

**Why the Bretton Woods Institutions Need to Convince the West of their
Importance.**

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The Bretton Woods institutions have withstood numerous challenges. Whether it was dissatisfaction from decolonizing countries in the 1950s and 60s, criticism after the Asian financial crisis, or the proliferation of institutional alternatives by rising powers, the Bretton Woods institutions have endured. Time and again they have countered dissatisfaction through innovative policy and institutional solutions.

This time is different, however. Despite a return to broad based economic growth a new dissatisfaction is bubbling up from within Bretton Woods' staunchest supporters. Brexit in the UK, the election of Donald Trump in the US, and the rise of anti-liberal populism throughout the west, is evidence of a new dissatisfaction – one that poses a fundamental challenge.

After diagnosing the problem, I propose three recommendations. My primary argument is that the benefits of Bretton Woods are not self-evident to many western citizens. Thus, more should be done to highlight the many ways these institutions advance the interests of ordinary citizens.

Where is the discontent coming from?

Across the west, citizens are expressing ambivalence towards international engagement. First, politicians no longer stick up for global public goods as in earlier eras of foreign policy consensus (Posen 2018; Niblett 2018). Second, in the new

media environment positive stories of supranational organizations do not generate clicks; instead media create sensational and negative stories (Anand 2017). Third, trust in mainstream media has plummeted and citizens rely increasingly on social media. Here there is little editorial oversight and cheaply produced fake news generates disproportionate engagement (Alcott and Gentzkow 2017). This creates an environment where illiberal politicians are free to work opportunistically by scapegoating social ills to supranational bodies.

What little public opinion data that exists paints a troubling picture. In 2003, the Pew Research Center found that 60% of US respondents thought the World Bank, the IMF, and the WTO had a “Good” or “Somewhat good” impact on global affairs (2003). By 2006 the World Bank had only 47% approval and the IMF 37% (Council on Foreign Relations 2009). In 2016 the Chicago Council on Global Affairs found that only 27% of respondents viewed “participating in international organizations” as a “very effective” option to achieve US foreign policy goals (2016).

Recommendation 1: Public opinion in the west matters – go on the offensive.

The Bretton Woods institutions provide myriad benefits to western citizens. But most people are unaware. It is telling that citizens of developing countries criticize Bretton Woods for being tools of US influence, but US citizens view them as biased towards foreigners. A targeted public education campaign could remedy this. For example, US high school students learn about the United Nations (and participate in organizations such as Model UN), but few are taught about how the Bretton Woods

institutions were created, their role in the global economy, and how they advance western interests.

Recommendation 2: Enact programs targeting problems facing western citizens.

A liberal world economy creates winners and losers. Over the years new initiatives have reflected the concerns of developing countries and rising powers, but few address the concerns of western citizens. Policy initiatives should focus on issues, such as rising inequality and the difficult transition from a manufacturing to a service economy, that demonstrate that the Bretton Woods institutions are not tone-deaf to the concerns of ordinary citizens. It is not enough to simply extol the benefits of an open economy; concrete steps must be taken to ensure that the benefits flow widely.

Recommendation 3: Don't fight the populists, convince them.

It is not just citizens' eroding support for openness; populist politicians capitalize on anxieties and reinforce them. But populist candidates should not be disregarded as ignorant or temporary. Rather, institutional leadership should reach out to populist leaders. Populists encapsulate, however misguided, the views of those that elected them. Thus, rather than resist dialogue, leaders should focus instead on working with them to A) sell the benefits of an open economy, and B) enact policy initiatives that address the anxieties of their constituents.

Conclusion

If left unchecked the rise of illiberal populism could erode the liberal world economy from the inside. When there are few social forces left to extol the virtues of an open world order the passions and invective of populism take root. Therefore, it is imperative that the leadership of the Bretton Woods institutions craft policy initiatives that address public opinion in the west. This will safeguard the Bretton Woods institutions from their most important challenge yet.

Citations

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