

The Trump Administration Will Ultimately Lead the Bretton Woods System

By Daniel F. Runde

Supporters of the Bretton Woods system need to understand that the Trump Administration will view the multilateral systems through a different lens than past Presidents. The Trump Administration will bring some skepticism, and many members of the Administration are not yet familiar with the alphabet soup of global institutions. Sadly, it will take up to another year before Senate-confirmed Executive Directors are identified, vetted, proposed, and confirmed. But, as time goes on, President Trump's administration will increasingly work through and lead the Bretton Woods institutions.

There are some things that the leadership of the Bretton Woods Institutions will want that they will not get from a Trump Administration. For example a big capital increase for the World Bank (just 7 years after the last one) is likely not in the cards. Of course, anything with the words "green" or "climate change" that require large amounts of U.S. funding is a non-starter. The United States will also look to have a large say in upcoming appointments for MDB heads, including the Inter-American Development Bank (IDB) Presidency, which opens in 2020.

Republican Administrations also bring some conflicted views about the IMF, which is often seen as providing "bailouts." At the same time, there will be some ask of the IMF by the Trump Administration sometime in the next 3 years that meets some U.S. geostrategic concern that will "trump" (sorry) market purity concerns. Thankfully there will not be another IMF quota reform review for another couple of years.

For all of this, now is the moment to for the leadership of MDBs and their supporters to work with the thoughtful people in the Trump Administration. These people are or will be in the White House, the Treasury, the State Department and even the Defense Department. This is also a moment to engage Capitol Hill. There are several key committees that are as critical as the executive branch in terms of U.S. engagement.

There are several early indications that suggest the Trump Administration will continue to engage the Bretton Woods institutions. Following the Spring Meetings this year, Secretary of the Treasury Steven Mnuchin made [a strong commitment](#) to the ongoing International Development Association (IDA) replenishment, indicating that "the United States is committed to remaining a top donor...despite a highly constrained budget environment." This statement was backed up by the White House's proposed budget, which commits [\\$1.097 billion per year to IDA](#) for the next three years.

This is only a 15 percent cut from what the Obama Administration pledged. Given the downward pressure on foreign assistance spending more broadly, this is a clear demonstration of ongoing U.S. leadership within the Bretton Woods system. The leadership of the World Bank Group engaged Ivanka Trump in helping set up a new women's empowerment fund at the World Bank. Surely, the United States will identify additional resources for this new trust fund. It was smart of the World Bank leadership to engage her and it is good for the future of the MDBs as a whole.

It's also fair to speculate that within the first term, the Trump Administration will find itself confronting challenges that require assistance from the Bretton Woods system. Without going too far into the various hypothetical scenarios, one could imagine the Trump Administration calling on the IMF or World Bank to provide critical support to a post-Maduro Venezuela. One could imagine any number of other important challenges in Asia, the Middle East (post conflict Syria?), or Africa (another pandemic?) where the US will lean on the Bretton Woods Institutions.

The IDB is already a critical partner in the ongoing support for the Northern Triangle countries to help reduce mass migration to the United States and the Trump Administration will continue to look to the IDB for help. The Asian Development Bank (ADB) will serve as a key partner in a Japan/U.S. infrastructure push in Asia and the European Bank for Reconstruction and Development (EBRD) will serve as a critical partner bolstering a functioning Ukraine and Tunisia.

The Trump Administration has evolving views on many issues and multilateral institutions (e.g. note the increasing use of the UN in response to the North Korea crisis), and the Administration will come to greatly value the World Bank, IMF, and regional development banks. For now, supporters of the Bretton Woods system need to engage the Trump Administration and the Republican Congress understanding and looking for the many areas where there is room for dialogue.