Defending the “Global Spoils System” of Leadership Jobs in Multilaterals Is in the U.S. Interest

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THE ISSUE
The “global spoils system,” or the way in which top posts at multilateral institutions such as the World Bank, International Monetary Fund (IMF), regional development banks, and UN agencies are divvied up among countries, has played a crucial role in maintaining an international liberal order that promotes the rule of law, individual liberty, open markets, and multiparty democracy. Yes, certain tweaks can—and likely should—be made to the international system, but the United States and its allies need to ensure that candidates who share liberal democratic values hold the top posts in the key multilateral organizations. A reframing of the U.S. approach toward these multilateral institutions is especially timely given that the leadership of three of the four regional development banks will be turning over by the end of 2020. The leadership of these institutions matters—presidents set the direction of these institutions and have significant decisionmaking power over staff compositions. If “personnel equals policy,” then picking the correct leadership of these institutions is tremendously important. At times, the United States has had a mixed record of naming and campaigning for qualified U.S. or allied candidates. In short, the global spoils system is not going away, and it is in the U.S. interest to get better at the “game” if the United States wants the multilateral system to reflect broadly shared liberal values.

WHAT IS THE “GLOBAL SPOILS SYSTEM?”
The global spoils system refers to a series of informal understandings about the division of labor for leadership positions in international organizations, that is, which countries get the top posts. The United States and its European allies informally created this system as a new world dawned at the end of World War II. Since this system largely reflects geopolitical realities, it has been replicated in many of the world’s 534 multilateral organizations.¹ In some organizations, it takes the form of reserved seats for certain countries or regions; in others, there is an informal understanding that more influential countries will have greater representation and rotations; and in still others, the vote shareholdings reflect the size of the contributions made by different nation states.

Though often criticized, the global spoils system has created successful avenues for collective action and burden-sharing, and multilateral organizations can act as a force multiplier of U.S. influence overseas. Informal arrangements among the United States, Europe, Japan, and other countries about who should lead these global institutions ensured such institutions remained committed to the ideals they were founded to promote, while also divvying up some of the most important posts to reflect raw power politics. While

¹ This number comes from “Intergovernmental Organizations (v3),” The Correlates of War Project, last updated on July 29, 2019, https://correlatesofwar.org/data-sets/IGOs/international-organization-v2.3; The IGO data sets contain information about intergovernmental organizations (international organizations that have at least 3 nation-states as their members) from 1815-2014. The IGO data are collected at 5-year intervals from 1815 to 1965 and annually thereafter.
not a perfect system, it is important to remember that to date, the global spoils system has largely succeeded at its principal aim: promoting a world based on liberal values and keeping most nations, including the United States, in the multilateral system.

In perhaps the most well-known example of this system, an American is president of the World Bank and a European is the managing director of the IMF per a “gentlemen’s agreement” after the founding of these institutions during the Bretton Woods conference of 1944. The arrangement began when a senior U.S. Treasury Department official, Harry Dexter White (who was one of the main architects of the IMF and the World Bank, together with John Maynard Keynes), was widely assumed to become the first managing director of the IMF. However, White was acting as a Soviet agent during this period, and thus, a European ended up selected for the top job at the IMF. Similarly, Japan has led the Asian Development Bank since its founding in 1966.

The United Nations also follows unwritten rules in the selection of the top jobs at its agencies. Since 1947, every UNICEF executive director has been American. After Kofi Annan left the post over 20 years ago, all five under-secretaries general for Peacekeeping Operations have been French. The last five leaders of the World Food Programme (WFP) have been from the United States, which provides the most resources for the program’s voluntarily funded budget. The Security Council’s non-permanent members follow a similar pattern. Japan, while not a permanent member, is the second-largest contributor to UN dues and has been on the council for 22 of the last 61 years. By comparison, Brazil, Argentina, and Colombia have cumulatively served on the Security Council for 72 years.

Developing countries, and non-major powers, in particular, are somewhat locked out of the global spoils system, except for the United Nations secretary-general job, which has been held by Myanmar (U Thant), Peru (J Perez de Cuellar), Egypt ( Boutros Boutros-Ghali), and Ghana (Kofi Annan). At present, of the 15 UN specialized agencies, only 4 are led by appointees from the developing world, who rotate through these posts: the International Fund for Agriculture Development (Togo), the Universal Postal Union (Kenya), the World Tourism Organization (Georgia), and the World Health Organization (Ethiopia). There are, however, over 500 additional multilateral organizations, and many of those organizations are represented by leaders from the Global South. Furthermore, in accordance with UN principles, most agencies do honor regional rotation for executive heads. The pattern remains true at the World Bank, where the top executive not from a major power (United States, European Union, Japan, China, or India) is the seventh highest-ranking official (Egypt). At the IMF, an Ethiopian who heads the African Department is the first to appear from the non-major powers, at number eight.

When this system was set up in the 1940s, the United States and its allies believed that if they controlled key posts, they would be able to ensure that organizations such as the World Bank and IMF promoted democracy and human rights by making funding conditional on adherence to such values or, for example, that UN Peacekeeping would be used to protect vulnerable populations. While it is true that international organizations became “overstaffed” with Americans in the 1945-1960 period, it is equally true that as membership in these organizations expanded, and developing countries increased their muscle in the global economy, the system—particularly America’s central role in it—has been increasingly challenged.

MAJOR “PAIN POINTS” IN THE GLOBAL SPOILS SYSTEM

Despite the 534 different multilateral organizations in the global spoils system, there is an otherwise implicit acceptance of the rules of the game by most actors. There are certain positions within the global spoils system where the United States should encourage more participation, but there are others where the United States needs to draw red lines. These major “pain points” in the global spoils system include the World Bank, the United Nations Security Council, and the position of UN secretary-general. Of these, the World Bank is the most controversial, quite possibly because it is perceived as a U.S. position.

In 2005, there was considerable opposition to Paul Wolfowitz’s nomination as the World Bank’s president. After Wolfowitz’s departure in 2007, some resistance to U.S. leadership of the bank remained when Robert Zoellick was nominated to lead the bank, even though he was widely viewed as qualified and “acceptable.” Some developing countries view the World Bank as an institution that they, not the United States, should “own.” In 2012, a group of developing countries challenged the candidacy of American Jim Yong Kim. Traditionally, there has only been one candidate on the ballot—an American—but a coalition of developing countries nominated candidates from Nigeria and Colombia, forcing an election that Kim ultimately won after a last-minute campaign. In 2019, the Trump administration’s pick for the World Bank presidency, David Malpass, remained uncontested by candidates from any
other country. Malpass successfully won the position with unanimous support from the bank’s executive board.

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European leadership of the IMF has been far less controversial. Amid the fallout from the Dominique Strauss-Kahn scandal in 2011, the IMF post passed to another French official, Christine Lagarde, with almost no complaints from anyone. In 2019, Kristalina Georgieva, a Bulgarian, was elected to managing director without controversy. Some would argue that these changes in leadership proceeded smoothly because Strauss-Kahn had not finished his term, so it “made sense” for him to be replaced by another French citizen, and because Georgieva is from Eastern Europe, a “new region” now leads the IMF. Others could argue that since the majority of the World Bank’s business is with the developing world, the bank should be led by someone from the developing world, whereas the IMF is more focused on the overall health of the financial system, which is still concentrated in the West. Regardless, there seems to be a double standard. In addition, the deputy managing director of the IMF has traditionally been an American.

**CAUTIONARY TALES OF THE UNITED STATES “LOSING” SLOTS AND NEVER GETTING THEM BACK**

The International Finance Corporation (IFC), a part of the World Bank Group that specializes in private-sector investments, is a cautionary tale of America losing the top job and never getting it back. The IFC was the brainchild of American Robert L. Garner, who firmly believed that the private sector is a crucial player in global development. Garner served as the IFC’s first leader, and the next two IFC CEOs were also American. In 1974, a European took the helm of the IFC, and no American has led the IFC since. The simple lesson is that once the United States loses a position in the global system, it may never get the position back.

Although some top jobs are not lost forever, they cease being “owned” by the United States. This is the case for the OECD Development Assistance Committee (DAC) chair, which was held by Americans for the first nine terms. Since 1999, with the selection of Jean Claude-Faure, it has rotated amongst Europeans. The one exception was the last time an American held the post, from 2011 to 2012 (Brian Atwood). The UN Development Program (UNDP) has followed a similar script, and the International Organization for Migration (IOM) will likely fall into this pattern. The first five leaders of the UNDP were American. Then, in 1999, after UNDP Administrator James Gustave Speth completed his tenure, the Clinton administration allowed a non-American to be nominated to the job. Some speculated that giving up the top UNDP job would reduce the amount the United States would need to contribute to the program’s budget. Since then, the UNDP has been led by individuals from the United Kingdom, Turkey, New Zealand, and Brazil. Similarly, the United States lost the top job at the IOM in 2018, which up until that point had only been led by one non-American since 1951. It will likely be incredibly difficult for the United States to regain the post now that it has been lost.

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U.S. leadership should acknowledge that most of the “loss” of U.S. positions within the global system is the result of negligence. The institutional core of a U.S. presence within the global spoils system was hurt severely when the State Department’s Bureau of International Organization Affairs (IO) was no longer prioritized beginning in 2017. The IO does not currently have a leader, and it is given neither mandate nor support from the secretary and undersecretary for political affairs. In addition, the U.S. Department of Agriculture (USDA) has done a poor job of placing the correct candidates in international food and agricultural organizations; instead, with the exception of the WFP, the USDA has largely selected ready-to-retire career officials for non-executive positions for a three-year vacation in Rome. This is not a phenomenon unique to the current administration, but there appears to be little political energy behind changing the U.S. approach toward the global spoils system. On the other hand, the Treasury Department has a strong track record of placing top U.S. and allied candidates in leadership roles at the world’s largest financial institutions. Hopefully, the State Department and USDA will emulate the strategies used by the Treasury Department.
to better play the “game” when top jobs at multilateral institutions are next available.

CHALLENGES TO THE RULES-BASED INTERNATIONAL LIBERAL ORDER

The global spoils system and, more importantly, the international liberal order it is designed to promote, are both coming under attack. China and Russia are exporting their authoritarian models of government and are actively seeking to undermine the international governance model based on democratically elected and accountable leaders, transparency, and individual rights. Simultaneously, developing countries are expressing increasing discontent with a system that they feel does not include them in the decisionmaking process. This is because developing countries have more power in the global economy: they now collectively generate nearly 60 percent of global GDP according to the IMF; this was not the case in 1948.

China is actively exerting itself in the international governance and development arena in three strategic ways. First, it is connecting to the developing world via infrastructure networks and significant foreign investments through its Belt and Road Initiative (BRI). Second, China is setting up international institutions under its control to compete with existing ones based on liberal values. Third, China is gaining more leadership positions in existing international organizations (Figure 1). For example, the UN Food and Agriculture Organization (FAO) just underwent the selection process for its top leadership position, which the Chinese candidate won. This election was important because the FAO is one of the two deciders as to who the WFP president will be, and the WFP is the main logistics agency of the UN system.

China’s efforts to remake the world order in its favor are exemplified by setting up its own parallel institutions to compete with existing ones. Perhaps the most notable example of this is the Asian Infrastructure Investment Bank (AIIB), which China founded in 2016 and currently leads. The Obama administration—which was typically inclined toward multilateralism—refused to join the AIIB, and now the AIIB is led by a very qualified Chinese CEO. China, together with the other BRICS countries (Brazil, Russia, India, and South Africa), also started the New Development Bank in 2015 with the unstated aim of competing with the World Bank and IMF.

However, it must also be noted that China has taken recent steps to improve how it operates within the global spoils system, and Beijing has won some elections by putting forward credible and qualified candidates and running effective campaigns. Some of the top positions in these agencies should be of importance to the United States, while other positions should not be of concern. China’s aggressive pursuit to assume leadership of the World Intellectual Property Organization (WIPO), an organization that protects intellectual property rights and sets standards on patents, trademarks, and copyrights, was alarming to the United States. Another concern is the International Civil Aviation Organization (ICAO) now having a secretary-general from China, which has led to Taiwan being asked to leave the ICAO. On the other hand, China currently leads the UN Industrial Development Organization (UNIDO), an agency in charge of promoting industrial policy in developing countries. The United States is not a member of UNIDO and should not be particularly concerned about the country that oversees the agency. To the extent possible, the United States must enable China to participate in these organizations, but the United States should prohibit Chinese candidates from taking certain positions at certain organizations.

Yet the global system has faced challenges before and has adapted without diminishing its effectiveness at upholding the liberal world order. As Japan’s economy surged (in no small part because of the system of open markets and the rule of law promoted by the rules-based international order), Japan wanted a seat at the leaders’ table. The major Western democracies worked with Japan to establish the Asian Development Bank (ADB) in 1966. Their participation in the bank’s founding ensured that ADB financing would also promote liberal values and that it would strengthen, not weaken, the global spoils system by giving Japan the presidency of the ADB in exchange for Japan’s support for U.S. and European candidates at the World Bank and the IMF, respectively. Not only did this solution stave off a challenge to the existing structure
of international institutions and the values they were designed to promote, it actually strengthened this system by making Japan invested in its survival. For example, Japan, with its significant voting heft, never wavered in its support for American Jim Yong Kim’s contested candidacy for World Bank president because the United States had always supported its candidates for the ADB presidency. Just as the global spoils system adapted to changing circumstances with the rise of Japan without compromising on its chief aim of promoting liberal values, so too can the international order be strengthened today by adapting to changing circumstances.

Leaders from developing countries have taken the helm of major international institutions and continue to use those institutions to promote liberal values. A prime example of this is the position of UN secretary-general. Prior to 1961, every UN secretary-general had been a European. In 1961, countries elected Burmese U Thant. He proved to be a strong defender of the rules-based international order and was unanimously re-elected to a second term. The secretary-general case is instructive since the United States has veto power on the Security Council, thereby possessing the ability to retain control over who becomes the leader of the United Nations. The United States can, and has, used its veto power to prevent any candidate who does not share its values from ascending to the United Nations’ top post. At the World Bank, the IMF, and other institutions in the global spoils system, the United States and its allies have even more control over who assumes the top positions because China and Russia have comparatively less sway than they do at the United Nations (i.e., no veto power).

CONCLUSION: CONTINUING TO LEAD

While its detractors claim that the “global spoils system” is simply a power grab by rich countries, this arrangement has ensured that major international institutions remain committed to the ideals they were founded to promote and has ensured U.S. involvement in the multilateral system. While using nationality as a proxy for being supportive of liberal values is certainly imperfect, this system has worked. Additionally, it is important to remember that the “global spoils system” is much more than just who gets the top post at the World Bank, the IMF, and the ADB. The vast majority of top posts in the other international organizations are not disputed even though they, too, are filled according to informal agreements.

As stated in the 2017 National Security Strategy, the United States seeks to “compete and lead in multilateral organizations, so U.S. interests and principles are protected.” For the United States to continue to lead, it must develop better long-term planning to prepare for leadership changes in the multilateral system and have a roster of potential leadership candidates far in advance. The campaigns for the top jobs are becoming more expensive and elaborate. For example, the 2015 election for the presidency of the African Development Bank was won by a candidate who leveraged the skills of a professional campaign consulting firm and visited several dozen countries—similar to how cities try to win Olympic bids. This trend of increasing competition and the growing use of professional consulting firms for these roles will only continue. The United States needs to be prepared to invest more resources toward strategic planning and campaigning for top jobs, ensure the United States is the largest financial backer of these institutions, and follow through to support winning candidates, even non-Americans, in their elections for leadership roles in multilateral organizations.

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While other countries recovered domestically from the tragedies of war during the beginning of the Cold War period (1945-1960), the United States was able to obtain significant influence in multilateral institutions. This era of unmatched U.S. dominance in the global spoils system is not what the United States should seek. Instead, while countries gather to carve up the multilateral leadership territory for the future, the United States needs to be strategic about which organizations matter most to U.S. interests. The United States must become more organized regarding tracking and filling vacancies at these organizations so that it can “lead from behind” in cases where a non-U.S. candidate is favored or lead from the front when a U.S. candidate has an opportunity in the global spoils system. The United States should prioritize certain roles and then work with its allies to assist in occupying the remaining top jobs in a way that does not undermine U.S. interests.

The United States needs to be better at defending its leading role in these institutions and improve its ability to present
strong leadership candidates that can manage these complex institutions and respond to the changing times. The United States and its European and Japanese allies should use their influence to guarantee that the leaders of major international institutions are qualified with a steadfast commitment to liberal democratic values. This will ensure the continued relevance of these storied institutions and the values they promote.

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