
The Powers and Their Interests: The Feasibility of Reform

Any proposals for reform of leadership selection in the IMF, the World Bank, or the WTO will be decided by the major economic powers—the United States, Europe, Japan, and Canada. Their decision on reform will influence the adoption of similar measures in other global and regional organizations as well. Given the global reach of their economies and their stake in successful multilateral economic governance, these governments have a strong collective interest in institutional leadership that is both effective and legitimate. In their national policies toward leadership selection, however, the leading economic powers diverge.

Members of the European Union have laid claim to top multilateral positions with increasing energy and success during the past decade, although the European Union's ability to coordinate such campaigns has varied. Variable as well has been national success in promoting fellow citizens for these positions. France is far in the lead with the United Kingdom, Italy, and Germany lagging behind. Japan also has promoted its fellow citizens for top multilateral positions, but it had not nominated one of its citizens for these positions until the 2000 candidacy of Sakakibara. The nationality principle in regional form has also marked its pro-Asian policy, particularly at the WTO.

Although the United States has clung tenaciously to the World Bank presidency and to key deputy positions at the IMF and WTO, it has pursued an "antinationality" principle toward the top positions in the IMF and the WTO. Given its influence in the organizations and its deputies' positions, the United States has welcomed the appointment of qualified non-Americans at the top. Vinson's decision that the United States should not hold both the World Bank and the IMF positions in 1946 has marked

US policy since the foundation of these organizations. The dominant US rationale was offered by the US Treasury when Paul Volcker was suggested as a candidate for the IMF managing directorship in the mid-1980s: the United States does not want an American at the head of the IMF (or the WTO).¹ The organization's credibility with other members is greater if it is headed by a non-American. American influence, already so strong in these organizations, might appear overwhelming if the top position were awarded to an American. This positive rationale for the US-EU convention was offered as one explanation for the Clinton administration's failure to support the candidacy of Fischer for managing director of the IMF in 2000. (The reciprocal vetoes held by the United States and the European Union in these organizations was another, even more powerful, explanation.) The success of the US policy, however, is dependent on a mirror image attachment to the nationality principle by other governments. European capitals press for their nationals at the top; the United States exercises real influence behind the veil of non-American leadership.

Europe and Japan promote their citizens for top positions at these organizations; the United States often is willing to grant their wishes while exercising its influence through other avenues. In these circumstances, reform led by the G-7 may appear unlikely. Despite recurrent conflict, divergent strategies appear to produce a stable equilibrium. In fact, instability is built into these strategies. Fischer's candidacy at the IMF raised questions about the costs to the organization and the benefits to American interests in continuing to accept the convention. Future credibility of an American "antinationality" stance hinges on a belief that others will suspect American citizens at the top of these organizations as US government pawns, even though the United States understands that non-nationals, whether Ruggiero at the WTO or Camdessus at the IMF, are often its most reliable allies. On the basis of the historical record, others should adopt US logic and support Americans for the top positions. They do not, of course, because their influence in the organizations lags behind that of the United States.

The unraveling of divergent strategies toward leadership selection is only one point of pressure in favor of reform, and hardly the most important one. Conflict among the G-7 and particularly between the United States and Europe reflects another fissure in the support for existing leadership selection practices: the importance attached to these organizations and their work. Growing economic integration points to greater delegation of tasks to institutions of this kind: financial crisis management for the IMF, poverty alleviation at the World Bank, and a growing sectoral scope at the WTO. The importance of effective leadership (and the need to avoid weak leadership) grows as international economic engagement increases and delegation widens the scope for organizational action.

1. Interview, C. Fred Bergsten, 31 October 2000.

National governments are not alone in recognizing the central role of these organizations in global economic governance. National interest groups—from trade associations and unions to NGOs—scrutinize the operations of the multilaterals. These new critics and supporters are unlikely to accept future selections that lack transparency and deny them participation. For the United States, reform in leadership selection is a means of building support for multilateral diplomacy and global economic organizations. Unlike Europe, with its long-standing entanglement in regional institutions, or Japan, with its international economic vulnerability, the US political class and public are not natural supporters of international economic collaboration. Support for multilateralism in Congress is shaky at best. A selection process that produces effective organizational leadership is one more building block for American international engagement. Further public conflict and stalled choices will only undermine public and legislative support.

A final source of pressure on the status quo has been recognized by US administrations as well as European governments: growing involvement by developing countries, particularly large emerging-market economies, in the international economy and in these organizations. Like the small, open economies of Europe after 1945, the developing economies discovered in the 1990s that the global economic organizations were crucial to their well-being. Facing recurrent financial crises and threats of protectionism in industrialized country markets, the developing countries discovered that these institutions might serve their purposes as well as those of the G-7. The industrialized countries have in turn a strong interest in anchoring developing country engagement for the future. Granting these new and newly engaged members a stake in these organizations means that they will demand an increasing voice in the selection of the top leaders and that they will not accept the exclusion of their own qualified candidates. Their commitment to multilateral global governance is the best insurance for a global economic future consonant with liberal norms.

Global economic significance has attracted the attention of governments, private corporations, and NGOs to these three key organizations. The haphazard and opaque methods of leadership selection that were deployed under the old club system of governance are unacceptable to a large and growing array of constituencies. Although governments may remain most comfortable with the old practices of leadership selection, they also recognize the costs if reforms are not instituted. Given the complex of global and national objectives that find expression in the choice of a new leader at the IMF, the World Bank, or the WTO, conflict will continue to surround leadership selection. Reform, however, holds the promise of more predictably discovering the leaders who will ensure that these organizations continue to serve their members in the new global economy as effectively as they have for the past half-century.