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The Future of Security and Bretton Woods 2.0

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The post-war world was built for peace. In 2026 our defence now requires a greater emphasis on collective economic security. The age of economic war needs a new financial architecture.

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Why the West must face up to its Bretton Woods 2.0 moment.

The post-war world was built for peace. In 2026 our defence now requires a greater emphasis on collective economic security. The age of economic war needs a new financial architecture. The conflicts in Ukraine and across the Middle East make it abundantly clear that the institutions set up under the Bretton Woods agreement post 1945 to safeguard our peace and security are no longer fit for purpose. The IMF, the World Bank, the Gold Standard all addressed an era that just no longer exists.

The West cannot deter military threats while ignoring this reality. I firmly believe that for our political leaders, there is no more urgent priority than to address this vital and missing pillar of western defence.

Multilateral institutions that evolved alongside or from the Bretton Woods system — the World Trade Organisation, the Multilateral Development Banks, the Paris Climate accords and even NATO and the United Nations — are all suffering the same fate: a loss of purpose, a loss of funding and a loss of political commitment.

A new institutional settlement is an urgent priority for our political leaders. Not only are the Bretton Woods institutions inadequate to fund and support the economic growth and development challenges that many nations face, these nations themselves are increasingly also at economic war.

As we have witnessed in the Straits of Hormuz, it's the global trade system that is under the greatest pressure. Blockades, sanctions, tariffs, export controls, supply chains, payments systems, asset seizures and financial restrictions, and currency manipulation constitute the tools of economic warfare.

Future conflict will be shaped as much by capital, trade and technology as by troops and tanks. The military's DIME framework for warfighting builds around four principles — Diplomacy, Information, Military and Economic.

High energy and food prices directly contribute to a sense of disorder. Advances in AI may threaten jobs and increase inequality. And yet the Bretton Woods financial settlement fails to communicate its benefits to an increasingly alienated and anxious public. The result is nationalism, populism and extremism, because governments can't control the external shocks that make us less economically secure.

I use the term "economic war" advisedly. "War" and economics are strange bedfellows. Under the 1949 NATO Treaty, "Article 5" establishes that an attack on one nation is an attack on all. But the lesser-known Article 2, focused on collective defence, was always meant to sit alongside collective economic security — shared values rooted in liberal markets and the democratic process.

Article 2 is now under direct threat from adversaries and allies alike and the result is economic war. This war undermines the capacity to control prices, and to invest. It also restricts our ability to use orthodox fiscal and monetary tools to control prices and stimulate growth.

Economic war does not mean that armed conflict is inevitable. In fact, declaring that we are in a state of economic war simply focuses strategic thinking around the need to harness our economic institutions around a very real need for economic security. This is the guiding principle behind the establishment of the Centre for Economic Security and this week’s Future of Security Conference in London.

This year, that event addresses the urgent need for a Bretton Woods 2.0 moment. Time is not on our side, but the cause of free markets and liberal democracy is one worth fighting for.