

This coming July 2019, will be the 75th Anniversary of the Bretton Woods Agreement. In an era replete with global conflict, economic downturn, and social strife, policymakers sought a new approach to international governance pioneered by the Bretton Woods System: cooperation over competition. By establishing organizations including the IMF and World Bank, the Bretton Woods System provided new opportunities for countries to promote financial stability, mitigate economic crises, and address global development via collaboration across all borders and regions. 75 years later, this guiding principle, which became the foundation of the Bretton Woods System, still rings true today however, faith in its vitality seems to be faltering.

Within the past decade, countries around the world and members of the Bretton Woods System have rejected international economic cooperation as evidenced by populist election victories, hostility toward international institutions, and a rejection of globalization in favor of nationalism. These sentiments are reminiscent of the attitudes 75 years ago which fostered global recession and instability, the very atmosphere the Bretton Woods System sought to change by advocating cooperation. This return to antiquated and misinformed principles of international governance demonstrates an urgent need for Bretton Woods institutions to evolve with the challenges of a 21st Century global economy, and regain the trust of its worldwide constituency. Such reforms could start by addressing the issues that prompted a mistrust of international economic cooperation in the first place.

One such challenge is automation and artificial intelligence, which has increasingly left behind low skilled workers in favor of unpaid, automatic replacements. This augmented reliance on technology is a consequence of the ongoing transition in many Western countries from manufacturing to service-based economies. Bretton Woods institutions should encourage automation as it increases productivity and lowers input costs, but also promote avenues for displaced workers to acquire new jobs, or skillsets that lead to better employment opportunities. Such efforts can underscore the need for global cooperation in supporting these vulnerable workers, and enable Bretton Woods institutions to demonstrate their interest in everyday laborers as well as the economic prosperity they contribute to.

Another challenge to the Bretton Woods message of cooperation is immigration, which became a core target of many populist victories throughout the past decade. Arguments against immigration stem from concerns of an oversaturated labor market and lower wages, while the data indicates that sensible immigration policies increase economic activity with positive repercussions on employment and wages. It is easier to sell fear over facts to the average individual, so Bretton Woods institutions must prove these realities via messages that resonate with ordinary people. By effectively communicating how immigration improves the economy for everyone, Bretton Woods institutions can reaffirm their ideals of international economic cooperation, while dispelling a critical populist claim to the contrary.

A final challenge for Bretton Woods institutions is increased animosity toward international trade agreements. From NAFTA to the Eurozone, constituencies across the Bretton Woods System have had to grapple with discontent over international trade among pockets of people who feel left behind by the spoils of globalization. While international trade agreements adversely affect particular individuals and industries, these are growing pains that do not outweigh the widespread benefits of a free market, where governments build stronger economic relations with allies, businesses expand their market share, and consumers spend less at their checkout line. Bretton Woods institutions should encourage members to support international trade, but also enact economic policies that address the inequalities resulting from such trade deals to ensure people at all levels of society can reap the rewards of a free market. Through promoting policies that equitably distribute the gains from international trade agreements, Bretton Woods institutions can better convince skeptics that cooperation always beats a zero-sum trade posture.

For 75 years, the Bretton Woods System and its principles of international economic cooperation have endured throughout many winds of change. Cooperation has enabled the international community to reach new heights in diplomacy and prosperity yet our journey has left some people behind, and they are not wrong to question the merits of a system that has failed them. By working proactively with members to support those adversely affected by automation, immigration, and trade, while promoting the benefits of these policies within clear and relatable messages tailored to everyday individuals, the Bretton Woods System can restore faith in its institutions and philosophy. These challenges are opportunities for institutions of the Bretton Woods System to demonstrate the power of economic cooperation and add more changed hearts and minds to their vast base of support!