Les Trente Gloriesuses

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Les Trente Glorieuses
ou la révolution invisible

Fayard
The Postwar Arrangement

- End of WWII sees a radically different reordering of the world than at the end of WWI.
- Difference is the direct consequence of what was considered a bad experience.
- Already in the Atlantic Charter, in August, 14 1941.
- Institutions:
  1. Political: UN, NATO.
  3. Integration: Marshall plan, OECD, EU.
Eight points of the Atlantic Charter

1. No territorial gains were to be sought by the United States or the United Kingdom.

2. Territorial adjustments must be in accord with the wishes of the peoples concerned.

3. All peoples had a right to self-determination.

4. Trade barriers were to be lowered.

5. There was to be global economic cooperation and advancement of social welfare.

6. Freedom from want and fear.

7. Freedom of the seas.

8. Disarmament of aggressor nations, postwar common disarmament.
Bretton Woods

• Why?

• Institutions: IMF, World Bank, GATT.

• Pillars:

1. U.S. dollar was the reserve currency. Fixed relationship of the dollar to gold ($35 an ounce).

2. Fixed exchange rates: a peg with a ±1% fluctuation band. Possibility of devaluations/revaluations.

3. Convertible currencies.

4. IMF loans for restructuring. World Bank loans for reconstruction and development.
THE BATTLE OF BRETTON WOODS

John Maynard Keynes, Harry Dexter White, and the Making of a New World Order

Benn Steil
Bretton Woods in Practice

- 1950s: stability and fast growth.


- Era of floating exchange rates.

- IMF and World Bank today.
Whatever the weather
We only reach welfare
together
European Union

- Level of international cooperation never seen before.


- Treaties of Rome, 1957: Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany.

- Fours freedoms:
  1. Capital.
  2. Labor.
  4. Services.

- Evolution over time.

- Rival institutions: EFTA.
### TABLE 2.2
Growth of real gross domestic product per capita, 1820–2000
(Average annual compound growth rate)

<table>
<thead>
<tr>
<th>Period</th>
<th>Twelve Western European Countries</th>
<th>Five Countries of European Periphery</th>
<th>Seven East European Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1820–1870</td>
<td>Austria: 0.7</td>
<td>Greece: NA</td>
<td>Bulgaria: NA</td>
</tr>
<tr>
<td></td>
<td>Belgium: 1.4</td>
<td>Ireland: 1.2</td>
<td>Czechoslovakia: 0.6</td>
</tr>
<tr>
<td></td>
<td>Denmark: 0.9</td>
<td>Portugal: NA</td>
<td>Hungary: NA</td>
</tr>
<tr>
<td></td>
<td>Finland: 0.8</td>
<td>Spain: 0.5</td>
<td>Poland: NA</td>
</tr>
<tr>
<td></td>
<td>France: 0.8</td>
<td>Turkey: NA</td>
<td>Romania: NA</td>
</tr>
<tr>
<td></td>
<td>Germany: 1.1</td>
<td>Regional average: 1.0</td>
<td>USSR: 0.6</td>
</tr>
<tr>
<td></td>
<td>Italy: 0.6</td>
<td>1.3</td>
<td>Yugoslavia: NA</td>
</tr>
<tr>
<td></td>
<td>Netherlands: 1.1</td>
<td>0.9</td>
<td>Regional average: 0.7</td>
</tr>
<tr>
<td></td>
<td>Norway: 0.5</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td>1870–1913</td>
<td>Sweden: 0.7</td>
<td>0.5</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>Switzerland: NA</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Regional average: 1.0</td>
<td>1.5</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>1.5</td>
<td>2.1</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>2.1</td>
<td>1.8</td>
</tr>
<tr>
<td>1913–1950</td>
<td>Norway: 2.1</td>
<td>2.1</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Sweden: 2.1</td>
<td>2.1</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>Switzerland: 2.1</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>Regional average: 2.1</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>2.1</td>
<td>3.1</td>
<td>2.4</td>
</tr>
<tr>
<td>1950–1973</td>
<td>Norway: 3.2</td>
<td>2.1</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>Sweden: 2.1</td>
<td>2.1</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td>Switzerland: 2.1</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>Regional average: 2.1</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>2.1</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td>1973–2000</td>
<td>Norway: 3.2</td>
<td>3.1</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>Sweden: 2.1</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>Switzerland: 2.1</td>
<td>2.1</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Regional average: 2.1</td>
<td>2.1</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Sources: Maddison (2001) and author’s calculations.

Notes:
- a Weighted by period-average GDP.
- Regional averages exclude countries whose data are not available in the specified period. An exception is Ireland in the periods before 1938, for which Maddison uses U.K./British figures.
Why?

- Return to stability after 1914-1945.
- Open, democratic institutions.
- Free trade, property rights.
- Peace.
- Catching up with technology.
- Development of modern welfare state.
• Oil shocks of 1973.

• However, inflation had been brewing before.

• Period of monetary instability: only peacetime inflation in the U.S.

• Fiscal problems.

• Increase of structural unemployment in Europe.

• Deep reforms in many countries in the 1980s.
Data for the US

<table>
<thead>
<tr>
<th>Period</th>
<th>$g_Y$</th>
<th>$s_Kg_K$</th>
<th>$s_Lg_L$</th>
<th>TFP ($g_A$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929 – 1948</td>
<td>2.54</td>
<td>0.11</td>
<td>1.42</td>
<td>1.01</td>
</tr>
<tr>
<td>1948 – 1973</td>
<td>3.70</td>
<td>1.40</td>
<td>0.77</td>
<td>1.53</td>
</tr>
<tr>
<td>1973 – 1982</td>
<td>1.55</td>
<td>0.69</td>
<td>1.13</td>
<td>-0.27</td>
</tr>
<tr>
<td>1982 – 2004</td>
<td>2.75</td>
<td>0.80</td>
<td>0.96</td>
<td>0.99</td>
</tr>
</tbody>
</table>

- Key observation: Productivity Slowdown in the 1970’s.
- After 2015: much better again.
1. Sharp increases in the price of oil in 1970’s.

2. Structural changes: more services and fewer manufacturing goods produced.

3. Slowdown in resources spent on R&D in the late 1960’s.

4. TFP was abnormally high in the 1950’s and 1960’s.

5. Information technology (IT) revolution in the 1970’s.