Social Studies 10-1

## Unit 3: Globalization and sustainable prosperity

# Foundations of economic globalization

# The 1944 conference

- Parts of a phone may be designed in one country, assembled in a second, and sold in a third.
- The factory may be funded by capital that crosses a border, under tariff and investment rules.
- In July 1944, delegates at Bretton Woods, New Hampshire, designed the IMF and the World Bank.



## Flows and foundations

- Contemporary economic globalization joins cross-border production, capital, trade, and rules.
- The program names Hayek, the 1944 Bretton Woods Conference, and Friedman as foundations to place in context.
- A historical fact is a dated, sourced event, and a judgment about its meaning is an interpretation.

# Key terms

### economic globalization

Economic globalization is the growth of cross-border production, capital, trade, and the rules that govern those flows.

### price coordination

Price coordination is Hayek's claim that prices carry dispersed knowledge through a complex economy when government direction of production stays limited.

### Bretton Woods

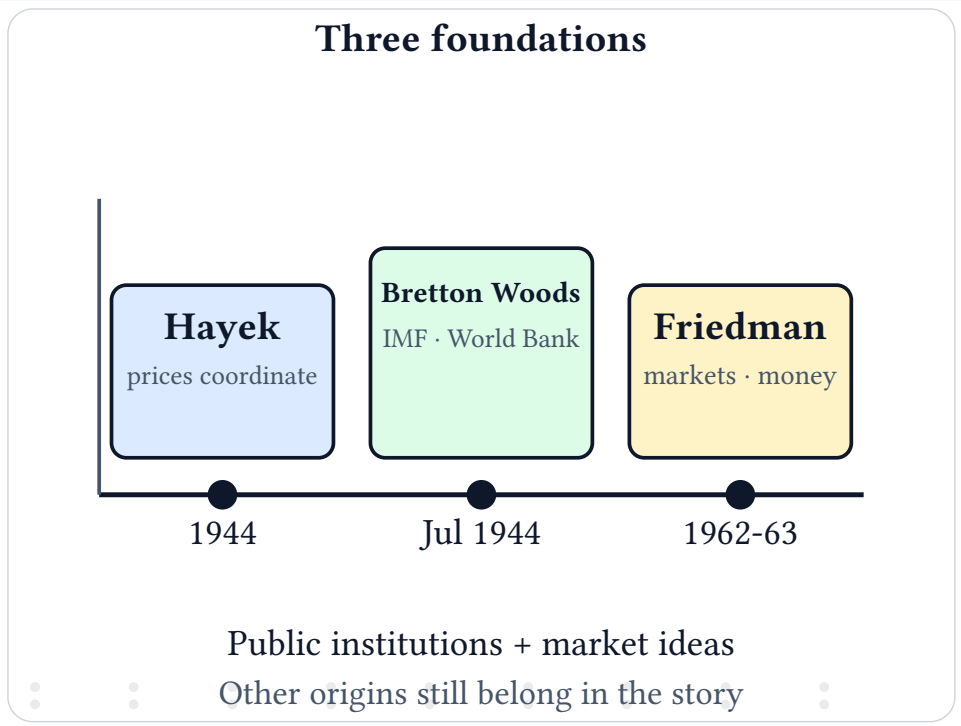
Bretton Woods names the July 1944 conference that created the International Monetary Fund and the World Bank.

### monetary stability

Monetary stability is Friedman's claim that steady money and wide market choice should anchor economic life.

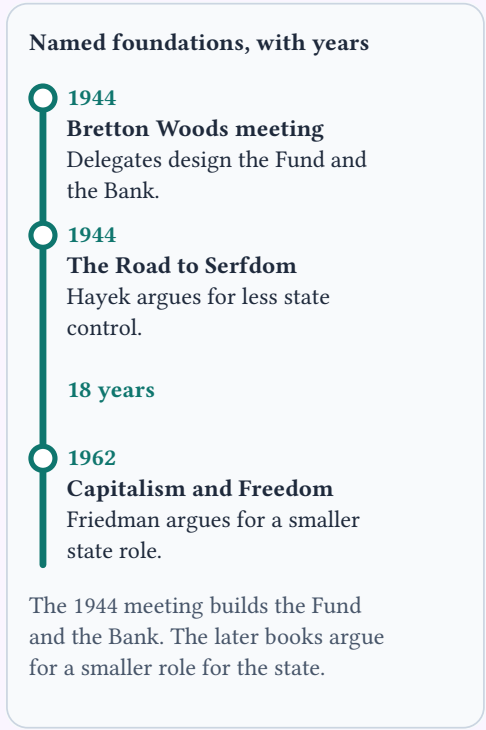
# Three foundations and other origins

- F. A. Hayek, writing in 1944 and 1945, argued that prices coordinate a complex economy and that government direction of production should stay limited.
- The Bretton Woods Conference of July 1944 created the IMF and the World Bank as public institutions for currencies and reconstruction lending.
- Milton Friedman, in work published in 1962 and 1963, argued for monetary stability and for market choice, including criticism of fixed exchange rates.



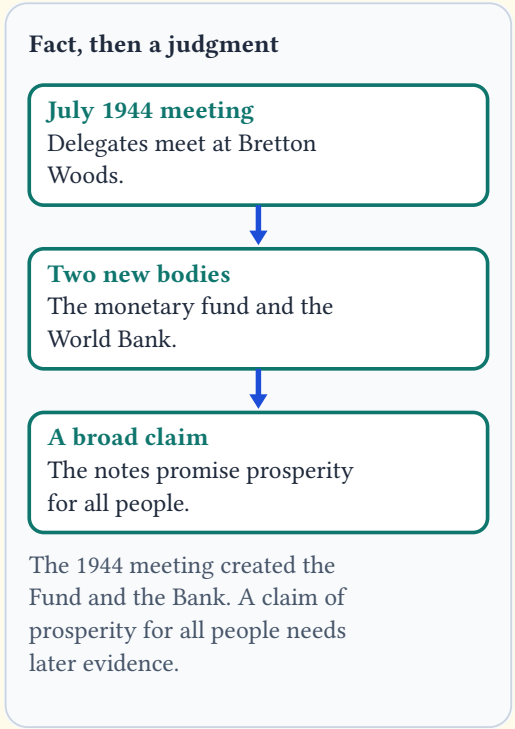
## Comparison table

- Hayek, 1944 to 1945: prices coordinate dispersed knowledge, and the state should limit its direction of what gets produced.
- Bretton Woods, July 1944: forty-four Allied nations designed the IMF and the World Bank after depression and war.
- Friedman, 1962 to 1963: monetary stability and market choice, with floating exchange rates preferred to a rigid peg.



# Fact and interpretation at Bretton Woods

- Fact: the conference met in July 1944 and its agreements created the IMF and the World Bank.
- Context: delegates were responding to the Depression, the tariff conflicts of the 1930s, and a world war.
- Interpretation: a claim that those bodies produced prosperity for all people needs evidence from later decades.



## Hayek and Friedman on a timeline

- Hayek's 1944 book and 1945 essay answer wartime fear of state-directed production.
- Friedman's 1962 book and 1963 monetary history answer debates about money, choice, and the state's economic role.
- Each placement needs a date, a context, and one sentence that is marked as an interpretation.

## Review

- A bank based in one country lends to a mill in a second country.
- A trade rule sets the tariff on the mill’s exports.
- A full answer names the economic flow and one 1944 institution that belongs to this family of rules.

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