

COPY

Full translation of news item appearing in HANDELSBLATT (Germany)  
on May 21, 1987

World Bank reform with big question-marks

Speculations about Conable are growing

by Klaus Engelen

For the *London Times*, the news that Eugene Rotberg was leaving the World Bank was important enough to make the front page. Rotberg, long-time Treasurer of the Bank, now resigning because of differences with President Barber Conable, is to join the staff of Merrill Lynch, America's leading investment firm.

In so doing, Rotberg's name to the illustrious list of "casualties" of Conable's reorganization of the institution. For almost two decades, Rotberg, an American citizen, has made it his concern to obtain capital for the world's largest multilateral lending house on the most favorable terms. As the leading issuer on the international capital markets, the Bank, over the years, has not infrequently assumed a pioneering role. This was to the credit of Rotberg's team, to which the Austrian Hans Hittmair also belonged in his capacity of Comptroller. Hittmair's position is now to be taken over by Sune Carlsson, a native of Sweden. "If two of the Bank's leading experts on financial management can be sacrificed to the reform," says a Frankfurt banker with years of business experience with the World Bank group, "this cannot do much for the image of the new leadership."

In a whirl of propaganda in the now-familiar World Bank style, Conable's new reorganization is being sold around the world as a move leading to a strengthening of management, a strengthening of the intellectual leadership role, greater responsiveness to the countries' needs, and heightened efficiency. The raising of the number of Senior Vice Presidencies from two to four, the merging of country departments with technical departments, mainly to support the Bank's new orientation toward expanded program lending, and staff cuts from 300 to 600 (including 50 Division Chief positions) are the focal points of Conable's reform.

To a number of seasoned World Bank observers, who in principle have welcomed a tightening of the operations of this leading multilateral institution with its 6,000 employees, Conable's decisions on staff changes make little sense. The job swap between Ernest Stern, former Senior Vice President for Operations, and Moeen A. Qureshi, former Senior Vice President for Finance, seems, according to a Ministry official in Bonn to "pose the question whether the purpose of all this switching is in fact simply to shunt a strong operations chief (Stern) off onto a siding."

Stripping Stern of his power is admittedly one of the main purposes of this reorganization process for which the U.S. Treasury has long been pushing. Stern had become more and more powerful under earlier presidents such as McNamara and Clausen. This purpose is also served through the appointment of two additional Senior Vice Presidents. Using the argument that at least one Western European must be represented at the top echelons, Bonn has succeeded in boosting a German agriculturist—basically an operations man—to the post of Senior Vice President, Administration in the

That these are not the requisite qualifications for a World Bank President soon became apparent, indeed unmistakably so. Instead of redefining the World Bank's role in the continuing debt crisis, he merely bleated that he would have liked to take on the leading role that the IMF had had to give up in 1985, but unfortunately no one had defined what this meant. Of course not.

As Conable's qualifications clearly do not allow him to carry out his real functions at the World Bank's helm, he turned his attention to other matters that ought to rank much lower on the scale of priorities. He is totally reorganizing the Bank, from top to bottom. Like all international organizations, the World Bank is accused of being overstaffed, ineffective, too involved with itself, while its staff are reputed to be underworked and overpaid. There is always some substance to accusations of this kind, and no one really doubts that the World Bank could benefit from shedding a little weight. What Conable is doing to the institution, however, bears little relationship to rational reorganization; it comes more under the heading of self-mutilation, with 10 percent of the 6,000 staff members (of whom three quarters are non-Americans) to be fired in a process that strongly resembles a lottery. The remaining staff members are to be thoroughly shaken up using similar criteria and slotted into jobs with which they are totally unfamiliar.

The predictable outcome is not, as Conable had curiously expected, greater efficiency, but the exact opposite: chaos and total loss of motivation. A number of particularly highly qualified staff members, headed by the well-nigh irreplaceable head of financial operations, Eugene Rotberg, have gotten out fast. ~~They are the ones left and every~~ insecure and outraged reaction that prompted Conable to the rancorous and thus highly revealing comment that those foreigners must have come to Washington on their restricted visas thinking that they had found a comfortable job for life with the World Bank. Not in his Bank, they hadn't.

The time is now coming for the major member governments in the World Bank to talk to the Americans and to make it clear to them that Conable's appointment was a blunder. The World Bank is an international, not a U.S., institution, and it is far too important to allow it to be crippled for years by a smug former backbencher. (GSCLS)