

CONCEPT NOTE AND AGENDA

BRETTON WOODS SYSTEM AT 80: MULTILATERALISM IN A CHANGING WORLD

VIRTUAL SEMINAR

Monday, July 1, 2024

9:00-10:30 am (EST)

BACKGROUND

Established in 1944, the Bretton Woods system aimed to foster a stable global economic environment by ensuring exchange rate stability, preventing competitive devaluations, and promoting economic growth. Two key institutions, the International Monetary Fund (IMF) and the World Bank, were created as the Bretton Woods Institutions (BWIs). The IMF oversees the international monetary system, while the World Bank is responsible for reconstruction and development projects in war-torn and developing countries.

Member countries pegged their currencies to the U.S. dollar, which in turn was convertible to gold at a predetermined rate. Additionally, countries were allowed to implement capital controls to manage capital flows and prevent speculative currency attacks. Recognizing the importance of a stable and cooperative global trade environment to complement the monetary and financial systems, the Bretton Woods System laid the groundwork for international trade cooperation. This led to the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947. Initially envisioned as a temporary measure to facilitate trade negotiations and reduce barriers, GATT eventually evolved into the World Trade Organization (WTO) as global trade became more complex.

The system functioned effectively during the immediate post-war period, facilitating unprecedented growth and stability, including the reconstruction of post-war Europe. GATT provided a framework for negotiating tariff reductions and other trade policies among participating countries, playing a crucial role in promoting free trade and reducing protectionism in the post-war period. However, by the late 1960s and early 1970s, strains started to emerge, leading to the end of the fixed exchange rate system. Since then, the Bretton Woods institutions have weathered various challenges to the global economy, including a new economic order at the breakup of the Soviet Union; major sovereign debt crises; the rise of China and other developing economies as major economic powers, the Great Financial Crisis, and the Covid-19 pandemic.

Bretton Woods institutions continue to play vital roles in global economic governance. While some developments contributed to strengthening the institutions, challenges remain, and uneven progress on their key mandates continues to impair their credibility and effectiveness. Furthermore, the external environment that the organizations face is changing rapidly, calling for dynamic responses on issues that were not envisaged eighty years ago. Internal governance and institutional arrangements are yet to catch up with the changing global economic landscape. The current global financial safety net is more fragmented than 80 years ago, which makes guaranteeing the stability of the global financial system and

coping with systemic financial risks more difficult. The dominance of the US dollar in the global payments' architecture is contested, both on account of innovations in payments technology, and due to geopolitical tensions. Unfair trade practices, some arising from responses to geopolitical tensions and others from climate goals, are challenging the role of trade as a key enabler of growth. Despite decades of development efforts, inequality—both within and among nations—remains an issue. The reform of international tax cooperation, an issue not envisaged at the founding of the Bretton Woods system is now at the top of global policy agenda. Finally, the challenge of climate change, sustainable development and technological disruption require adaptation, innovation, and enhanced international cooperation to ensure a stable and inclusive global economic order.

The 80th anniversary of the BWI is an opportune time for policymakers to engage in discussions on the challenges of the current system, and the prospect for deepening multilateralism. In this regard, the G-24 will hold a virtual seminar on *Multilateralism in A Changing World* to coincide with the BWI anniversary in July 2024. The seminar is designed to encourage active participation and fruitful discussions among policymakers, economists, experts, and scholars on the major challenges and prospects. The seminar aims to set the stage for a series of *Policy Roundtables*, to be convened by the G-24 in the Fall of this year. The Roundtables will address in more detail the key challenges to the Bretton Woods system and multilateralism.

KEY ISSUES FOR DISCUSSION

- The origin and establishment of the Bretton Woods System, its impact on global economic stability and growth in the post-World War II era.
- Evolution and transformation of the Bretton Woods System: transition from the fixed exchange rate system to floating exchange rates in the 1970s, the role of the Bretton Woods institutions in addressing global economic crises.
- Unfinished BWI agenda and challenges to multilateralism: Governance of BWIs, global financial safety net and the role of SDR, development financing and sovereign debt sustainability, trade and geopolitical tensions, international tax cooperation, and the challenge of climate change and technological disruption.
- Options for reforming the multilateral system.

PANELISTS

- **Moderator: José Antonio Ocampo**, Co-Director, Economic and Political Development Concentration in the School of International and Public Affairs, Columbia University, and former Minister of Finance and Public Credit of Colombia (on two occasions).
- **Speaker: James M. Boughton**, Senior Fellow, Center for International Governance Innovation (CIGI) and former historian of the International Monetary Fund (IMF).
- **Speaker: Amar Bhattacharya**, Senior Fellow, Global Economy and Development Program at the Brookings Institution and former Director of the G-24.

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Agenda
<p>Introduction Iyabo Masha, G-24 Director</p>
<p>Opening remarks by Moderator Jose Antonio Ocampo, School of International and Public Affairs, Columbia University, and former Minister of Finance and Public Credit, Colombia</p>
<p>Evolution and Transformation of the Bretton Woods System Speaker: James Boughton, Senior Fellow, Center for International Governance Innovation (CIGI) and former IMF Historian.</p> <ul style="list-style-type: none">• The origin of the Bretton Woods System, impact on global economic stability and growth in the post-World War II era• Evolution and Transformation of the Bretton Woods System: Transition from the fixed exchange rate system to floating exchange rates in the 1970s, the role of the Bretton Woods institutions in addressing global economic crises• The competition for global economic policy coordination – G20, BRICS, Plurilateral agreements• Reimagining global economic cooperation in a fragmented world
<p>Response of the Bretton Woods System to emerging challenges, and options for reform. Speaker: Amar Bhattacharya, Senior Fellow, Global Economy and Development Program, Brookings Institution, and former Director of the G-24.</p> <ul style="list-style-type: none">• Challenges to Multilateralism and BWI• The unfinished BWI agenda: Governance of BWIs, Global Financial Safety Net and the role of SDR, development financing and sovereign debt sustainability, trade and geopolitical tensions, international tax cooperation, and the challenge of climate change and technological disruption• Options for reforming the Bretton Woods system
<p>Interventions by invited G-24 Members and Speakers</p> <p>G-24 member interventions</p> <ul style="list-style-type: none">• <i>Marcos Vinicius Chiliatto Leite</i>, Executive Director for Brazil, World Bank• <i>Krishnamurthy V. Subramanian</i>, Executive Director for India, IMF• <i>Zainab Ahmed</i>, Alternative Executive Director for South Africa, World Bank• <i>Dulce Maria Rivera</i>, Director of Policies with International Financial Institutions, Secretary of Finance of Mexico• <i>Waqas Ahmed</i>, Director Research Department, State Bank of Pakistan

Invited Speakers

- *Penelope Hawkins, Acting Head Debt and Development Finance Branch, Division on Globalization and Development Strategies, UNCTAD*
- *Yuefen Li, Senior Advisor on South-South Cooperation and Development Finance, South Centre*
- *Liliana Rojas-Suarez, Director of the Latin America Initiative and senior fellow, Center for Global Development*
- *Kevin Gallagher, Director, Boston University Global Development Policy Center*

Q and A**Response by Speakers****Wrap-up by Moderator****Closing remarks**

Erwin Sta Ana, *Alternate Executive Director, World Bank ED 15 Constituency, and Chair of G-24 Washington Bureau*

SPEAKER BIOS

JOSÉ ANTONIO OCAMPO



Dr. Ocampo is Co-Director of the Economic and Political Development Concentration in the School of International and Public Affairs, and Member of the Committee on Global Thought and of the Initiative for Policy Dialogue at Columbia University. He is also a member and was the Chair of the Committee for Development Policy, an expert committee of the United Nations Economic and Social Council (ECOSOC) and was Chair of the Independent Commission for the Reform of International Corporate Taxation (ICRICT) in 2015-2022, and is a current member.

Prior to his appointment and on leave of absence for public service during his tenure at Columbia University, Ocampo served in a number of positions in the United Nations and the Government of Colombia, most notably as United Nations Under-Secretary General for Economic and Social Affairs; Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC); Minister of Finance and Public Credit (two occasions); Chairman and member of the Board of Banco del República (Central Bank of Colombia); Minister of Agriculture and Rural Development; Director of the National Planning Department (Minister of Planning); and Executive Director of Fedesarrollo. Ocampo has published extensively on macroeconomic theory and policy, international financial issues, economic and social development, international trade, and Colombian and Latin American economic history.

JAMES M. BOUGHTON



Mr. Boughton is a Senior Fellow at Canada's Center for International Governance Innovation (CIGI). He is a former historian of the International Monetary Fund (IMF), a role he held from 1992 to 2012. From 2001 to 2010, he also served as Assistant Director in the Strategy, Policy, and Review Department at the IMF. From 1981 until he was appointed historian, he held various positions in the IMF's Research Department. Before joining the IMF, James was an economist in the Monetary Division at the Organization for Economic Co-operation and Development in Paris.

James is the author of two volumes on IMF history: *Silent Revolution*, covering 1979–1989, and *Tearing Down Walls*, covering 1990–1999. Other publications include a textbook on money and banking, a book on the US federal funds market, three books on IMF topics that he co-edited, and articles in professional journals on international finance, monetary theory and policy, international policy coordination and the history of economic thought. His latest

book is *Harry Dexter White and the American Creed: How a Federal Bureaucrat Created the Modern Global Economy (and Failed to Get the Credit)* (Yale University Press, 2021).

AMAR BHATTACHARYA



Mr. Bhattacharya is a Senior Fellow in the Global Economy and Development program at Brookings Institutions. His focus areas are the global economy, development finance, global governance, and the links between climate and development.

From April 2007 until September 2014, he was Director of the G24. In that capacity, he led the work program of the Group, supported the deliberations of the Ministers, and was the principal point of interface with other organizations, including the G20. He has, therefore, been an active participant in global economic discussions and a key representative of the views of developing countries. Prior to taking up his position with the G24, Mr. Bhattacharya had a long-standing career in the World Bank. His last position was as Senior Advisor and Head of the International Policy and Partnership Group. In this capacity, he was the focal point for the Bank's engagement with key international groupings and institutions such as the G7/G8, G20, IMF, OECD and the Commonwealth Secretariat.

Through these different positions, Mr. Bhattacharya has had a long-standing engagement in research and policy discussions on the global economy and spillovers, international financial architecture, development financing and the global governance agenda including on the role and reform of the international financial institutions.