Saenz Hinojosa, Mexican Minister." September 10, 1982: https://www.washingtonpost.com/archive/local/1982/09/10/julian-saenz-hinojosa-mexican-minister/3b8210a8-b1ca-4e74-9c01-9cf79aa27387/?utm_term=.8c1f5e27de53

Contemporary Newspapers:

Bloomberg Law, Banking Law News. “Export Controls, Sanctions Policies Could Shift Under Biden Administration.” February 19, 2021: <https://news.bloomberglaw.com/banking-law/export-controls-sanctions-policies-could-shift-under-biden-administration>

CNN Politics. “UN human rights office calls Trump’s comments ‘racist.’” January 12, 2018: <https://www.cnn.com/2018/01/12/politics/un-human-rights-trump-response/index.html>

El Economista. “México es el primer integrante en ratificar el TPP-11”. April 24, 2018. Available at: <https://www.eleconomista.com.mx/empresas/Mexico-es-el-primer-integrante-en-ratificar-el-TPP-11-20180425-0017.html>

EL UNIVERSAL. “Con joyas y gallinas se pagó la deuda por la Expropiación: con la nacionalización del petróleo, el gobierno de Lázaro Cárdenas adquirió una deuda que sobrepasaba sus posibilidades de pago. El pueblo de México acudió sin dilación a cooperar para hacer frente al compromiso. Eran días de emoción”. March 17, 2018: https://www.eluniversal.com.mx/colaboracion/mochilazo-en-el-tiempo/nacion/sociedad/con-joyas-y-gallinas-se-pago-la-deuda-por-la?utm_source=web&utm_medium=social_buttons&utm_campaign=social_sharing&utm_content=email

Global Affairs Canada. “Address by Minister Gould to Canadian International Council.” Inaugural Conference: Foreign Policy by Canadians. November 9, 2020. Ottawa, Ontario (virtual): <https://www.canada.ca/en/global-affairs/news/2020/11/address-by-minister-gould-to-canadian-international-council.html>

Independent. “Syria signs Paris Agreement – leaving US only country in the world to refuse climate change deal.” New York, November 7, 2017: <https://www.independent.co.uk/news/world/middle-east/syria-paris-agreement-us-climate-change-donald-trump-world-country-accord-a8041996.html>

New York Times. Goodman, Peter S. “The Post-World War II Order is Under Assault from the Powers that Built It.” March 26, 2018: <https://www.nytimes.com/2018/03/26/business/nato-european-union.html>

New York Times. Porter, Catherine; Méheut, Constant; Apuzzo, Matt; and Gebrekidan, Selam. “The Roots of Haiti’s Misery: Reparations and Enslavers.” <https://www.nytimes.com/2022/05/20/world/americas/haiti-history-colonized-france.html>

Proceso. Gutiérrez, Alejandro. “Cuando la Independencia de México Marcó la Geopolítica Internacional”. Septiembre 15, 2021: <https://www.proceso.com.mx/nacional/2021/9/15/cuando-la-independencia-de-mexico-marco-la-geopolitica-internacional-272038.html>

Reforma. Krauze, Enrique. “Frente a Echeverría”. Enero 9, 2022. <https://busquedas.gruporeforma.com/elnorte/BusquedasComs.aspx>

RT Question More. “Trump calls WTO a ‘catastrophe,’ says US losing out and needs new deal.” February 28, 2018: <https://www.rt.com/usa/419874-trump-wto-catastrophe-world-trade-organization/>

United Nations. “An alert for the world” – UN Secretary-General Antonio Guterres, 2018 New Year Video Message: <https://www.youtube.com/watch?v=FNfSEI-kFEk>

APPENDICES⁵⁵⁴

Appendix I. Mexico's Proposals on Silver

Document 135 of the *Proceedings and Documents of the United Nations Monetary and Financial Conference* contains the Press Release that was issued on July 5, 1944:

The Mexican delegation has already submitted to the International Monetary and Financial Conference one of the proposals it has prepared in connection with the international monetary use of silver.

If that proposal were adopted by the Conference, it would mean that silver hoarding member countries would have additional credit facilities from the Fund, so that those countries would not need to melt their silver coins and sell their silver as bullion each time their balance of payments becomes unfavorable and they need additional foreign exchange to support the parity of their currencies.

It is a well-known fact that the silver-hoarding peoples of the world absorb large quantities of costly silver coins when their national income is increasing, and return them to the Central Bank when they have to draw on their hoardings in bad times. This monetary phenomenon simply means that the Central Bank has to invest heavily in silver during the upward swing when that metal is normally higher in price, and it is compelled to cash it in the foreign markets during the downward swing, when silver is depreciated. Thus, the Central Bank of those countries loses not only the difference between the buying and selling price, but also the recurrent minting and melting costs.

The Mexican delegation sponsors this proposal on the ground that silver-hoarding countries must have two monetary reserves: one in gold and gold-convertible currencies sufficient to maintain the parity of their currencies, and an additional one to satisfy the heavy hoarding requirements of their nationals. Of course, other countries are not in this disadvantageous position, for they use silver only as token money in proportionately very small quantities, as compared to the total of their respective currencies.

⁵⁵⁴ All these Appendices were found in digital format at the University of Waterloo's Library, and also in book form: Schuler, Kurt and Rosenberg, Andrew (2012). *The Bretton Woods Transcripts*. USA. Center for Financial Stability.

The Mexican delegation feels certain that the Conference will accord this proposal due consideration.⁵⁵⁵

Likewise, Document 116 of the *Proceedings and Documents of the United Nations Monetary and Financial Conference* contains the “Proposal on Silver” as follows:

Whereas in order to attain a large measure of international monetary cooperation, the Monetary Fund must take into account the monetary habits, needs and practices of all the member countries;

Whereas there are countries among the United and Associated Nations which, besides keeping a gold reserve sufficient to guarantee the convertibility of their currencies, are compelled to invest heavily in silver stocks in order to provide their respective populations with costly silver coins, thereby meeting traditional unavoidable hoarding requirements;

Whereas these hoardings actually constitute an additional and burdensome monetary reserve which operates in the same manner as gold and foreign exchange reserves for regulating the value of those countries’ respective currencies in terms of other currencies;

Whereas there are definite international monetary consequences from the increase of silver stocks of those countries in the ascending phase of the trade cycle, and their decrease during periods of depression;

Whereas it is obviously unfair that countries with lesser economic strength, as are all of the silver-hoarding countries, be forced to bear an excessive monetary burden, in order to comply fully with the obligations derived from their participation in the Fund;

Whereas in order to settle their unfavorable balances, silver-hoarding countries from time to time are compelled to sell part of their silver stocks in the world markets, thereby forcing silver prices down to their own detriment and that of the other silver-hoarding countries;

The Mexican delegation submits to this Monetary Conference that the following provision be added to Art. III of the final Draft Agreement relative to the Fund:

⁵⁵⁵ US Department of State. *Op. Cit.*, Document 135, “Press Release: Statement by the Delegation of Mexico,” July 5, 1944, p. 1157.

Apart from the facilities provided under Art. III Section 2 of the Joint Statement, a silver-hoarding member country, shall be entitled to buy from the Fund another member's currency in exchange for its own currency, in an amount not exceeding 80% of the gold value of that country's silver hoardings, which will be assigned to the Fund as collateral guaranty.⁵⁵⁶

So, what can be understood in this proposal is the attempt of the Mexican delegation for the IMF to provide more flexibility to the gold standard, by allowing to buy other currencies in exchange for silver, assigning in turn no more of the 80% of the gold value of that country's silver hoardings as collateral guaranty.⁵⁵⁷

Similarly, Document 157, which contains the Address delivered before Commission I's Committee 2, by Antonio Espinosa de los Monteros, Mexican delegate, in support of Mexico's Proposal on Silver, presented on July 5th, is expressed as follows:

Mister Chairman, Fellow Delegates:

On behalf of the Mexican delegation I want to explain why we are making this proposal. It is easy to misunderstand our position. Mexico produces 40% of all the silver. Therefore, one could think, Mexico is interested, above all, in furthering the interests of her mining industry.

However, we do not come before this High Assembly of Nations as the largest producers of silver. Certainly, nobody could believe that the gold-producing nations are represented here to further their own interests. Rather, we are all here to present our common monetary problems, and to seek an agreement on how to meet them in the brotherly spirit of cooperation.

We wish to emphasize, then, that Mexico wants to present to your consideration a strictly monetary problem. We believe that this problem has international implications, undoubtedly small in economic significance for the world as a whole, but certainly large and vital for some members of the community of nations. Furthermore, we are certain that

⁵⁵⁶ US Department of State. *Ibid.*, Document 116, "Proposal on Silver," Mexican delegation, pp. 126-127.

⁵⁵⁷ It is worthwhile to note that Documents 143 to 148 are Alternatives "A" to "F", that contain different options for a "Joint Statement," with "no provision" of whose joint statement it is, in which silver is widely addressed. In US Department of State, *Ibid.*

this problem has never received the unprejudiced consideration it deserves by the nations which do not have to face the same difficulties.

Mexico's problem derives from the fact that her people continue to hoard large amounts of silver coins. They, of course, have been doing that for centuries. They know not as yet any of the great advantages of savings banks and fiduciary currencies.

Nor do they seem to be very anxious to learn about them. When they can they hoard silver and nothing else, probably because all their ancestors have always done so, and certainly because their personal income does not permit them to hoard gold.

Because of this fact, Mexicans absorb large quantities of silver coins when their income is increasing, and return them to the Central Bank when they have to draw on their savings. This simply means that our Central Bank has to invest heavily in silver, during the upward swing of the trade cycle when the price of silver is naturally higher. On the other hand, the Bank is compelled to cash it in foreign markets, during the downward swing, exactly when silver is cheaper. Thus, our Central Bank loses not only the difference between the buying and selling prices, but also the recurrent minting and melting costs.

Therefore, it is evident that because of the hoarding requirements of our people, Mexico has to invest in silver a large part of her international balances of gold and gold-convertible currencies when her balance of payments is favorable. But when the situation is reversed, she has to sell that silver in order to support the parity of the peso, in the bargain she is always the loser, since there is no manner in which she can hedge against the fluctuations of silver.

This is the essence of Mexico's problem. Is it not true that many other Nations partake of this same risk? Is it too much to expect that the Fund extend credit facilities specially adopted to meet this special need? It might be said that the Fund, under the proposed provisions, is already authorized to waive all specific conditions set forth under Article III, Section 2 of the draft, precisely in order to meet exceptional cases. But Mexico's case is not exceptional. Her problem is, we believe, common to several countries, and it is besides recurrent in character. Should not the Fund, which is essentially an instrument for international co-operation, be authorized specifically to extend credit to the silver-hoarding countries of the world?

Specifically, then, Mexico is proposing that the Fund shall extend credits to the silver-hoarding Nations over and above the normal credits extended by the Fund to all countries. Mexico, furthermore, proposes the silver hoarding of her nationals as an adequate collateral security.

Should the Conference adopt this proposal, henceforth Mexico and the countries which have the same problem will not have recurrently to buy and coin silver only to melt and sell it again. Instead of that wasteful and unnecessary process, whenever a silver-hoarding country is running short of foreign exchange with which to maintain the parity of its monetary unit, the Fund would provide that exchange as a credit, with the understanding that all the risks due to fluctuation in the price of silver will remain with the borrowing country.

The Mexican delegation feels certain that this proposal will be supported by all the Delegates, inasmuch as the amounts of the Fund's resources needed for the purpose will be relatively small, and adequately safe-guarded, and above all because the approval of Mexico's proposal would be an act of elementary international justice.⁵⁵⁸

Likewise, in Document 235 of the referred repository, which contains the "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III," presented at the meeting of Commission III, on July 10, 1944, are contained (among other eight proposals of diverse countries), two proposals from the Mexican delegation, i.e., the proposal referred above and another one regarding the gold standard, which is quoted below:

1. Proposal on silver submitted by the Mexican delegation:⁵⁵⁹

Whereas it is undeniable that about half of the world's population prefers silver coins to any other kind of currency for everyday use and trade, as well as for hoarding;

Whereas the economically weaker silver-using nations of the world, upon becoming members of the proposed International Monetary Fund, would in fact agree,

⁵⁵⁸ US Department of State. *Ibid*, Document 157, "Address Delivered Before Committee 2 of Commission I, by Antonio Espinosa de los Monteros, Mexican delegate, in Support of Mexico's Proposal on Silver," presented on July 5," pp. 182-183.

⁵⁵⁹ This proposal is also contained in US Department of State. *Ibid*, Document 189, "Mexico's Proposal on Silver, Submitted for consideration by Commission III," pp. 227-230.

among other things, to collaborate with the stronger nations in the establishment of a world-wide free market for gold, and in the maintenance of a stable and fair price for that metal;

Whereas it is just and fair that, in due correspondence, the economically stronger countries should agree to extend their cooperation to the economically weaker ones, in order that silver may also have an ample market and a relatively stable and fair international price;

Whereas, to comply fully with the proposed agreement, the silver-using peoples would need proportionately larger, and therefore more burdensome, monetary reserves, since besides their normally heavy investments in silver coins, they would also have to maintain a gold reserve proportionately as large as that of any gold-using nation;

Whereas it is not fair that the economically weaker peoples should carry the whole weight of their silver stocks, as well as the heavy losses caused by the wide fluctuations of their international value, and carry besides their proportionate share of the gold stocks;

Whereas it has been fully demonstrated by the farsighted policy of the United States during the past decade, that it is not only possible but equally feasible, without the slightest danger to the monetary equilibrium even of a single nation, to maintain stable the relative international prices of gold and silver, and to stabilize both prices in terms of a single currency;

Whereas it should be relatively easier and less costly for the United and Associated Nations to establish a fair and reasonable international price for silver than to fix one for gold, inasmuch as the present value of the visible stocks of gold is around thirty billion dollars, while that of silver is only a fifth or a sixth of that amount;

Whereas one of the main purposes of this Conference should evidently be, not to select gold or anything else as a metallic standard which would lead the world back into the rigidity of an arbitrary yardstick for national and international values, but rather to lay the foundations of a well-integrated world monetary system, wherein certain important currencies generally accepted in international trade, as well as gold and silver itself, can and should be used to great advantage, each to fulfill a different international function;

Whereas in the proposed agreement it is foreseen that the Monetary Fund may be forced to change the price of gold in terms of all the member countries' currencies, in order to provide additional means of international payments;

Whereas silver, because of its traditional monetary use by approximately half of the inhabitants of the world, can and should be used as a collateral monetary metal for meeting such increases in credit requirements of member countries;

Whereas in principle there can be no better grounds for pegging the price of gold in terms of the United Nations' currencies, than those for preventing the wide fluctuations of the international price of silver, in relation to the same currencies;

Whereas the wide fluctuations in the international value of silver besides placing a heavy risk on the shoulders of those countries least able to carry it, are the direct source of recurrent dislocation of the monetary system of silver-using countries; and

Whereas it is technically possible to achieve a minimum price of gold and a maximum price for silver in terms of all the currencies of member countries;

The Mexican delegation presents for the consideration of this Conference the following tentative plan to link silver with gold for international monetary purposes:

- I. That the Monetary Fund should buy and sell from and to member countries gold and silver together and jointly, at the fixed rate in terms of member currencies and in a ratio of, say, one ounce of pure gold to ten ounces of fine silver.
- II. That member countries would agree to buy and sell from and to the Fund, and from and to one another, gold and silver together and jointly, at the same rate and in the same ratio as above.
- III. That the Fund should have power:
 - a. To alter permanently, by a four-fifths majority vote, the proportions of gold and silver set forth above in I and II, only when a permanent and fundamental change in the average yearly rate of production and consumption of both metals has taken place; and
 - b. To eliminate silver entirely but temporarily from its joint purchases and sales of gold and silver, and to permit member countries to do likewise, only when and just as long as, due to an increase in the price of silver, over and above an agreed ceiling, the price of one ounce of pure gold in the basic composite unit as defined under I and II above, should be less than the agreed minimum price of thirty-five U. S. dollars per ounce.

The Mexican delegation submits to this Conference the following RESOLUTION:

- A. That the Fund shall determine the feasibility of linking silver with gold for international monetary purposes, in accordance with the formula pre-inserted or any other formula;
- B. That the Fund shall be authorized to carry out whatever policy it deems appropriate as regards the proper role and function of silver within the international monetary structure.

*The Agenda Committee recommends that this proposal be referred to Committee 1 on the use of Silver for International Monetary Purposes.⁵⁶⁰

⁵⁶⁰ US Department of State. *Ibid*, Document 235, "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III," presented at the meeting of Commission III, on July 10, 1944, pp. 326-333 (esp. pp. 327-329 and 333).

Appendix II. Mexico's Proposal on Earmarked Gold

Document 235, "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III" contains the Proposal on status of earmarked gold submitted by the Mexican delegation:

...

10. Proposal on status of earmarked gold submitted by the Mexican delegation:

Whereas the practices for earmarking gold might not coincide in all particulars in different countries;

Whereas earmarked gold is part of the monetary reserve of such countries and therefore should be free from all restrictions as to its use, transfer, and transportation; and

Whereas, in order to avoid unnecessary movements of gold and thereby reduce to a minimum the cost and risks involved, it would be convenient to adopt a common international policy with respect to such gold;

Resolved that the countries represented at this Conference agree to extend to earmarked gold the same treatment and immunities they may agree to give to the gold and other assets of the International Monetary Fund.

*The Agenda Committee recommends that this proposal be referred to Committee 3 on Recommendations on Economic and Financial Policy, the Exchange of Information, and Other Means of Financial Cooperation.⁵⁶¹

Likewise, the Mexican delegation submitted a proposed Agreement on earmarked gold.

Whereas the practices for earmarking gold might not coincide in all particulars in different countries;

Whereas earmarked gold is part of the monetary reserve of such countries and therefore should be free from all restrictions as to its use, transfer, and transportation; and

⁵⁶¹ US Department of State. *Ibid*, Document 235, "Report Submitted to Commission III by the Agenda Committee Appointed to Receive and Consider Proposals Submitted for Consideration in Commission III," presented at the meeting of Commission III, on July 10, 1944, pp. 326-333 (esp. pp. 327-329 and 333).

Whereas, in order to avoid unnecessary movements of gold and thereby reduce to a minimum the cost and risks involved, it would be convenient to adopt a common international policy with respect to such gold;

The Mexican delegation submits the following proposal for the consideration of Commission III:

1. The countries represented at this Conference agree to extend to earmarked gold the same treatment and immunities they may agree to give to the gold and other assets of the International Monetary Fund.⁵⁶²

⁵⁶² US Department of State. *Ibid*, Document 187, "Agreement on Earmarked Gold, Submitted by the Mexican delegation, for Consideration by Commission III," p. 227.

Appendix III. Mexico's Proposal on Voting Changes in the Rates of Member Currencies

Document 56 contains the "Proposal on Voting Changes in Rates of Member Currencies" by the Mexican delegation:

Whereas the proposed distribution of voting power in connection with altering the rates of exchange of a member country, places countries with small quotas in a notoriously disadvantageous position as compared with that of the countries with the largest quotas;

Whereas under the proposed voting system a coalition of a small number of major member countries controlling the majority of votes is in a position to approve changes in the rates of their own currencies while such a coalition equally could prevent changes in the rates of all other member currencies;

Whereas all the countries having the smaller quotas even if they cast all their votes together could never attain such an overwhelming position;

Whereas the stability of the exchange rates of the economically weaker countries is largely dependent upon the responsibility of the economically stronger countries for maintaining a high level of employment and national income; and

Whereas, therefore, a change in the rates of the less important currencies affects international monetary equilibrium to an extent very much smaller than a change in the rates of the major currencies;

The Mexican delegation submits the following

MODIFICATION

of Article IV, Section 4, of the Joint Statement:

After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10% for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20% in the case of a country having less than ten per cent of the aggregate quotas. In the case of application for a further change not covered by the above and not exceeding 10 per cent for the country having a quota ten per cent or more of the aggregate quotas, and not to exceed 20 per cent in the case of a country having less than ten per cent

of the aggregate quotas, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.⁵⁶³

The “Report of Special Committee of Commission I,” held on July 14, 1944, stated that:

The Special Committee of Commission I met on July 13-14, 1944 to consider items of the Fund Agreement on which recommendations had not been completed by other committees of the Commission. Present were: United States (Chairman), Belgium, Canada, China, Cuba, Czechoslovakia, French Delegation, Mexico, Netherlands, New Zealand, Union of Soviet Socialist Republics, and United Kingdom.

The recommendations of the Special Committee are:

...

2. Uniform Changes in Par Value. (SA/1, Article IV, Section 5, p. 18; Drafting Committee Report: Article IV, Section 8)

The Committee recommends the acceptance of Alternative A with an addition that any member not wishing to make a change in its par values may so notify the Fund within 72 hours and be relieved of an obligation to alter its par value. The Mexican delegate has indicated, however, that he will present his views on this item to the Commission.⁵⁶⁴

Just like the previous proposal, the Mexican delegation also proposed a reform to the draft, regarding establishing a uniform change in the gold value of member currencies:

Whereas a uniform change in the gold value of member currencies is one of the most important and far-reaching decisions that the Fund will be authorized to take under the proposed provisions;

Whereas Art. IV-5 of the draft states that such a decision can be taken by a majority of quota votes, provided every member country having 10% or more of the aggregate quotas approves;

⁵⁶³ US Department of State. *Ibid*, Document 56, “Proposal on Voting Changes in Rates of Member Currencies,” Mexican delegation, pp. 95-96.

⁵⁶⁴ US Department of State. *Ibid*, Document 374, “Report of Special Committee of Commission I,” July 14, 1944.

Whereas a majority of quota votes may be constituted by a very small number of member countries, and therefore the will of the largest number of countries might not even be indicated in that majority;

Whereas such procedure is inequitable and unwarranted and constitutes one of the provisions of the draft which is most vulnerable to public criticism, when the final document is submitted for ratification by the different member countries,

The Mexican delegation submits to the consideration of this Monetary Conference the following amended draft of Art. IV-5:

A uniform change in the gold value of member currencies may be made provided that a majority of countries, voting as countries, so decide, including in that majority those countries having 10% or more of the aggregate quotas.⁵⁶⁵

⁵⁶⁵ US Department of State. *Ibid*, Document 118, "Proposal on Voting a Uniform Change in the Gold Value of Member Currencies," Mexican delegation, pp. 128-129.

Appendix IV. Mexico's Statement on Changing the Gold Parities of Currencies

The topic of changing the gold parities of currencies was also addressed at Commission I by Antonio Espinosa de los Monteros, Mexican delegate:

Mr. Chairman, Fellow Delegates:

On behalf of the Mexican delegation, I wish to make a statement regarding the point now under consideration. It should be evident to all the Delegates that in this case we are dealing with one of the fundamental sovereign rights of nations. We must, therefore, be extremely cautious in relinquishing rights which all our Governments have sworn to uphold.

It is obvious, of course, that international cooperation would be impossible unless we surrender some degree of our sovereign rights. But the question now before this Commission is not whether we shall ask our countries to surrender some measure of a sovereign right, in order to make our cooperation possible and fruitful. Rather, the question is how much of that right need our countries surrender.

Mexico is strongly opposed to the original formula (Alternative A), according to which a uniform change in the gold parities of all currencies can be affected by the decision of the three major powers alone.

We are opposed to it, firstly, because should it be approved, the smaller nations would thereby surrender a maximum of their monetary sovereignty to the three largest countries. This, in the opinion of the Mexican delegation, is entirely uncalled-for and unjustifiable. What reasons are there to submit small countries to the absolute will of the larger ones? How can we help cooperation by the blind submission of small nations?

Secondly, we are opposed to that formula also because we do not believe it can ever be accepted by a community of self-respecting nations. For no one here can seriously believe that small countries would be willing to have the gold parities of their currencies changed at will by the largest nations. Certainly, not a single one of the major powers would be willing to relinquish to a foreign agency the right of fixing the value of its currency. This is, indeed, one of the attributes of sovereignty which they are prone to guard most jealously. How, then, can we expect small countries to accept this formula when we submit it to them? What possible reason would they have for doing so?

Thirdly, the Mexican delegation is against the formula because it is wholly unnecessary. We know, of course, that no country would be ready to submit once more to the rigidity of the gold standard. All of us want a great degree of flexibility. But why should we, in order to attain such flexibility, set aside the sovereignty of small countries while respecting that of the largest ones? We hold this is entirely unnecessary. For in any case, the major powers will be able, under the proposed Agreement, to change the gold parities of their own currencies all at once, if they so decide, in as much as they have the majority of the aggregate votes. By so doing, they would naturally change the international price of gold. Almost all small countries would probably follow suit of their own free will, as they have always done in the past. Thus, are we not already sufficiently insured against rigidity? Why should we ask small countries to participate in decisions which probably will be made, as they have always been made in the past, without their consent? Why should they give up in vain such large measure of their sovereignty?

Lastly, the Mexican delegation will vote against the original formula because it shows a great disregard for the problems of the smaller nations. Indeed, it assumes that these countries would have no problems at all when a uniform change is decreed by the largest ones. It presupposes that small countries will change their laws and perhaps even their Constitutions at a minute's notice, regardless of political, social or economic difficulties. It takes for granted that those countries can brush aside, if they so desire, the gold clause which they might have subscribed in international contracts. But are all these suppositions truly valid? Are we not taking too much for granted?

The Mexican delegation wants to thank some Delegations for their efforts towards a reconciliation between our point of view and that of Alternative A. We regret to say, however, that in matters of principle a compromise is hardly possible.

The essential difference between Alternative B and Alternative C is that, whereas under the former a majority of countries is required to approve a uniform change, under the latter a vote of only one-third of member countries would be necessary.

I must not tire this Commission with the enumeration of the reasons on which we base our opposition to Alternative C. Basically, they are the same as those I have presented before. Suffice it to say, nevertheless, that while Mexico would agree to submit to the

decision taken in this important matter by a majority of countries, she does not consider it necessary to accept the dictum of a small minority, as proposed by South Africa.

Certainly, Mr. Chairman, the implications of this whole question are very serious. It is because Mexico believes sincerely in not doing unto others what she would not wish to have done unto her, that we insist that this Commission approves a formula whereby due respect be paid to the sovereign rights of small and large nations alike.⁵⁶⁶

⁵⁶⁶ US Department of State. *Ibid*, Document 353, "Press Release: Statement by Antonio Espinosa de los Monteros, Mexican delegate, before Commission I, July 14, on Changing the Gold Parities of Currencies," July 14, 1944, pp. 1178-1180.

Appendix V. Analysis on Mexico's Proposal on Silver at Commission I

The first evidence of the discussion of the use of silver for international monetary purposes is contained in Document 238, in which there is also an attempt of “inclusion of silver in quota subscriptions” within Commission I's Committee 1, but it literally says: “not reached by the Committee prior to adjournment July 8.”⁵⁶⁷

Second, Document 224, which includes the Minutes of the Meeting of Commission I's Committee 1, “Purposes, Policies, and Quotas of the Fund,” held on July 8, 1944:

... The Committee left for later consideration the following proposals which have been circulated as Alternatives to the articles assigned to it: Alternatives C and D under article II, which provide for the inclusion of silver in the subscriptions of the member countries and which appear on pages 2b and 4b of SA/1; and article IX, Section 8, Alternative A (p. 43b), which adds to the obligations assumed by members that of cooperating with other members in rendering permissible and approved exchange restrictions effective.⁵⁶⁸

The third evidence of the analysis of the proposal regarding purchasing currencies of other members, was presented at Commission I's Committee 1:

Section 2. Conditions upon Which any Member may Purchase

Currencies of other Members, (3) (page 6a)—

Carry-over Provisions

You remember, Gentlemen, that this Commission sent back to Committee 2, Article III, 2 (3), which can be referred to as the carry-over question. Committee 2 in turn sent this problem to an ad hoc Subcommittee, composed of Australian, Brazilian, Canadian, Chinese, French, Mexican, Dutch, British, Soviet and United States representatives.

I am advised that this ad hoc Subcommittee has made good progress but its report has not yet been placed before Committee 2.⁵⁶⁹

⁵⁶⁷ US Department of State. *Ibid*, Document 238 “Report of Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund,” July 9, 1944, pp. 335-345 (esp. p. 345).

⁵⁶⁸ US Department of State. *Ibid*, Document 224, “Minutes of Meeting of Committee 1 of Commission I: Purposes, Policies, and Quotas of the Fund,” July 8, 1944, pp. 286-288 (especially p. 288).

⁵⁶⁹ US Department of State. *Ibid*, Document 234, “Second Report of Committee 2 on Operations of the Fund to Commission I,” July 9, 1944, pp. 309-315 (esp. pp. 309).

The fourth piece in which there is an analysis of the proposal by Commission I, is Document 234, “Second Report of Committee 2 on Operations of the Fund to Commission I”:

Silver (page 6d)

The Committee has received an Alternative E to be inserted as an additional Section after Article III, Section 2 (page 6d). This alternative deals with the rights of silver hoarding countries to obtain from the Fund additional foreign currency. This suggestion obtained support from a number of countries. There was also a strong statement in opposition. Further discussion was deferred when it was suggested that some modification of the waiver provision might afford a satisfactory compromise.⁵⁷⁰

A fifth evidence of the analysis of the proposal on silver is contained in Document 296, “Proposals Put Before Committee 2 of Commission I,” on July 11th:

II. Mr. Monteros of the Mexican delegation suggested that the second sentence following paragraph (4) of Section 2 be amended as follows:

“The Fund shall also take into account a member’s willingness to pledge as collateral gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of such waiver the pledge of such collateral.”

III. Mr. Passos of the Cuban Delegation suggested that the following words be inserted in the amendment of the Mexican delegate after the word securities in the second line:

“and warehouse receipts of staple commodities in international trade.”⁵⁷¹

Considering “the Report of the Committee 2 to Commission I,” the Chairman of the Committee (i.e., N. A. Maletin, USSR) stated that according to his interpretation warehouse receipts of staple commodities could be considered as being “other acceptable assets,” if the Fund should so decide

⁵⁷⁰ US Department of State. *Ibid*, Document 234, “Second Report of Committee 2 on Operations of the Fund to Commission I,” July 9, 1944, pp. 309-315 (esp. pp. 309-310).

⁵⁷¹ This proposal is included in US Department of State. *Ibid*, Document 296, “Proposals Put Before Committee 2 of Commission I,” July 11th, pp. 487-488, and in US Department of State. *Ibid*, Document 333, Report of Committee 2 to Commission I, Concerning the Meetings of July 11th and July 12th,” pp. 554-558 (esp. 554-555).

in its discretion. Then, the Committee agreed that the inclusion of the words suggested by the Cuban Delegation were therefore necessary.

A sixth element is in the Report of the Drafting Committee of Commission I, Annex II, “Articles of Agreement of the IMF”:

Article V. Transactions with the Fund

Section 4. Waiver of Conditions.

The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions prescribed in Section 3 above, especially in the case of members with a record of avoiding large or continuous use of the Fund’s resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account a member’s willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.^{572 573574575576}

“Minutes of the Meeting of the Committee 2 of Commission I,” held on July 12, 1944:

The Committee continued its discussion of the report of the ad hoc subcommittee on article III, Section 2, Conditions Under Which Any Member May Purchase Currencies of Other Members, paragraph (3), Alternative A (p. 6a), Alternative B (p. 6b), Alternative D (p. 6c), and Alternative F (p. 6e). The Committee approved the report of the subcommittee as amended by the Mexican delegation. Section 2 (3) of Alternative A (p.

⁵⁷² US Department of State. *Ibid*, Document 321, “Report of the Drafting Committee of Commission I—Annex II: Articles of Agreement of the International Monetary Fund,” pp. 518-537 (esp. 523-524).

⁵⁷³ This Draft is also included in US Department of State. *Ibid*, Document 413, “Working Draft—Fund Agreement,” pp. 655-696 (esp. 664-665).

⁵⁷⁴ This Draft is also included in US Department of State. *Ibid*, Document 448, “Second Report of Drafting Committee of Commission I,” Annex I, pp. 765-810 (esp. 774-775).

⁵⁷⁵ This Draft is also included with minor changes in US Department of State. *Ibid*, Document 472, “Report of Commission I (IMF) to the Executive Plenary Session, July 20, 1944, Louis Rasminsky (Canada), Reporting Delegate,” pp. 864-913.

⁵⁷⁶ This paragraph is also included with minor changes in the Final Act, in US Department of State. *Ibid*, Document 492, “United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1 to July 22, 1944, Final Act,” pp. 927-1015 (esp. 949).

6a) is thereby accepted as it stands and the sentences following para graph (4) are revised to read as follows:

“The Fund may in its discretion and on terms which safe guard its interests, waive any of these conditions, especially in the case of members with a record of avoiding large or continuous use of the Fund’s resources. In making such waiver it shall take into consideration periodic or exceptional requirements of members. The Fund shall also take into account a member’s willingness to pledge as collateral gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of such waiver the pledge of such collateral.”⁵⁷⁷

A seventh evidence of the analysis of the Mexican proposal on silver at Commission I, is in Document 343:

Article II, Sections 1 and 3

The Committee decided to refer Alternatives C and D (page 2b and 4c of SA/1) to Commission III, because these Alternatives contained a new proposition, viz., payment of a portion of a member's subscription in silver, and the Committee was informed that all matters dealing with silver were being discussed in Commission III. ⁵⁷⁸

⁵⁷⁷ The analysis for this Draft is summarized in US Department of State. *Ibid*, Document 325, “Minutes of Meeting of Committee 2 of Commission I, Operations of the Fund,” July 12, 1944, pp. 539-541 (esp. 539); in US Department of State. *Ibid*, Document 326, “Minutes of Meeting of Committee 1 of Commission I, Purposes, Policies, and Quotas of the Fund,” July 12, 1944, pp. 541-543; in US Department of State. *Ibid*, Document 333, “Report of Committee 2 to Commission I, Concerning the Meetings,” July 11th and July 12th (Professor Robert Mosse), pp. 554-558.

⁵⁷⁸ US Department of State. *Ibid*, Document 343, “Third Report of the Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies, and Quotas of the Fund,” July 13, 1944, pp. 573-576.

Appendix VI. Report Submitted to Commission III by its Committee 1, on Mexico's Proposal on Silver

The analysis of the proposal on silver, on July 17, 1944, contained in Document 425:

Mr. Chairman:

At the second meeting of Commission III held at five o'clock on July 10, 1944, Committee 1 was appointed to consider the proposal on silver submitted by the Mexican delegation. The proposal is designated as #1 in the Report of the Agenda Committee (Document #235).

It is the recommendation of Committee 1 that Commission III report to the Plenary Session as follows:

“The problems confronting some nations as a result of the wide fluctuation in the value of silver were the subject of serious discussion in this Commission. Due to the shortage of time, the magnitude of the other problems on the agenda, and other limiting considerations, it was impossible to give sufficient attention to this problem at this time in order to make definite recommendations. However, it was the sense of the Commission that the subject should merit further study by the interested nations.”⁵⁷⁹⁵⁸⁰⁵⁸¹

Signed----- (Peru) Andres F. Dasso, Chairman

Signed ----- (China) Kuo-Ching Li, Reporter

To the Honorable Eduardo Suárez
Chairman of Commission III⁵⁸²

⁵⁷⁹ The same paragraph can be found in the Final Act, in US Department of State. *Ibid*, Document 492, “United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1 to July 22, 1944, Final Act,” pp. 927-1015 (esp. 939).

⁵⁸⁰ The same paragraph can be found in US Department of State. *Ibid*, Document 510, “Resolution, Recommendations and Statement Submitted to the Conference by Commission III,” pp. 1081-1084 (esp. 1084).

⁵⁸¹ US Department of State. *Ibid*, Document 524, Report of Commission III (Other Measures for International Monetary and Financial Cooperation) to the Executive Plenary Session, July 21st, 1944, Edward C. Fussell (New Zealand) Reporting Delegate, pp. 1093-1098 (esp. 1095).

⁵⁸² US Department of State. *Ibid*, Document 425, “Report Submitted to Commission III by Committee 1 on the Use of Silver for International Monetary Purposes,” presented at the meeting of Commission III, on July 17, 1944, pp. 327-329 and 333.

Appendix VII. Mexico's Address before Commission III, on its Proposal on Silver: the Appeal to the Human Implications that this System Imposed on the Poorest—"the So-Called Backward Peoples of the Earth"

The response that Mexico's Eduardo Suárez provided to Commission III, because of the refusal of its Committee I to achieve a solution on silver, is contained in Document 459 of the Conference:

Mister Chairman, Fellow Delegates: The Mexican delegation wishes to make this statement to put on record its position regarding Mexico's approval of the report submitted by Committee I.

The Mexican delegation realizes that it is difficult to find a definite solution to the silver problem in this Conference. But it considers that a great step has been taken in recognizing the importance that silver has for some countries as a monetary metal. The Mexican delegation expresses the hope that in the near future countries interested in silver either as producers or consumers, shall find after unbiased and technical consideration of the problem, a way to stabilize the value of silver.

Upon creating an International Monetary Fund, the United Nations are tacitly invited to recognize that the fair and just price for gold is thirty-five dollars an ounce. Henceforth, each of them will accept an ounce of gold whenever they have a right to receive thirty-five dollars, or the equivalent, from another nation.

As for Mexico, her position is clear and definite. During the past few years of tribulations, Mexico has, of her own accord, accepted, in unlimited amounts, an ounce of gold for every thirty-five dollars due her. She has done so in spite of the hardships of inflation, and even realizing to the fullest extent the risk involved in these transactions, inasmuch as no nation has ever committed itself to buy that gold from Mexico at the same price she has paid for it. Throughout this most difficult period she has also issued Mexican currency at a fixed rate of 4.85 pesos to the US Dollar, or about 169.75 pesos for each ounce of gold, although she has had no assurance or guarantee that other nations will give her in commodities and services a fair equivalent to her investment in gold. Mexico has done all this mainly because of her full unselfish devotion to a higher cause: helping her Allies to win this war.

Mexico and other silver-using countries are entitled to expect in return for their cooperation to maintain the present price of gold the assistance of other countries to stabilize the price of silver at a just and fair level.

The history of the past seventy years, according to those who oppose silver, should contradict Mexico's expectation. They claim that silver has no place in the monetary structure of the world.

As if to spite those that like to say the last word on an intricate subject such as silver, humanity insists not to behave according to pure theoretical reasoning. It takes an emergency or a catastrophe such as we are living today, to realize the importance of silver as a monetary metal. Is it not true, for instance, that in this hour of anxiety the Mexican masses have found in silver what they believe to be the best, most secure value as against all the uncertainties that the future may hold? Is it not also true that many other Latin American countries have tried to buy silver in order to allay the fears of their own populations? Who can deny that the Allied armies have found more willing traders in the East and Near East, when the soldiers were provided with silver coins instead of an up-to-date, fully guaranteed, gold note? Would it be absurd, besides, to anticipate that in the aftermath of this diabolic nightmare, the peoples of many invaded countries will find hoarding silver is better than many other forms of saving, as it has been proved in the past?

The answers are obvious to all but the prejudiced. Humanity—that is, the larger and poorer part of humanity—continues to believe in silver, even if only because it is not their lot to believe in gold or in any of the so-called higher forms of wealth.

If this plain truth be accepted, then it must be evident that any monetary scheme designed to meet the needs of all the peoples of the world is incomplete unless it takes into account silver as one of the component factors of the whole picture.

A nation whose monetary system will henceforth operate in accordance with the plan we will submit to our Government, will accept gold at the proposed world price of thirty-five dollars an ounce, only because she has the assurance that the other member countries of the system will likewise accept gold at the same price, when the former becomes a debtor to them. But that particular nation might well be a silver-minded country whose people want neither bills nor bank deposits backed with gold reserves, but prefer and demand plain silver coins from their monetary authorities. In the latter case, that

country would naturally be forced to invest part or all of its gold reserve in silver, in order to meet the demand of its people. When that same nation becomes a debtor, because, for instance, of a serious depreciation of her exports in the world markets, how can she turn the silver coins into gold, in order to meet an unfavorable balance? The only way, of course, will be to sell her silver stocks in a forced market, at whatever price the buyers want to pay for them.

We hold and we shall strive in the future to look upon, as a solution of this problem, a relative stabilization of the international price of silver. We feel that this solution is feasible. Just as the United States Government decided that gold was worth thirty-five dollars an ounce, and was thereafter able to establish that price in the world markets, so did that same Government decide to maintain silver at a fixed price in the outside world markets and has been able to do so for a long time. The pegging of both metals in terms of the dollar has brought about as far as it is possible to find out, none of the calamities with which the traditional enemies of silver like to scare credulous people. If a single nation has been able to do so much both for gold and silver without disrupting its monetary equilibrium, internal or external, why should it not be possible through international cooperation to undertake the same task, without depending entirely on the willingness of one nation to carry forever the whole weight of the stabilization of both metals?

The Mexican delegation is aware of another argument against recognizing silver as a component part of the monetary pattern of the world. Nobody who is anybody, it is said, should give a thought to the silver problem, since it only affects a few of the so-called backward peoples of the Earth, whose international trade added together is but a minor, negligible fraction of the world trade. If this same or a similar attitude were to be applied to all the problems of the postwar world, it is difficult to see how that world could be happy. For how can we brush aside so lightly the economic habits of millions upon millions of humble people, just because they are poor and cannot thus “belong” amongst the economic “elite” of this Earth?

In closing, it is most fitting that the Mexican delegation should quote the wise words which His Excellency the President of the United States, said to Congress in a Special Message on January 15, 1934⁵⁸³:

⁵⁸³ Franklin Delano Roosevelt was President of the United States from 1933 to 1945.

“The other principal precious metal—silver—has also been used from time immemorial as a metallic base for currencies as well as for actual currency itself. It is used as such by probably half of the population of the world. It constitutes a very important part of our own monetary structure. It is such a crucial factor in much of the world's international trade that it cannot be neglected.”

Mexico feels certain that a monetary problem, small in economic dimensions but large in human implications, will receive due consideration in the future, as envisaged by the report we have just approved.⁵⁸⁴

⁵⁸⁴ US Department of State. *Ibid*, Document 459, “Press Release: Address by the Honorable Eduardo Suárez, Mexican Minister of Finance, Before Commission III,” presented at the meeting of Commission III, on July 19, 1944, pp. 1187-1190. Document 459 is addressed by Mexico’s Eduardo Suárez, stressing the necessity that some action be taken in this field, in US Department of State. *Ibid*, Document 496, “Minutes of Meeting of Commission III, Other Measures for International Monetary and Financial Cooperation,” July 20, 1944, pp. 1043-1044.

Appendix VIII. Mexico's Proposals for the IBRD: Development as a Main Goal alongside that of Reconstruction

This proposed amendment to the draft was in regard to the purposes of the Bank:

Article I

Purposes of the Bank

The purposes of the Bank shall be the following:

- 1.—To encourage permanently the economic development of member countries.
- 2.—To assist, during the first post-war years, in the reconstruction of member countries and in the transition from a war time to a peace-time economy.
- 3.—To coordinate its financial operations with those of other international and national financial agencies.
- 4.—To cooperate with all the agencies which the United and Associated Nations have created or may create.

To achieve these purposes, the Bank shall facilitate the provision of long-term capital for productive purposes, either by guaranteeing and participating in loans made by private investors, or when private capital is not available on reasonable terms, by furnishing capital out of its own resources.⁵⁸⁵

Mexico defended its posture described above, through a Statement issued on July 12, 1944:

Mr. Chairman, Fellow Delegates:

On behalf of the Mexican delegation, may I be allowed to make a brief explanatory statement on the alternative provision submitted by us which is now before you.

It may appear to some of you that our proposal would rather hamper the Bank's reconstruction operations during the first few years. But I wish to assure you, gentlemen, that it is very far from our purpose to place obstacles in the way of reconstruction. We are fully aware of the damage that the war has done to the productive capacity of our Allies in Europe and in Asia, and we realize also that, once liberated, the territories now occupied by our enemies will require a great deal of capital in order to be set afoot again. We are no

⁵⁸⁵ US Department of State. *Ibid*, Document 290, "Commission II, Bank for Reconstruction and Development, Proposed Amendment to Draft," presented by the Mexican delegation, p. 485.

less aware of the direct sacrifices undergone by all those nations. Therefore, it is not with a spirit of denying them a substantial measure, of the Bank's resources that we have introduced this—to our mind—important amendment.

Our reasons for asking you to provide that “reconstruction” and “development” be put on the same footing are threefold:

First, we believe that the agreement we are to reach here is to be embodied in a permanent, and not in a provisional, international instrument. Therefore, it seems to us inappropriate that the document should not contain an equal emphasis on the two great purposes of the Bank, namely, to facilitate reconstruction and development. In the very short run, perhaps reconstruction will be more urgent for the world as a whole, but in the long run, Mr. Chairman—before we are all ‘too’ dead, if I may say so— development must prevail if we are to sustain and increase real income everywhere. Without denying the initial importance of reconstruction, we ask you not to relegate or postpone development.

Secondly, we believe that we and other nations not actually in need of funds for reconstruction, can greatly assist in the reconstruction of those who do necessitate it, provided our economies be developed more fully at the same time as the rehabilitation of the war torn nations takes place. We have resources which are still untapped. A large part of our population has not yet attained an adequate standard of living. And yet we have not hesitated to throw in our lot with our Allies, disregarding temporarily our own wide domestic problems. If we tackle these—and for that we require sums of capital we do not dispose of at home—we will undoubtedly benefit not only ourselves but the world as a whole, and particularly the industrial nations, in that we shall provide better markets for them and better customers. We submit, therefore, that capital for development purposes in our countries is as important for the world as is capital for reconstruction purposes.

Third and last—and we again wish to emphasize that it is with no unfriendly spirit that we make this reference—we should like to call your attention to an important provision of the draft (Article II, Section 5-A), which states that payments in gold shall be graduated according to a schedule that shall take into account the adequacy of the gold and free foreign exchange holdings of each member country. We believe that, having in mind the position in which the war devastated countries are, this is only fair; and we have no intention whatever of grudging one ounce of our contribution in gold. But since we happen

to have unprecedented holdings of gold and foreign exchange—we speak for the great majority of Latin American nations—and since we feel that we have before us an opportunity of devoting part of our holdings to the import of capital goods for our development, it is our considered opinion that in contributing part of them, ungrudgingly, to the Bank, for the benefit of all the nations constituting it, we should desire at least the assurance that our requests for capital for development purposes shall, in the words of our amendment, be given equal consideration as is given to reconstruction projects, and, further, the assurance that the resources and facilities of the Bank shall always be made available to the same extent for either kind of project.

We do wish to make it perfectly clear, however, Mr. Chairman, that we do not desire to impose on the Bank a rigid fifty-fifty rule. We believe some discretion on the Bank's part should be provided for. Furthermore, what we ask is only that the Bank's resources and facilities be made available. Thus, in the event that countries requesting loans for development purposes do not use up the resources and facilities made available to them, countries requiring loans for reconstruction projects could have a claim on the unused funds.

In conclusion, may we emphasize that we do not contemplate a rigid interpretation of the phrase “to the same extent”, but that we do think it is a principle which should be embodied in the instrument we are endeavoring to draw up. We are perfectly willing to accept a better wording of our proposed amendment, so long as the same principle is preserved in it. ⁵⁸⁶

⁵⁸⁶ US Department of State. *Ibid*, Document 306, “Press Release: Statement by Delegation of Mexico at Meeting of Commission II, July 11, 1944,” presented on July 12, 1944, pp. 1175-1177.

Appendix IX. Mexico's Proposals for the IBRD: Veto Power of Lending Countries

Likewise, regarding the International Bank for Reconstruction and Development, the Mexican delegation also had a strong opinion on the veto power of lending countries, before Commission II:

Mr. Chairman:

I should like to refer to paragraph A of Section 2 of Article IV:

The issue involved is that the approval of a country is to be required in order to spend in that country a loan made by the Bank out of its subscribed capital. We feel certain doubts about the interpretation of this provision. Apparently, two interpretations may arise:

1. That in the transition period after the war there may not be enough capital goods to satisfy the demand of all countries in need of them, so that many countries will have to continue exercising control over the exports of capital goods. If this is the correct interpretation, we have nothing further to say except that perhaps it would be advisable to state it clearly.

2. But a second interpretation is possible, namely, that a country is entitled permanently to refuse to export capital goods at certain times. This would appear to be the case, as was explained at one of the meetings of Committee II, when a condition of full employment were reached and further expansion of exports was considered undesirable from the general economic and monetary point of view of the country in which the loan is to be spent. If this interpretation is the correct one, it seems to us that it would have been desirable to state that when approval is not given by a country, the Bank should be satisfied that the general economic conditions and the balance of payments situation of that country are such that the expenditure of the loan would be undesirable from that point of view, in which case the Bank would have full authority to request the borrower to spend the loan elsewhere. I am quite sure, Mr. Chairman, that if a refusal by a country were endorsed by the Bank in the light of this type of considerations, no country would have any doubts as to the motives involved, and, consequently, would find the Bank's decision quite acceptable.

We attach importance to this view because we feel that the provision, as it is before us now, will undoubtedly be difficult to explain to countries which have during the last

three or four years been experiencing the consequences of dealing with what we may call a “restricted purchasing area”, that is, one in which money cannot be spent. We shall certainly have to allay the fears of those who might interpret this provision as being one which gives a country the power to discriminate in its exports of capital goods, or the power to refuse them on non-economic grounds. It often occurs that in the purchase of capital goods there is no second choice with respect to the country in which it is desired to purchase them. Thus, there is the possibility that a country may have to postpone its development for quite some time.

But there is another aspect of the question. A country may wish to place its orders in a particular country, and the latter, under this provision, may refuse, thus forcing the borrower to buy capital goods in a more expensive or less suitable market. We fear that the refusal could be based on other than economic considerations, and it seems to us that this further application of the “restricted purchasing area” view is apt to lead very quickly to bilateral trade and political relationships. At any rate, the present language of the provision does not preclude this possibility.

We have two other remarks to add, Mr. Chairman. We believe that this provision is inconsistent with other operations of the Bank. For example, in the case of guarantees given by the Bank, a country can presumably go directly to a financial market, obtain a loan and have it guaranteed by the Bank; and no one, we may assume, will deny the right of the borrower to spend the loan in the country of the lender. If the principle sustained in the present provision is to be a more consistent one, should not all countries have to impose a strict control on their capital markets?

Finally, we should like to refer to one of the most important principles embodied in this document, namely, that no condition should be imposed upon a loan as to the particular country in which it may be spent (Article III, Section 6). It is our belief, Mr. Chairman, that this overriding principle is largely nullified if any particular country can deny the borrower’s right to spend the money where he thinks fit.

We hope, Mr. Chairman, that it will be possible to state clearly in this Commission the proper interpretation to be given to the provision we have referred to.

We move that it be said that, if approval is not given by a country, the Bank shall give its opinion that the general economic conditions and the balance of payments situation justify the country's decision.⁵⁸⁷

⁵⁸⁷ US Department of State. *Ibid*, Document 432, "Press Release: Remarks Made by Mexican delegation on Veto Power of Lending Countries Before Commission II, July 16, 1944," issued on July 17, 1944, pp. 1182-1184.