Blame It on the Management

By Emad Mekay | May 30, 2007

Outgoing World Bank President Paul Wolfowitz, who announced his resignation in mid-May (which will go into effect June 30), may insist that his staff and the bank's directors ganged up on him because of his role in the Iraq War, but analysts and a bank source say the ouster was mostly self-inflicted.

During a press conference at the outset of the controversy, which centered on his girlfriend and fellow bank staffer Shaha Riza and the unauthorized—and highly lucrative—compensation package he engineered for her, Wolfowitz suggested that antagonism had long simmered inside and outside the bank largely because as George W. Bush's deputy defense secretary, he was one of the chief architects of the ill-fated Iraq War.

"For those people who disagree with the things that they associate me with in my previous job, I'm not in my previous job," Wolfowitz said in a statement. "I'm not working for the U.S. government; I'm working for this institution and its 185 shareholders."

This view was shared by his supporters in conservative circles and some factions of the Bush administration. (President George W. Bush has already nominated Robert Zoellick to replace Wolfowitz.)

"[Wolfowitz] was very unpopular because of his Iraq War position there," said Ian Vasquez, an expert with the Washington-based Cato Institute, a libertarian think tank. "That in itself wasn't enough to kick him out, but his giving his girlfriend a raise served as a good excuse to punish him in a way that probably was not proportional to the supposed crime."

But a World Bank source told the Inter Press Service (IPS) that the Iraq War was indeed a pretext—not for Wolfowitz's opponents, but for Wolfowitz himself, who was trying to draw attention away from a poor management style that bred resentment over the past two years he served the bank.

"When bank staff and management talk to me, they do not talk about the Iraq War. They talk about his poor management, his arrogance, his failed policies, and poor judgment," the source said.

Dennis de Tray, vice president of the Washington-based Center for Global Development, also weighed in: "What he thinks and what he says are two different things."

"Mr. Wolfowitz doesn't care for the notion that he has been forced out of the bank because he managed the bank badly," de Tray said. "He'd prefer another explanation for that, and he is pointing to his prior work on the Iraq War. … The fact of the matter is that there were serious concerns in the bank about both his management style and the policies he was pursuing that were wholly independent of Iraq."

Critics say that Wolfowitz has never, at least in practice, acknowledged that he worked for a multilateral international institution in which he needed to consult with other stakeholders. His style of management left him open to criticism on a number of occasions that he was pursuing unilateral policies.

"That concerned senior management of the bank who were neither consulted with often nor listened to. It also concerned the board," de Tray said.

While the United States controls around 17% of the World Bank's share, the remaining 83% is owned by other countries.

There are others who argue that his leaving had more to do with the bureaucracy's resentment of his internal reform initiatives and his anti-corruption campaign than about his lapse of ethics.

“The knives have come out with every conceivable complaint against him. But it all seems to hang on this Riza case, which I think is groundless,” said Pat Adams of the Canadian anticorruption watchdog group Probe International, in statements made to IPS before the announcement of Wolfowitz’s resignation.

“People may not like his history, his management, etc., but I don’t think they can attack his integrity or his commitment to slaying the bank’s contribution to bad governance and corruption on the basis of the Riza case,” she added.

But another World Bank staff member who spoke again on condition of anonymity told IPS that staff was angry because of the “double standards” that Wolfowitz followed. “He began attacking and accusing everybody else of corruption when he was building a house of glass all along around himself,” said the source.

De Tray, himself a former Bank employee, concurred that the World Bank staff didn’t feel threatened by Wolfowitz’s self-styled anticorruption crusade. “What really upset them on that front was that Mr. Wolfowitz clearly brought a lot of pressure to make sure all bank operations were cleaner than clean, then was found to have violated one of the bank’s most fundamental rules. The hypocrisy was just too much for the bank staff. That’s what angered them,” he said.

“The bank is an institution of something on the order of 10,000 people, and something only on the order of 18 people [there] have been found to have problems that might constitute corruption. That’s not what anyone would call a serious problem.”

Wolfowitz’s conservative leanings also fostered tensions inside the bank over certain policies, most notably climate change and reproductive health, as senior staff he brought in apparently tried to force right-wing conservative views on the bank’s development programs.

One of his appointees, World Bank Managing Director Juan José Daboub, a man known for his conservative stance on family issues, had in fact instructed a team of bank specialists to delete all references to family planning in the bank’s policy to an African nation. He also tried to eliminate references to climate change in official reports.

All that appears to have contributed to tensions inside the Washington-based institution.

“This was an event that sparked a broader fire that has been building over the past several years,” said de Tray.

Emad Mekay is a writer for the Inter Press Service.

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Editor: Right Web
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