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India at Bretton woods: National aspirations and global transformations in the mid-twentieth century

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Abstract

This paper examines India's participation in the 1944 Bretton Woods Conference, a pivotal moment in shaping the post-World War II global economic order. Drawing on recent historiographical reappraisals of the conference and specialized scholarship on India's economic history, the study situates India's engagement at the intersection of national aspirations, imperial entanglements, and global transformations. It argues that India's presence at Bretton Woods marked a formative stage in the development of its relationship with international economic institutions. Through an analysis of India's evolving role within the British Empire, the emergence of developmentalist thinking within anti-colonial nationalism, the articulation of Indian objectives at the conference, and the domestic interpretation of its outcomes, the paper offers a nuanced account of India's early encounter with global financial governance an encounter that would shape its ambivalent position in the international economic order for decades to come.

Keywords: Agricultural goods, non-tariff barriers, enterprises, effects, cost benefit analysis

1. Introduction

The Bretton Woods Conference of July 1944 marked a turning point in global economic governance. While it has been primarily narrated through the lens of Anglo-American cooperation, recent scholarship has highlighted the diverse array of participants and interests at the table. India's presence, represented by a delegation within the broader British Empire framework, provides a compelling case study of a semi-sovereign entity navigating the complex terrain of decolonization, wartime economic dislocation, and emergent global financial architecture. This paper examines how India, though not yet independent, contributed to and was shaped by the Bretton Woods moment.

2. Colonial Status and the Shifting Role of India in the World Economy

India's economic role within the British Empire had evolved significantly by the early 1940s. Once considered a "jewel in the crown," the colony had experienced deep economic strains during the Great Depression and the Second World War. By 1944, India was both a vital logistical hub for the Allied war effort and a site of growing economic dissatisfaction. As the empire reconfigured itself under the pressures of war, India found greater space to assert its economic interests.

The Government of India, led by bureaucrats and economists with growing nationalist sympathies, sought to leverage its position within the empire to gain more voice in international economic affairs. This shift was reflected in its relatively independent stance during the Bretton Woods negotiations, where Indian representatives, though formally under the British delegation, argued for developmental concerns unique to the Indian context.

By the early 1940s, India's economic relationship with the British Empire was undergoing profound changes, shaped by global upheavals and internal transformations. Traditionally viewed as the "jewel in the crown" of the British imperial system, India had long served as a critical source of raw materials, military manpower, and revenue for the Empire. However, this subordinate role was increasingly strained by the cumulative impacts of the Great Depression (1929-1939), which devastated agrarian incomes, disrupted export markets, and exposed the vulnerabilities of colonial economic dependence. British policies of currency manipulation, such as the controversial decision to place the Indian rupee on a sterling

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exchange standard, further deepened Indian discontent and tied India's monetary policy to British strategic interests rather than domestic welfare.

The outbreak of the Second World War further amplified India's economic burdens while simultaneously creating new opportunities. The country became an indispensable logistics base for the Allied powers, contributing significantly in terms of troops, supplies, and infrastructure. However, this strategic centrality came at a high cost. Wartime inflation surged, the scarcity of essential commodities worsened, and government control over the economy intensified. The infamous Bengal Famine of 1943, resulting in the deaths of millions, was both a humanitarian catastrophe and a symbol of the limits and failures of colonial economic governance.

Amidst these pressures, the political landscape in India was shifting. The Indian National Congress, despite its complex wartime position, had popularized the vision of economic self-reliance and national planning. Simultaneously, a cadre of Indian civil servants and economists within the colonial administration some of whom were sympathetic to nationalist goals began advocating for more assertive economic policies. These bureaucrats, many of them trained in Western economic thought but grounded in Indian realities, recognized the need for structural transformation of the Indian economy through industrialization, state planning, and control over monetary policy.

It was against this backdrop that India approached the Bretton Woods Conference. Although technically represented under the British umbrella, Indian delegates were increasingly aware of their country's evolving economic and political standing. The Government of India, led at the time by a British-appointed Viceroy but staffed increasingly with Indian professionals, sought to carve out a more autonomous voice in international forums. Indian representatives including economists and officials such as Sir Jeremy Raisman and A.D. Shroff brought to the table distinct priorities, such as monetary stability, access to capital for development, and the need for multilateral mechanisms that recognized the aspirations of non-Western, developing nations.

In short, India's participation in the Bretton Woods Conference reflected both its continued colonial status and its transitional role as a rising postcolonial actor. The war had exposed the fragility of the colonial economy but also opened new spaces for influence and negotiation. India's assertive posture though constrained by formal imperial structures was an early sign of the shift from colonial subordination toward independent engagement with global economic governance. This moment of negotiation and assertion would later inform India's post-independence stance on international economic institutions, blending participation with a persistent critique of Western-dominated financial orders.

3. Development Discourse and Anti-Colonial Nationalism

The 1930s and 1940s witnessed the maturing of a discourse of Indian economic development rooted in both nationalist critique and pragmatic statecraft. Indian leaders, including Jawaharlal Nehru and economists like V. K. R. V. Rao, began articulating visions of state-led development that emphasized industrialization, planning, and self-sufficiency. This developmentalist outlook informed India's approach to

Bretton Woods. The Indian delegation viewed the emerging international institutions not merely as tools of global coordination but also as potential supports or obstacles to national development. Their cautious engagement reflected a dual desire: to participate in global governance and to guard against mechanisms that might constrain domestic economic sovereignty.

The decades of the 1930s and 1940s marked a significant evolution in Indian political thought, particularly in how economic development was conceptualized within the broader framework of anti-colonial nationalism. This period witnessed the fusion of intellectual critique, practical planning, and ideological assertion, laying the groundwork for what would become a distinctively Indian vision of development in the postcolonial era.

The foundations of Indian developmental discourse were deeply intertwined with the nationalist struggle against British rule. Economic critique had long been a pillar of anti-colonial thought, dating back to the late 19th century with figures like Dadabhai Naoroji and R. C. Dutt, who exposed the exploitative nature of colonial economic policies. By the 1930s, this critique had matured into a more structured and forward-looking developmental agenda. Leaders such as Jawaharlal Nehru began to articulate a vision that went beyond the denunciation of imperial extraction, emphasizing instead the necessity of industrialization, modernization, and economic self-sufficiency as instruments of true national liberation.

Nehru, influenced by Soviet-style planning and Fabian socialism, championed the idea of a mixed economy led by a strong, interventionist state. He viewed poverty and underdevelopment not merely as consequences of colonial misrule, but as structural problems requiring large-scale, coordinated solutions. This vision was institutionalized through bodies such as the National Planning Committee (1938), which was set up under the auspices of the Indian National Congress. The committee, comprising economists like V. K. R. V. Rao, K. T. Shah, and M. Visvesvaraya, laid out ambitious plans for industrialization, infrastructure development, and equitable growth concepts that would later underpin India's Five-Year Plans after independence.

This emerging developmentalist consensus saw economic planning not just as a technocratic exercise but as an extension of the struggle for political sovereignty. For Indian nationalists, genuine independence required the capacity to control and direct economic life in accordance with national priorities. Development was thus seen as both a moral imperative and a strategic necessity to overcome the legacies of colonial underdevelopment and dependency.

It was within this intellectual and political context that Indian representatives approached the Bretton Woods Conference in 1944. The Indian delegation, although officially subordinate to the British Empire's representation, carried with it the weight of these developmental ambitions. Delegates were acutely aware that the new international institutions the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD or World Bank) could become either enablers of national growth or instruments of continued Western dominance.

Accordingly, India adopted a position of strategic caution. While recognizing the potential benefits of multilateral cooperation and access to international finance, Indian delegates remained wary of conditionalities that might limit

their freedom to plan and regulate the economy. They were concerned, for example, that strict controls over exchange rates or restrictions on capital flows could hinder developmental goals. There was also skepticism about the voting structures proposed for the IMF and World Bank, which disproportionately favored the United States and other Western powers, thereby marginalizing the voice of countries like India that were on the cusp of independence. Thus, India's engagement with the Bretton Woods process was shaped by a dual imperative: to assert its developmental needs on the global stage and to ensure that its future economic policies would not be dictated by external institutions. This ambivalent engagement marked by participation without surrender foreshadowed India's post-independence stance in the global economic order: cooperative yet critical, and always attentive to the balance between sovereignty and interdependence.

4. Indian Objectives at Bretton Woods

India's objectives at the conference were shaped by the economic disruptions caused by World War II, particularly inflation, food shortages, and balance of payments issues. Indian delegates were concerned with several key issues:

- Ensuring adequate voting rights in the proposed International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD);
- Securing mechanisms that would not unduly penalize countries with trade imbalances;
- Safeguarding policy space for national development initiatives.

Indian delegates engaged in active debates, sometimes aligning with other colonial or semi-colonial nations and at other times pushing back against both British and American proposals. This nuanced positioning indicated the emergence of a post-colonial internationalism that would later define India's foreign economic policy.

5. Post-Conference Reception and India's Ambivalent Relationship with Bretton Woods Institutions

Upon returning home, the Indian delegates provided extensive reports and analyses of the Bretton Woods agreements. Public and political reactions were mixed. Nationalist leaders were wary of the IMF and World Bank becoming instruments of Western economic dominance. However, some saw potential in these institutions as sources of finance and technical assistance for developmental goals. This ambivalence characterized India's early post-independence interactions with the Bretton Woods system. While India joined the IMF and World Bank as a founding member, it maintained a cautious distance, advocating for reforms and alternative global economic arrangements, such as the Non-Aligned Movement and the push for a New International Economic Order in the 1970s.

The return of the Indian delegation from the Bretton Woods Conference in 1944 sparked a wave of analysis, debate, and introspection within both governmental and nationalist circles. Indian officials prepared detailed internal reports summarizing the decisions taken at the conference and the implications for India's economic future. While some colonial administrators interpreted India's participation as a step forward in engaging with the emerging global financial order, the broader nationalist reaction was far more circumspect.

For leaders of the Indian independence movement many of whom had been long skeptical of imperial economic entanglements the Bretton Woods institutions raised fundamental concerns. The structure of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD, later known as the World Bank) appeared to institutionalize the power asymmetries of the global economy. With voting rights heavily skewed in favor of the United States and other Western nations, and decision-making centralized in Washington, there were fears that these institutions might evolve into tools of neo-colonial economic governance.

This skepticism was further fueled by concerns that IMF stabilization programs and World Bank lending conditions could impose rigidities on developing economies, limiting their autonomy to implement domestic industrial policies, regulate trade, or manage capital flows. Indian nationalists worried that such constraints could replicate colonial patterns of dependency under a new guise this time through technocratic institutions rather than imperial fiat.

Nevertheless, not all voices within India dismissed the Bretton Woods system outright. A number of Indian economists and policymakers saw practical advantages in engaging with these institutions, particularly as potential sources of capital, technical expertise, and international legitimacy. For a country poised on the brink of independence and facing monumental developmental challenges ranging from infrastructure deficits to food insecurity access to multilateral finance offered valuable opportunities. This pragmatic strand of thinking would come to influence India's eventual decision to become a founding member of both the IMF and the World Bank in December 1945.

Following independence in 1947, India's relationship with the Bretton Woods institutions settled into a pattern of selective engagement. Indian planners, notably under the leadership of figures like Nehru and later Indira Gandhi, were committed to preserving policy autonomy. India's economic strategy was built around import-substitution industrialization, centralized planning, and a mixed economy all of which required space from the externally-imposed conditionalities typically associated with IMF or World Bank programs. As a result, India remained a relatively infrequent borrower from these institutions in the early decades, preferring to mobilize domestic resources and bilateral aid, particularly from the Soviet Union and other sympathetic nations.

India's ambivalence deepened during the Cold War. While it continued to participate in IMF and World Bank meetings, it also became a vocal critic of the inequities embedded in the international economic order. As a founding member of the Non-Aligned Movement (NAM) in the 1950s and a key proponent of the New International Economic Order (NIEO) in the 1970s, India pushed for a more just and equitable global financial system. These efforts sought to democratize institutions like the IMF and World Bank, promote fairer terms of trade, and enhance the policy space available to developing countries.

This dual posture engagement coupled with critique defined India's early post-independence economic diplomacy. India did not reject the Bretton Woods system outright, nor did it fully embrace its neoliberal orientation. Instead, it pursued a strategy that sought to benefit from multilateralism while resisting its more intrusive elements. This ambivalent

relationship was not merely ideological but also deeply rooted in the country's colonial experience, developmental aspirations, and commitment to sovereignty.

In retrospect, India's early interactions with the Bretton Woods institutions provide a lens into broader tensions faced by postcolonial states: the challenge of integrating into a global economic system shaped by others, while asserting the right to shape national development on their own terms.

6. Conclusion

India's participation in the Bretton Woods Conference offers an important vantage point for understanding the intersections of decolonization, development, and global governance. Though not yet a sovereign state, India used the platform to articulate a vision of economic autonomy and multilateral engagement. The conference thus served as a crucible in which India's future international economic policy orientation was forged marked by both participation in and critique of global institutions.

India's engagement with the Bretton Woods Conference in 1944 marks a critical, though often overlooked, episode in the country's economic and diplomatic history. Though still under colonial rule, India entered the conference not merely as a passive extension of British imperial interests but as a semi-autonomous actor shaped by its own developmental ambitions, economic hardships, and political aspirations. The Indian delegation, composed of bureaucrats and economists attuned to both nationalist sentiment and global economic realities, sought to ensure that the emerging international order would allow space for economic sovereignty and equitable development.

The experience of the interwar years and the economic traumas of World War II had intensified India's desire for structural transformation, which it hoped could be supported but not constrained by international financial institutions. India's objectives at Bretton Woods reflected this dual aim: to engage productively with the postwar economic order while also safeguarding the capacity to pursue national development goals through planning, industrialization, and monetary autonomy. The country's cautious yet active participation highlighted a growing awareness that global economic governance would have direct implications for postcolonial state-building and sovereignty.

In the aftermath of the conference, India's relationship with the Bretton Woods institutions evolved in a characteristically ambivalent manner. On one hand, India became a founding member of both the IMF and the World Bank, recognizing the need for international cooperation and access to capital. On the other hand, it maintained a principled skepticism toward the unequal power dynamics embedded in these institutions particularly the dominance of Western nations and the risk of conditionalities that could undermine domestic policymaking. This ambivalence carried over into India's broader global economic strategy during the Cold War, where the country balanced participation in multilateral organizations with leadership in alternative forums like the Non-Aligned Movement and the campaign for a New International Economic Order.

Ultimately, India's role at Bretton Woods and its subsequent positioning in global financial governance illustrate the tensions faced by postcolonial states: how to navigate an international system largely shaped by and for the powerful, while simultaneously asserting the right to self-determined

development. The legacy of India's Bretton Woods moment thus lies not only in its institutional affiliations but in the broader vision it advanced a vision that insisted on development with dignity, sovereignty alongside cooperation, and a more inclusive international economic order. This vision continues to resonate in contemporary debates about global economic justice, reform of international institutions, and the place of the Global South in shaping the rules of globalization.

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