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Economy

The resignation of the World Bank president should encourage countries to terminate all agreement with the Bretton Woods institutions

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Description:

On Monday, 7 January 2019, Jim Yong Kim, President of the World Bank (WB) has announced his resignation. Kristalina Georgieva, the current Chief Executive Officer of the World Bank will assume the role of interim President effective February 1 till the President of the United States, Donald Trump designates Kim's successor. Truly symbolic of this anti-democratic institution working against the interests of the people of the planet.

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The President of the World Bank, Jim Yong Kim, submitted his resignation with effect from 1 February 2019. He was nominated at this post by Barack Obama in July 2012, and Donald Trump maintained that. Trump also developed private interests with him through his family members. JY Kim left his post at the World Bank to join a big private investment fund specialised in the infrastructure sector. [1]

Although the Board of Executive Directors of the WB is expected to elect a president for a five-year term, in reality, a tacit rule decides that this post would be reserved for a US representative. He is directly appointed by the American president disregarding all democratic principles. Since 1946, twelve men have been named for the post, all Americans. [2]

Another form of US influence within this institution lies in the profiles of the "chosen few", always linked to big capital, especially financial. The WB raises funds, mostly by issuing bonds and is thus economically and politically, extremely dependent on these same banks and other big American privately-owned financial institutions. The president of the World Bank from 1981 to 1986, Alden W. Clausen was the President and CEO of the Bank of America - then heavily involved in the Third World debt crisis - before and after his term at the Bank. Robert Zoelick held a high post at Goldman Sachs before carrying out his tenure at the WB in the midst of the financial crisis from 2007 to 2012. Likewise, Robert S. McNamara, the ex-president of Ford Motor Company, blithely participated in lending to dictatorial and corrupt regimes during the Cold War. For example, in Vietnam and in RDC, both when he was the US Secretary of Defence under John F. Kennedy and Lyndon B. Johnson and, the President of the Bank between 1968 to 1981. [3]

Even though JY Kim enjoyed a polished image because of his university education in medicine and anthropology, he did not go against the firmly entrenched Bank principles. As evidenced, especially, by the structural policies that he led within the WB since 2012. The \$13 billion paid-in capital increase, endorsed in April 2018 [4] has seen a realignment of voting powers but without any fundamental questioning of its functioning. The US still commands 16.89% of the voting powers, *de facto* retaining its right to veto (in case of votes, a majority of 85% of the voting power has to be attained to come to any decision.) The domination of the US and their allies on this institution carries on. The other countries representing 80% of the global population does not count for even 50% of the voting rights.

More broadly, while the capitalist system - the primary cause of global warming and inequalities between the countries and also within the countries - encountered difficulties after the crisis of 2007-2008, the WB of JY Kim has strengthened the control of the forces of big financial capital by increasing its loans, now implemented at market rates. [5]

JY Kim has also worked to promote "shadow banking" and "securitisation" - at the core of the 2007-2008 crisis - to finance development [6], while intensifying the recourse to private sector through the International Finance Corporation (IFC), a subsidiary of the WB known for its close links with tax havens. The WB and JY Kim have thus, still failed to learn from the failure of Structural Adjustment Plans and continue the dismantling and weakening of public sector in favour of private companies whose projects translate into serious human rights violations: land grabbing, repression, displacement [7], arbitrary arrests or killings in order to silence protests. [8]

Defending the interests of the world's largest political power more directly, in May 2017 JY Kim joined Ivanka Trump, daughter of the misogynist billionaire president, on a business trip to Saudi Arabia, a historic political ally of the United States. This visit allowed the Saudi monarchy, ultra-reactionary and continuously trampling the rights of women, to offer a progressive image at low cost, through a pledge of donation for the Women Entrepreneurs Fund. Of course, the very purpose of this fund, launched under the auspices of Ivanka Trump, JY Kim and Justin Trudeau, is to participate in capital accumulation at the global level by claiming to advance women's emancipation.

Contrary to the flattering portrayal of some, JY Kim has not at all reformed the World Bank. It has always defended the interests of capital and the richest and most powerful countries (United States, Canada, Western Europe and Japan at its head) at the expense of human rights and the preservation of the planet.

Following the announcement of the resignation of JY Kim and considering the destructive policy that has been applied without exception by the World Bank since 1946, the CADTM International network:

- denounces the influence of the United States, their allies and big capital within this institution;
- denounces the very low representation of the so-called "Southern" countries' positions in decision-making;
- reiterate that the World Bank is a major player causing political and economic problems faced by the peoples of the planet, particularly through taxation and deepening:
 - ▶ the preponderance of financial markets and large private industrial enterprises, agribusiness and trade;
 - ▶ *Doing Business* projects creating precarious work and *Enabling Business of Agriculture* touting agribusiness which contributes to greenhouse gas emissions, and drives peasants into a unsustainable debt spiral [9] ;
 - ▶ policies of speculation and land and water grabbing, of which the southern populations are the main victims;
 - ▶ microcredit policies imposing an equally unsustainable debt burden on women and people in the South;
 - ▶ structural adjustment plans, under this name or another, yesterday and today;
- denounces that, despite its justiciable nature under the 1947 UN Convention and its annexes, the World Bank remains above the law and the people, never condescending to face competent judicial authorities [10] for its responsibilities even though it is regularly found accused of corruption, falsification of data, denial of basic human rights and other misconducts;
- affirms that, therefore, the World Bank can in no way be an ally for the peoples of the world confronting climatic, social, political and economic challenges.

Therefore, the CADTM International network calls for the strengthening of actions and mobilisations aimed at:

- break all agreements with the World Bank, and more broadly with the International Monetary Fund (IMF) and the World Trade Organization (WTO), all three institutions working together;
- replace these institutions with democratic institutions that say no to the pursuit of profit and prioritise the satisfaction of basic human rights and solidarity in the areas of development finance, credit and international trade;
- to establish a united front of the countries of the South against the repayment of illegitimate debts;
- deepen this momentum to break with the capitalist system - based on profit-seeking, growth at all costs, individualism and the destruction of living beings and nature - to build a society where social and environmental needs are at the heart political choices.

11 January 2019

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[1] See Mihir Sharma, "Is It Time to Give Up on the World Bank?", *Bloomberg Opinion*, 8 January 2019, <https://www.bloomberg.com/opinion/a...>

[2] Particularly see Eric Toussaint, *The World Bank, A never ending coup d'Etat*, 50.

[3] *Ibid*, Chapter 5.

[4] See the World Bank press release of 21 April 2018 "World Bank Group Shareholders Endorse Transformative Capital Package" <http://www.worldbank.org/en/news/pr...>

[5] This choice is all the more questionable, since at the same time, the World Bank and the IMF officially worry about a new debt crisis for the countries of the South because of the significant exposure of their external debts to the financial markets...

[6] Particularly see Nicolas Sersiron, *Banque de l'ombre et titrisation, le cynisme des financiers pour les pays pauvres!*, 23 October 2018, <http://www.cadtm.org/Banque-de-l-ombre-et-titrisation-le-cynisme-des-financiers-pour-les-pays>

[7] Particularly see Eric Toussaint, *The support of the World Bank to forced displacement*, 18 April 2015, <http://www.cadtm.org/The-support-of-the-World-Bank-to>

[8] Particularly see Emilie Paumard, *Le FMI et la Banque mondiale ont-ils appris de leurs erreurs?* 13 October 2017: <http://www.cadtm.org/Le-FMI-et-la-Banque-mondiale-ont>

[9] Particularly see Rémi Vilain, "The New Green Revolution", 5 September 2016: <http://www.cadtm.org/The-New-Green-Revolution> and Sushovan Dhar, "The unbearable burden of being an Indian farmer : shot dead for demanding debt relief", 19 June 2017: <http://www.cadtm.org/The-unbearable-burden-of-being-an>

[10] See Eric Toussaint, "Pourquoi il est possible de traduire la Banque mondiale en justice", 16 October 2017: <http://www.cadtm.org/Pourquoi-il-est-possible-de-2344> and Renaud Vivien, *Banque mondiale, une zone de non-droit protégée par les juges*, 23 July 2016: <http://www.cadtm.org/Banque-mondiale-une-zone-de-non>