

Why Australia should support Sri Mulyani for World Bank President

by Stephen Howes and Jonathan Pryke

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For 68 years the President of the World Bank has hailed from the United States, selected by the United States. Now, with the announcement that the Bank's eleventh President Robert Zoellick will not seek a second term, there is a **window of opportunity** for change. The G20 agreed several years ago that an open, merit-based and transparent system would be used to select the heads of the Bank and the IMF. When Dominique Straus-Kahn was engulfed in scandal last year, there was a brief time when it looked like Europe might lose its stranglehold on the top position of the IMF, but in the end tradition prevailed. It would be unfortunate if history were to repeat itself in the case of the Bank.

The justification for an open, merit-based and transparent selection process is obvious and compelling. More than ever, the world needs a strong World Bank. Individual countries still need its assistance, and the globe as a whole often has nowhere else to turn when it needs a problem solver, whether the issue is climate change or Afghanistan.

The Achilles heel of the Bank is that its *bona fides* as an institution are constantly under question. Whatever their merits, there is very little a Larry Summers or even a Hilary Clinton – reportedly the two top US candidates – could do to strengthen the Bank's legitimacy.

Yet, despite unanimous support for a new approach for selecting the Bank's President, it is far from clear that any non-American will stand for the position, let alone be selected. There are two main reasons.

First, it seems that the United States has no intention of relinquishing its control over a position of global influence. Especially with elections approaching, Obama is not going to want to go down as losing the Bank. U.S. Treasury Secretary Timothy

Geithner has already announced that Washington would put forward a candidate “in the coming weeks”.

Second, it is one thing to support the principle of a competitive selection process, another to make it happen. We know that the emerging economies are in favour of an open process, but whether they are willing to take on the U.S. and able to converge on a candidate is another question altogether. The timeframe is challenging. Countries only have until March 23 to nominate candidates.

Australia could play a critical role. We have long supported the principle of an open, merit-based and transparent recruitment process. Now is the time to back our words with action.

Sri Mulyani Indrawati is currently a Managing Director at the World Bank – a level just one below that of President – and a former Indonesian Finance Minister. She became Indonesia’s Finance Minister in 2005 at the age of 43. In this position, she was a key manager of one of Asia’s largest economies, in particularly successfully reforming Indonesia’s corrupt tax administration leading to a large boost in government revenue, and navigating her country’s economy through the 2008 economic crisis.

With a PhD in economics, internationally recognized for her integrity and ability, and a charismatic leader and speaker, Sri Mulyani would be an inspirational choice as World Bank President. She would be able to mobilize international support for economic reform and development in a way an American could never hope to do. Put someone of Sri Mulyani’s caliber, background, and energy in charge, and you might just get a revitalized Bank.

There are also geo-political reasons for supporting Sri Mulyani. Indonesia is an important G20 country, but it is not one of the BRICS (Brazil, Russia, India, China and South Africa). China might not be prepared to support an Indian for President, and India not a Chinese, but both might combine behind an Indonesian.

Of course, Sri Mulyani is not the only strong non-American contender for the top job at the World Bank. Nigerian Finance Minister Ngozi Okonjo-iweala would be another excellent choice. But it would be natural for Australia to support an Asian candidate, especially one from our close friend and neighbour, Indonesia. Working with Indonesia, we could build the sort of coalition that will be required if a non-American is to be given serious consideration.

At the very least, some quiet words between Canberra and Jakarta are in order. Something perhaps for our Treasurer and new Foreign Minister to work together on.

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