



EXECUTIVE SUMMARY

A Bretton Woods Moment for Productive Security

Converting Economic Capability into Strategic Power

Dr Rebecca Harding

Independent Economist · CEO, Centre for Economic Security

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The challenge

The post-Cold War economic order assumed that efficiency, integration and the separation of economics from security would deliver prosperity and stability. That assumption no longer holds. Strategic competition, economic coercion, technological rivalry, climate disruption and the weaponisation of trade, finance, data and supply chains have collapsed the distinction between economic policy and national security.

Across allied economies governments are responding with higher defence expenditure and renewed industrial policies. Rising spending has not translated into equivalent capability. Defence inflation, supply-chain bottlenecks, workforce shortages and persistent financing gaps all point to the same conclusion: security is no longer a question of how much governments spend, but of whether their economies can convert resources into resilience, preparedness and strategic advantage.

The defining question of the coming decades is whether democratic economies can build the institutions to transform economic strength into strategic power. The constraint is not defence finance, military expenditure or fiscal capacity. It is capability formation. It is the Productive Security gap.

A Bretton Woods moment

The significance of the 1944 Bretton Woods Conference was not the creation of the IMF or the World Bank. It was the recognition that prosperity, stability and security depended on institutions capable of aligning finance, productive development and international cooperation. That insight remains the right one.

Today's challenge is different in substance but identical in structure. The world is moving from an era defined by economic efficiency to one shaped by resilience, adaptability and strategic competition. Economic systems are now arenas of geopolitical contestation. Supply chains, technologies, data systems, financial markets and critical infrastructure influence national security as directly as traditional military assets.

Allied economies face a new Bretton Woods moment: the requirement to build the institutional architecture that sustains prosperity, resilience and security under fundamentally altered geopolitical conditions.

Productive Security

Productive Security is the capacity of an economy, society or alliance to generate, sustain, adapt and mobilise the productive capabilities required to achieve long-term security objectives.

It shifts security away from being understood solely through military capability or defence expenditure. Security emerges from the interaction between:

- Innovation systems
- Financial systems
- Industrial ecosystems
- Supply chains
- Human capital
- Data and information systems
- Critical social infrastructure

Productive Security is not simply resilience. It is the coordinated mobilisation of productive, financial, technological, informational and social capabilities to generate sustainable strategic advantage.

From capital scarcity to capital allocation

The principal constraint on allied economies is not capital scarcity. Global financial markets contain unprecedented liquidity. Pension funds, insurers, sovereign wealth funds, banks and private investors collectively manage tens of trillions of dollars. The question is not whether resources exist. It is whether institutions exist that can direct them towards productive capability.

The debate is old. We have long talked about the Macmillan Gap, the Equity Gap and the Funding Escalator. What is new is the requirement to integrate the interdependencies between finance, innovation, skills, data, technology and communications into the security domain. The Productive Capacity Gap names this integration explicitly.

Across Germany, Sweden, Norway, South Korea and the United Kingdom the same pattern repeats: strong innovation, weak translation into productive capability at scale. A growing gap between strategic ambition and productive capacity.

Country	Innovation strength	Defence industrial challenge	Financial constraint
Germany	Strong industrial and engineering base	SME scaling and production capacity	Limited growth capital and defence investment mechanisms
Sweden	World-leading defence innovation ecosystem	Scaling production rapidly in response to demand	SME access to later-stage capital
Norway	Advanced technology and maritime capability	Small domestic market limits scale	Access to specialist defence finance
South Korea	Strong manufacturing and export capability	Allied integration and supply-chain resilience	Scaling dual-use innovation internationally
United Kingdom	Strong research and innovation base	Translation of innovation into productive capacity	Persistent funding escalator gap

From bullion to bullets

Finance is part of the security architecture, not an input to it. Capability is not created at the point of procurement. It is created through a process that converts capital into innovation, innovation into production and production into capability. The policy task is therefore not to spend more, but to design the institutions that mobilise and allocate capital effectively across capability ecosystems.

Open Source Economic Intelligence

Open Source Economic Intelligence (OSEINT) is the systematic collection, analysis and interpretation of publicly available economic, financial, technological, environmental and social information to identify emerging vulnerabilities, strategic dependencies and opportunities affecting long-term economic security. Its purpose is to identify weak signals before they become strategic crises:

- Food and fertiliser market disruptions
- Energy-system vulnerabilities
- Critical mineral shortages
- Financial market stress
- Climate-related supply-chain risks
- Emerging technological dependencies
- Digital infrastructure vulnerabilities

Allied economies require a shared economic intelligence architecture equivalent to the intelligence-sharing arrangements that already exist within military alliances.

Beyond Critical National Infrastructure

Security can no longer be understood solely through the protection of Critical National Infrastructure. Modern resilience depends equally upon **Critical Social Infrastructure**: food systems, healthcare, housing, access to finance, digital connectivity, education and skills, public trust and democratic legitimacy.

Societies that cannot sustain social cohesion under disruption are strategically vulnerable regardless of their military capability. Security increasingly depends on sustaining the social and economic systems that underpin democratic resilience.

Seven Bretton Woods principles for Productive Security

1. **Economic security as a core function of government.** Establish permanent economic security functions that integrate economic statecraft, resilience and national security.
2. **Managing strategic dependencies.** Strengthen trusted interdependence while reducing exposure to coercive leverage and systemic vulnerabilities.
3. **Allied economic intelligence and situational awareness.** Develop shared frameworks for economic intelligence, data-sharing and OSEINT across allied economies.
4. **A Productive Security funding escalator.** Create the mechanisms that crowd private capital into productive capability, resilience and industrial scale.
5. **Digital money and strategic finance.** Develop common principles for digital currencies, stablecoins, long-term capital mobilisation and resilience finance.
6. **Critical Social Infrastructure.** Recognise food, health, housing, communications and economic participation as strategic assets.
7. **Civil society, trust and strategic communications.** Strengthen public trust and societal resilience through coordinated communication during periods of disruption.

An institutional architecture

No single institution can solve the challenge of capability formation. Allied economies require a complementary institutional ecosystem:

- The Allied Defence Market (ADM) creates market integration and interoperability.
- The Multilateral Defence Mechanism (MDM) creates procurement coordination and demand certainty.
- The Defence, Security and Resilience Bank (DSRB) mobilises capital and crowds in private investment.
- National resilience-finance mechanisms support productive-capacity expansion.

- OSEINT networks provide shared economic situational awareness.
- Economic security functions coordinate policy across government.

Challenge	Institutional response
Economic security	National Economic Security Functions
Strategic dependencies	Allied Coordination Framework
Economic intelligence	OSEINT Network
Capital mobilisation	Defence, Security and Resilience Bank
Procurement coordination	Multilateral Defence Mechanism
Market integration	Allied Defence Market
Critical social infrastructure	National Resilience Frameworks
Public trust	Strategic Communications Framework

These institutions are not alternatives. They perform different but complementary roles within a wider capability ecosystem.

Conclusion

The challenge of the twenty-first century is no longer the creation of wealth, or even the protection of wealth. It is the conversion of economic strength into strategic power.

Traditional security lens	Productive Security lens
Defence expenditure	Capability formation
Procurement	Productive capacity
Military readiness	Economic resilience
Critical National Infrastructure	Critical National and Social Infrastructure
Intelligence	Open Source Economic Intelligence
Public spending	Public and private capital mobilisation
National capability	Allied capability
Resilience	Strategic advantage

Security, resilience and prosperity emerge not from expenditure alone, but from institutions capable of transforming capital into innovation, innovation into productive capacity and productive capacity into long-term strategic effectiveness.

The question for allied economies is therefore not whether sufficient resources exist. It is whether they possess the institutional imagination and political will to build the architecture that converts economic capability into sustainable strategic advantage.

That is the Bretton Woods challenge of our generation.