

Wolfowitz's Quid Pro Quo?

By Emad Mekay and Jim Lobe | April 17, 2007

Of the top five outside international appointments made by embattled World Bank President Paul Wolfowitz during his nearly two-year tenure, three were senior political appointees of right-wing governments that provided strong backing for U.S. policy in Iraq.

The latest appointment came just last month, when former Jordanian Deputy Prime Minister Marwan Muasher was named senior vice president for external affairs. Muasher served as King Abdullah II's ambassador in Washington in the run-up to the Iraq War in 2002 and reportedly played a key role in ensuring Amman's cooperation in the March 2003 invasion. During and after the invasion, when Muasher served first as foreign minister and then as deputy prime minister, he was considered among Washington's staunchest supporters in an increasingly hostile Arab world.

Muasher's appointment came nine months after Wolfowitz named former Spanish Foreign Minister Ana Palacio as the World Bank's senior vice president and general counsel. As foreign minister, she was an outspoken proponent of the U.S.-led Iraq invasion, to which her government, led by former Prime Minister Jose Maria Aznar, contributed 1,500 troops.

Also in June 2006, Wolfowitz named former Salvadoran Finance Minister Juan Jose Daboub as one of the Bank's two managing directors. In addition to his financial post, Daboub served as chief of staff to former President Francisco Flores Perez when, as a charter member of the U.S.-led "Coalition of the Willing," he sent nearly 400 Salvadoran combat troops to Iraq, more than any other developing country.

Wolfowitz is currently fending off calls for his resignation—from World Bank staff, non-government organizations, and a number of former senior Bank officials—over charges that he improperly negotiated a promotion and compensation package for his romantic partner, career Bank staffer Shaha Riza, who was subsequently seconded to the U.S. State Department.

Since becoming World Bank president in June 2005, Wolfowitz has long insisted that his role as deputy defense secretary under President George W. Bush, in which he was a key architect of the Iraq War, would never influence his decisions at the Bank.

As recently as Thursday, as finance and development ministers began gathering in Washington for the annual Spring meetings of the World Bank and its sister institution, the International Monetary Fund (IMF), Wolfowitz again denied that his connection to the Iraq War has played any role in his

new work and suggested that the calls for him to resign were motivated at least in part by anti-war sentiment.

"For people who disagree with things they associate with me in my previous job," he said, "I am not in my previous job."

But persistent efforts by Wolfowitz to recruit a new country manager for Iraq despite concerns over staff security there—as well as the Bank's attempts last month to suppress reports about an incident in which a Bank employee was injured in Baghdad, apparently to avoid derailing his recruitment efforts—have lent credence to critics' charges that he has been more than eager to line up the institution and its resources behind U.S. policy there.

The fact that Wolfowitz also took with him to the Bank several key right-wing Republican aides—none with any development experience—who had worked closely with him on Iraq-related issues while he was at the Pentagon also bolstered that impression.

There have been reports of elaborate off-the-record efforts on Wolfowitz's part, during his tenure at the Bank, to persuade prominent journalists that the administration's pre-war allegations of an operational link between Iraqi President Saddam Hussein and al-Qaida were indeed true.

It is in that context that Wolfowitz's appointments of non-U.S. individuals who were not already working for the Bank to top posts appear significant.

"I believe that Paul Wolfowitz has used his tenure in part to reward those governments and individuals who were particularly helpful to the United States in the Iraq War," said Steven Clemons, director of the American Strategy Program of the New America Foundation, who has closely followed Wolfowitz's career on his much-read blog, www.thewashingtonnote.com.

"To me, that's a completely irresponsible approach to managing one of the world's most important economic development institutions," he added.

In addition to Muasher, Palacio, and Daboub, Wolfowitz's other senior, non-U.S. outside appointments went to Vincenzo La Via, a former Italian finance ministry official who serves as the

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Bank's chief financial officer, and Lars Thunell, a Swede who serves as executive vice president of the Bank's International Finance Corporation, a post for which the Bank president traditionally defers to the choice of the Bank's major European donors. Unlike La Via and Thunell, Muasher, Palacio, and Daboub were all political appointees in governments that strongly backed the Bush administration on Iraq and on other issues, as well.

Daboub was a senior member of the ruling right-wing ARENA party in El Salvador and effectively ran the country's economic policy from 1999 to 2004, during the presidency of Francisco Flores.

"He really was Flores' right-hand man, and, as such, pursued the most orthodox economic policy in the country's history, closely tied to U.S. policies," said Roberto Rubio, president of the Fundacion Nacional para Desarrollo in San Salvador.

According to Rubio, Daboub was also a frequent visitor to Washington, where he founded the Instituto America Libre to advocate free market policies. At a conference in 2005, he called on Washington to "act more aggressively on the problem of security that South American populists represent to the United States and to other Latin American countries that have not fallen into leftist hands yet."

Palacio, an outspoken supporter of the U.S. invasion of Iraq, lost her position as foreign minister after the 2004 defeat of Aznar's Partido Popular in 2004. Before her appointment to the Bank, she repeatedly denounced the decision of Prime Minister Jose Luis Rodriguez Zapatero to withdraw Spanish forces from Iraq and praised the persistence of both Bush and Prime Minister Tony Blair.

In an interview with the neoconservative American Enterprise Institute's magazine, *American Enterprise*, in late 2005 she accused Zapatero of "plung[ing] Spain into Third World politics" by allying it more closely with France and Germany than with Britain and the United States.

As Jordan's ambassador here before the Gulf War and later as foreign minister, Muasher met with then-Deputy Defense

Secretary Wolfowitz on at least several occasions, according to the Pentagon's website.

Despite King Abdullah II of Jordan's public criticism of the war, Washington found a "willing," if behind-the-scenes, ally in Muasher. While Jordan, like other Arab countries, did not send troops to Iraq, it quietly provided intelligence and other critical support for the United States before and during the war. It has also helped train thousands of Iraqi security personnel and tightened control of its borders to prevent the infiltration of Sunni fighters after the war.

As deputy prime minister, Muasher was charged with implementing the country's "reform" agenda, a portfolio that required frequent contact with U.S. officials, including former Deputy Assistant Secretary of State for Near East and South Asian Affairs Elizabeth Cheney, the daughter of Vice President Dick Cheney with whom Wolfowitz was closely allied during Bush's first term.

Washington increased its aid to Jordan by some \$300 million in 2003, to a total of \$450 million. In 2006, Washington gave Amman \$500 million, split between economic and military assistance.

Jordan's benefits from the war included oil subsidies from Gulf States, substantial new U.S. aid, a booming real estate sector, and a growing Iraq-related trade and transport account—and, apparently, the appointment of Muasher to the World Bank's vice presidency.

"It's not at all surprising given Wolfowitz's actions so far within the Bank and the Bush administration's propensity to reward allies and cronies," said Doug Hellinger, co-director of the Development GAP and a veteran Bank observer.

*Emad Mekay is a writer for the Inter Press Service (IPS).
Jim Lobe is the IPS Washington bureau chief and a contributor to Right Web (rightweb.irc-online.org).*

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