

U.S. Dominates World Bank Leadership

By Alex Wilks | February 18, 2004

Good governance. Consultation. Participation.

You would be a millionaire if you had a dollar for every time a World Bank official has mentioned these words. Unfortunately, the selection process for the top post at the World Bank completely ignores these principles.

Right now, there is a vacancy for the most senior post in official world development circles, a job that is of direct interest to billions of people across the globe. The process and candidates are shrouded in secrecy and the only candidates in the running are U.S. citizens.

The Bank's critics regularly point out the gaps between its rhetoric and reality. But the fact that three White House staffers are responsible for drawing up the short list exposes particularly clearly how tightly the U.S. government controls the institution. Under a gentleman's agreement from the 1940s the World Bank head and International Monetary Fund (IMF) deputy head are always U.S. citizens, while the head of the IMF is a European. The efforts to open up this system have come to nothing as neither side of the Atlantic has an incentive to be the first to make a change.

Among the early favored candidates on the rumor-mill were Colin Powell, Robert Zoellick, and even Bill Clinton. Powell was clearly out of favor with the Bush administration, however. He was reportedly not offered the Bank as a dignified escape route from State Department. Zoellick took a different career move, and is Condoleezza Rice's deputy at the State Department. Clinton was always a long-shot under a Republican administration. Some commentators, however, say Bush could achieve a couple of objectives by promoting Clinton for the Bank position. First, it would be a boon for bipartisanship. Second, it might cramp Hillary's style if she runs for U.S. president in 2008.

As the World Bank succession rumors abound, its credibility suffers.

Meritocracy is absent. There is no clear process for selecting this position of global importance. It is not

just outsiders who do not know what is happening. The World Bank Staff Association formally requested an opportunity to feed into the process of selecting a candidate. It was rapidly rebuffed by the alternative U.S. representative on the Bank's executive board, Bob Holland. Holland, a Bush "pioneer" who raised at least \$100,000 for the 2000 election campaign claimed hollowly: "the World Bank's presidential nomination process is being conducted in a fashion that preserves the World Bank's mission of reducing poverty through sustained growth and promoting responsible international development." (Read the letter: http://www.worldbankpresident.org/archives/SA_Holland_Response.jpeg)

Even James Wolfensohn, the outgoing Bank president, seems to doubt his influence or insights into the process. He told Bank staff at a meeting in late January that he had shared "everything that was on his mind" with U.S. Treasury Secretary John Snow, but that he was not certain if his views would carry any weight. He even said that he had taken to his lunch with Snow a print-out of www.worldbankpresident.org, a website established to scrutinize the process. He told Bank staff: "if any of you want to be up to date on the inside scoop, check [worldbankpresident.org](http://www.worldbankpresident.org), and you'll probably know as much as I do."

The funny thing is that this site was established by myself and an old friend using simple blogging technology on a shoe-string budget. And we, the authors, are based in Belgium and Britain, thousands of miles away from Washington. That has not stopped the Washington Post, Reuters, and Bank staff from saying that it is the nearest thing to an open process for this selection that exists.

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The selection process is not more open because no governments are standing up to Washington. To date, no other government has proposed a candidate. One senior developing-country diplomat in Washington, told me that no officials from poor nations would challenge the process. It would mean taking a diplomatic battle to the U.S. administration and also potentially alienating an incoming Bank chief and so depriving their country of future loans.

You might think that the Europeans would do something. But with the impending European visit by President George W. Bush to try to mend fences for his second term, many European governments are on their best behavior. Although Tony Blair was this week prepared to stick his neck out slightly to back UN Secretary General Kofi Annan, it appears that even the British are not prepared to use their influence in Washington to ensure that the Bank does not fall prey to an old pal of the U.S. president. Perhaps it is because the Europeans are embarrassed that they did not open up the selection of the IMF head last year. Despite a rebellion by over half of the Executive Directors on the IMF board, the Europeans maintained a tight hold on the IMF succession process, finally nominating Rodrigo de Rato, former Spanish finance minister.

The latest indications on candidates for the Bank's top job are Peter McPherson, Nancy Kassebaum-Baker, and Elaine Chao. McPherson was most recently Financial Coordinator for Iraqi Reconstruction. He served with Dick Cheney in the White House under President Gerald Ford. He was also Chairman of the Overseas Private Investment Corporation, the U.S. export credit agency, then directed USAID in the

Reagan administration. From 1987 to 1989 he was Deputy Secretary of the Treasury.

Kassebaum-Baker is a former U.S. senator. She currently serves on the British government's Commission for Africa. Elaine Chao is the Secretary of Labor and a former Peace Corps chief. The fact that Chao is married to influential Republican senator Mitch McConnell would enable her to pursue World Bank fund-raising on the hill more easily than some previous Bank presidents. U.S. political connections should not, however, be the main criteria for choosing who to fill an important executive post with power to spend over \$20 billion a year and to guide global thinking on development issues.

Under pressure from civil society groups, the Bank has initiated transparency reforms in recent years, with many more documents now available on its website. But Bank board decisionmaking still takes place behind closed doors. And now the Bank reforms of the past decade may be under threat from an incoming boss. Claims that the Bank is a genuinely multilateral and open institution are not compatible with the current charade of a selection. It is flattering, but crazy, that one Bank staff member called our website—run from Europe—the best effort to open this process to date.

Alex Wilks is Coordinator of Eurodad: the European Network on Debt and Development (online at www.eurodad.org) and a Foreign Policy In Focus contributor (online at www.fpif.org). See the rumors and analysis of the Bank head selection process, and have your say, at: www.worldbankpresident.org.

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