

Bretton Woods II: Strategic Investment for the Long-Term

An Interview with Dr. Tomicah Tillemann,
Director of Bretton Woods II, an initiative of New America

EDITORS' NOTE Dr. Tomicah Tillemann serves as Director of the Bretton Woods II initiative at New America. He leads a coalition of organizations working with the world's largest asset holders to reduce exposure to volatility through strategic investments in social impact and development. Between 2010 and 2014, Dr. Tillemann served under Hillary Clinton and John Kerry as a Senior Advisor to the Secretary of State. He also established and chaired the State



Dr. Tomicah Tillemann

Department's Global Philanthropy Working Group and the State Department's Federal Advisory Committee on civil society. Dr. Tillemann joined the State Department in 2009 as Secretary Clinton's speechwriter and collaborated with her on over 200 speeches. Previously, he spent four years on the staff of the Senate Foreign Relations Committee as an advisor to Chairmen Joe Biden and John Kerry. Dr. Tillemann's other professional experience includes work with the White House, five U.S. Senate and Congressional campaigns, Reuters New Media, and the World Bank. Dr. Tillemann is a co-holder of four patents on advanced clean technologies and a co-founder of IRIS Engines. He received his B.A. magna cum laude from Yale University and holds a Ph.D. with distinction from the School for Advanced International Studies at Johns Hopkins University (SAIS).

ORGANIZATION BRIEF *New America* (newamerica.org) is an intellectual venture capital fund, think tank, technology laboratory, and media platform. The organization's hallmarks include big ideas, impartial analysis, pragmatic policy solutions, technological innovation, next generation politics, and creative engagement with broad audiences. *New America* was founded in 1999 to nurture a new generation of public intellectuals – scholars, policy experts, and journalists who could address major social, economic, and political challenges in ways that would engage the public at large, and to provide a set of blueprints for American renewal in an era of globalization and digitization. The initial challenge, which continues today, was to find the minds and foster the debates needed to guide American renewal in an era of profound and

exhilarating, but often threatening, change. Eric Schmidt, Executive Chairman of Alphabet (formerly Google), heads New America's board.

What excited you about this opportunity and how have you defined it?

Opportunities don't come much bigger. We're living in a world with a huge quantum of capital and a huge quantum of problems. Those problems – climate change, poor governance, pandemics – have a devastating impact on their immediate victims and also prove to be very expensive for the world's largest asset owners. Bretton Woods II grew out of a realization that we could use strategic investments in social impact and development to reduce exposure to risk and volatility, and improve investors' risk-adjusted returns in the process. Mobilizing some of the world's largest pools of capital – sovereign wealth funds, pension funds, endowments, and family offices – to address these problems turns out to be a huge win for everyone. It's the right thing to do and the smart thing to do.

What steps have you already taken and how far along are you in this process?

The Bretton Woods II initiative is focused on three objectives that can help realize the potential of this new business model for social finance.

First, we need rock-solid data in order to convince asset owners to rethink the way they invest portions of their portfolios. That's why our first priority is analytics. We've been working with an extraordinary array of partners, including some of the world's leading analytic firms and academic institutions, to build out a platform that will allow us to take large portfolios of assets, identify the key vulnerabilities to volatility within those portfolios, and make recommendations as to the types of social impact investment strategies that are going to be most beneficial for mitigating risks over the long haul.

The second component is advocacy. With the right tax and regulatory incentives, we can take an investment strategy that is already a compelling proposition for asset owners and turn it into a no-brainer. We have been working with partners like Bono's ONE Campaign

and Edelman to deliver policy changes that will move more resources into social impact investment. We had a huge victory a few months ago when the U.S. Department of Labor issued rules that will unlock almost \$5 trillion in U.S. pension assets for potential use in impact investments. We're already seeing remarkable progress.

The third part of the agenda is finance. As assets come online for use in social impact investment, we want to make sure there are compelling, efficient, and effective opportunities to deploy those resources around the world. That's why we've been working with a new effort funded by Canada to create a marketplace for social impact transactions. We're also harnessing new technologies such as Blockchain – the technology behind digital currencies – to help solve the governance challenges that sometimes keep investors on the sidelines.

How do you define social impact investing?

Most people will say that social impact investing is the allocation of capital in ways that deliver financial benefits and benefits to society. I'd go beyond that and say that it's using investment strategy to help shape a world with greater social stability, sustainability, and potential for long-term growth. We can almost see it as a tool for active risk mitigation in our portfolio. In a few years, we won't see this approach as social impact investing. Instead, it's just going to be smart investing.

How far are traditional institutions like banks in moving forward in this area?

The most sophisticated financial institutions are already there. A few weeks ago, Larry Fink of BlackRock issued a letter to the CEOs of all S&P 500 companies in which he called for them to do more to incorporate standards of sustainability, good governance, and environmental stewardship into the way they're conducting business. That's just the beginning. Over the past six months, we can feel the market moving under our feet. We see the Bretton Woods II agenda as an unprecedented opportunity to purchase stock in the future of human kind. Big financial actors are already recognizing that it's an investment opportunity none of us can afford to miss, and we're certain that this interest will continue to grow. ●