

Introduction

Seventy-five years ago, 730 delegates from 44 countries got together in a resort hotel in Bretton Woods, New Hampshire, and accomplished something that had never been done before: They put into place an entirely new financial foundation for the world.

These economic policymakers and thinkers envisioned a system that would foster growth, stability, and cooperation among nations. Their efforts to draw a roadmap for a secure, peaceful, and prosperous future in the midst of World War II remain memorable, and their achievement was evidenced by the growing prosperity and economic success experienced in the latter half of the 20th century.

Today, the global economy and financial system confront challenges of epic proportions. Central bank balance sheets are swollen to levels never seen before. Debt burdens are large and expanding rapidly. Many governments even earn revenue by borrowing, due to the prevalence of negative interest rates. Likewise, connections among nations are more tightly bound than ever before via financial markets, technology, and trade. It is no wonder that financial crises occur more frequently and with greater vengeance. In this environment, countries are increasingly guided by short-term interest. The system is frayed.

Institutions founded at the Bretton Woods Conference remain vital and at the heart of the global financial system. Yet, they are pressed by these challenges and are struggling to redefine themselves.

In 2014, some of the most prominent leaders from government, business, and academia gathered to commemorate the 70th anniversary of the Bretton Woods conference. “Bretton Woods: The Founders and the Future” was held at the same Mount Washington Resort, with the New Hampshire hotel exclusively available to the conference, as it was in 1944. The event, organized by the Center for Financial Stability (CFS), gathered the leaders in a working-group environment to better understand present challenges and offer solutions for the future.

The purpose of this monograph, which summarizes the 2014 conference, is to more broadly share seminal ideas and provide a springboard for offering practical strategies into the future.

After seventy-five years, issues remain. In fact, many have intensified and new ones have surfaced. The roots of the Bretton Woods agreements began more than twenty years before the agreements were

reached in 1944, so we cannot expect today's challenges to be solved overnight.

Today, a new Bretton Woods may be impossible. Yet leaders would benefit from addressing hard questions that have been avoided for decades. Federal Reserve Vice Chairman and former CFS Advisory Board Member Randal K. Quarles closed the conference and perfectly captured the spirit of the group. The delegates were inspired, he told the assembly—inspired by the beautiful place, inspired by history, and inspired to go forward. But like the people in the Mount Washington ballroom over seven decades ago, today's delegates were mindful of the wise Greek proverb:

*A society grows great when old people plant trees
whose shade they know they will never sit in.*

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