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The World Bank and the BRICS Bank Have New Leaders and Different Outlooks

In late February 2023, U.S. President Joe Biden [announced](#) that the United States had placed the nomination of Ajay Banga to be the next head of the World Bank, established in 1944. There will be no other official candidates for this job since—by convention—the U.S. nominee is automatically selected for the post. This has been the case for the 13 previous presidents of the World Bank—the one exception was the acting president Kristalina Georgieva of Bulgaria, who held the post for two months in 2019. In the official history of the International Monetary Fund (IMF), J. Keith Horsefield [wrote](#) that U.S. authorities “considered that the Bank would have to be headed by a U.S. citizen in order to win the confidence of the banking community, and that it would be impracticable to appoint U.S. citizens to head both the Bank and the Fund.” By an undemocratic convention, therefore, the World Bank head was to be a U.S. citizen and the head of the IMF was to be a European national (Georgieva is [currently](#) the managing director of the IMF). Therefore, Biden’s nomination of Banga guarantees his ascension to the post.

A month later, the New Development Bank’s Board of Governors—which [includes](#) representatives from Brazil, China, India, Russia, and South Africa (the BRICS countries) as well as one person to represent Bangladesh, Egypt, and the United Arab Emirates—[elected](#) Brazil’s former president Dilma Rousseff to head the NDB, popularly known as the BRICS Bank. The BRICS Bank, which was first discussed in 2012, began to operate in 2016 when it [issued its](#) first green financial bonds. There have only been three managing directors of the BRICS Bank—the first from India (K.V. Kamath) and then the next two from Brazil (Marcos Prado Troyjo and now Rousseff to finish Troyjo’s term). The president of the BRICS Bank will be elected from its members, not from just one country.

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Banga will come to the World Bank, whose office is in Washington, D.C., from the world of international corporations. He spent his entire career in these multinational corporations, from his early days in India at Nestlé to his later international career at Citigroup and Mastercard. Most recently, Banga was the [head](#) of the International Chamber of Commerce, an “executive” of multinational corporations that was founded in 1919 and is based in Paris, France. As Banga [says](#), during his time at Citigroup, he ran its microfinance division, and, during his time at Mastercard, he made various pledges regarding the environment. Nonetheless, he has no experience in the world of development finance and investment. He [told](#) the Financial Times that he would turn to the private sector for funds and ideas. His resume is not unlike that of most U.S. appointees to head the World Bank. The first president of the World Bank was Eugene Meyer, who built the chemical multinational Allied Chemical and Dye Corporation (later Honeywell) and who owned the Washington Post. He too had no direct experience working on eradicating poverty or building public infrastructure. It was through the World Bank that the United States pushed an [agenda](#) to privatize public institutions. Men such as Banga have been integral to the fulfillment of that agenda.

Dilma Rousseff, meanwhile, comes to the BRICS Bank with a different resume. Her political career began in the democratic fight against the 21-year military dictatorship (1964-1985) that was [inflicted](#) on Brazil by the United States and its allies. During Lula da Silva’s two terms as president (2003-2011), Dilma Rousseff was a cabinet minister and his chief of staff. She took charge of the Programa de Aceleração do Crescimento (Growth Acceleration Program) or PAC, which organized the anti-poverty work of the government. Because of her work in poverty eradication, Dilma became [known](#) popularly as the “mãe do PAC” (mother of PAC). A World Bank [study](#) from 2015 showed that Brazil had “succeeded in significantly reducing poverty in the last decade”; extreme poverty fell from 10 percent in 2001 to 4 percent in 2013. “[A]pproximately 25 million Brazilians escaped extreme or moderate poverty,” the report said. This poverty reduction was not a result of privatization, but of two government schemes developed and established by Lula and Dilma: Bolsa Família (the family allowance scheme) and [Brasil sem Miséria](#) (the Brazil Without Extreme Poverty plan, which helped families with employment and built infrastructure such as schools, running water, and sewer systems in low-income areas). Dilma Rousseff brings her experience in these programs, the benefits of which were [reversed](#) under her successors (Michel Temer and Jair Bolsonaro).

Banga, who comes from the international capital markets, will manage the World Bank’s

[net investment portfolio](#) of \$82.1 billion as of June 2022. There will be considerable attention to the work of the World Bank, whose power is leveraged by Washington's authority and by its work with the International Monetary Fund's debt-austerity lending practices. In response to the debt-austerity practices of the IMF and the World Bank, the BRICS countries—when Dilma was president of Brazil (2011-2016)—set up [institutions](#) such as the Contingent Reserve Arrangement (as an alternative to the IMF with a \$100 billion corpus) and the New Development Bank (as an alternative to the World Bank, with another \$100 billion as its [initial authorized capital](#)). These new institutions seek to provide development finance through a new development policy that does not enforce austerity on the poorer nations but is driven by the [principle](#) of poverty eradication. The BRICS Bank is a young institution compared to the World Bank, but it has considerable financial resources and will need to be innovative in providing assistance that does not lead to endemic debt. Whether the new BRICS Think Tank Network for Finance will be able to break with the IMF's orthodoxy is yet to be seen.

Rousseff chaired her first BRICS Bank meeting on March 28. Banga will likely be appointed at the World Bank-IMF [meeting](#) in mid-April.

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