

RSIS Commentary is a platform to provide timely and, where appropriate, policy-relevant commentary and analysis of topical and contemporary issues. The authors' views are their own and do not represent the official position of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced with prior permission from RSIS and due recognition to the author(s) and RSIS. Please email to Mr Yang Razali Kassim, Editor RSIS Commentary at RSISPublications@ntu.edu.sg.

IMF Changing of the Guard: Sorry Tale of Leadership Transition

By Jikon Lai

SYNOPSIS

An opportunity to reform the process of appointing the leadership position of the IMF has surfaced but it is unlikely to be seized. Instead, liberal values such as meritocracy, diversity and representation are likely to be sacrificed on the altar of 'convention'.

COMMENTARY

AFTER EIGHT years at the helm of the International Monetary Fund (IMF), [Christine Lagarde looks set to be appointed as the next president of the European Central Bank](#), and speculation on her successor as managing director of the IMF has begun.

Even though this is a leadership position in an international organisation whose shareholders and stakeholders comprise countries and people from virtually all over the world, speculation on Lagarde's potential successors have been drawn, for the most part, from individuals who hold European citizenship. This curious, if not outright discriminatory, selection process would seem to many to be anachronistic in 2019.

Changing of the Guard?

Its roots lay in a gentlemen's agreement (and it was an agreement between men, white men to be precise) made when the World Bank and the IMF were first established at the end of the Second World War, whereby the leadership position at the World Bank would go to an American, whereas at the IMF it would land on the laps of a European.

This convention – and it is only a convention and not a legal agreement – has yet to be broken in the 75-year history of both organisations, notwithstanding social, political and economic changes that have occurred, nor the evolving debates about equality

and meritocracy that have been diffused globally, since the two organisations were first established in 1944.

Including Lagarde, the [IMF has had eleven managing directors](#) since its founding, five of whom were French nationals, two Swedish and one each from Belgium, Germany, the Netherlands and Spain. With the appointment of David Malpass in April 2019, the [World Bank has now had thirteen presidents](#), all citizens of the United States and all men.

The closest that either organisation has come to reflecting diversity in their leadership positions were with the appointments of the Australian-born but eventually US-citizen James Wolfensohn and Jim Yong Kim, who is ethnically-Korean, as presidents of the World Bank; and with the appointment of Lagarde as the first female managing director of the IMF.

It seems all but a forgone conclusion that this tradition of appointing a European as managing director of the IMF will continue with the departure of Lagarde. Commentaries that have been published to date identify mostly, if not only, European candidates as prospective replacements for the position.

It has also been cited more than once that a European candidate will almost certainly succeed Lagarde because the US got an 'easy pass' with the recent appointment of Malpass as World Bank chief. More pointedly, when asked whether it would be possible to have a non-European candidate for the managing director of the IMF, the [finance minister of France replied, "No."](#)

Wither Diversity and Representation...?

How such a manifestly unfair arrangement can be publicly discussed in mainstream discourse in 2019 with barely any critical objection boggles the mind. Indeed, it is difficult to see the grounds on which such a convention can be further perpetuated.

The practice cannot be defended on material grounds because the US is the largest shareholder of the IMF and should, on the basis of financial-interest alone, come before Europe as having prior right to the position. Some have argued on policy-grounds that the IMF should not be headed by individuals from countries that could potentially be on the receiving end of the organisation's loans or programmes.

If that were the case, one might think that Europeans too would have to be excluded given the series of loans that the IMF made to Greece, Ireland, Portugal and what it calls 'Emerging Europe' since the transatlantic financial crisis in 2008-9. This practice also goes against the grain of notions of diversity, representation and inclusivity that have for years been passionately proselytised by the very same actors who cling on to the aforementioned gentlemen's agreement.

In an era when the rise of 'the rest' is a material fact, and in a period where the appointment of women to high positions are not just celebrated but also engineered with significant public support, the idea that we would appoint anyone, male or female, to head a purportedly 'international' organisation as long as he or she is European is, frankly, offensive.

Meritocracy and Fair-play

If indeed we truly believe in notions of:

- meritocracy because we would like the best available individual to lead the organisation;
- fair-play because the organisation reputation's and ability to function is partially premised on legitimate outcomes; and
- representation because personal identity informs individual perspectives and diverse voices are desirable in an organisation whose remit is international and covers diverse communities;

then it is imperative that the contest for the replacement of Lagarde be truly opened to all, and not just a small coterie of Europeans simply because of convention. It is not enough to fudge the issue and merely put forward [‘ethnic’-candidates with European citizenships](#).

This is an opportunity to reform the process of appointing the leadership positions of not just the IMF but also the World Bank. A failure to seize this opportunity will add to the growing disaffection and reconsideration of liberal values, practices and order, not least by citizens of emerging and developing countries. And it will become another in a series of recent instances in which Western actors are themselves the source of their own undoing.

It's 2019. The IMF and Europe should just do the right thing.

Jikon Lai is an Assistant Professor with the Centre for Multilateralism Studies (CMS), S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), Singapore.

Nanyang Technological University

Block S4, Level B3, 50 Nanyang Avenue, Singapore 639798
Tel: +65 6790 6982 | Fax: +65 6794 0617 | www.rsis.edu.sg