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## US balks at backing European candidate for IMF

**CHRISTOPHER S. RUGABER**, Associated Press

**DON MELVIN**, Associated Press 

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WASHINGTON (AP) — The United States balked Thursday at immediately backing a European to lead the International Monetary Fund, saying only that it wanted an open and prompt succession.

The resignation of Frenchman Dominique Strauss-Kahn has set off a scramble to find a new leader for the powerful organization, which directs billions of dollars to troubled nations to stabilize the global economy.

Europe staked its traditional claim to the post and many officials are lining up behind French Finance Minister Christine Lagarde. But China, Brazil and other developing nations are trying to open up the selection process at the institution that represents 187 member countries.

Italian Prime Minister Silvio Berlusconi on Thursday endorsed Lagarde for the job, saying she would make "a great choice." German Chancellor Angela Merkel and French President Nicolas Sarkozy both said a European should get the job, though neither formally



In a photo made Monday May 16, 2011 Dominique Strauss-Kahn, then head of the International Monetary Fund, is arraigned at Manhattan Criminal Court in New York, on charges he sexually assaulted a hotel maid. Strauss-Kahn resigned as head of the International Monetary Fund on Thursday May 18, 2011. (AP Photo/Emmanuel Dunand, Pool)  
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endorsed Lagarde.

The United States, which has the largest share of votes for a single country, declined to publicly weigh in.

"We haven't taken a position on any candidate," said Lael Brainard, U.S. Treasury undersecretary for international affairs. "What is important at this juncture is that we move quickly to an open process."

Brainard's comments and a similarly ambiguous statement issued by U.S. Treasury Secretary Timothy Geithner leave open the possibility that the U.S. could support a candidate from either group. Some analysts said the U.S. government will make its preference clearer behind the scenes while keeping a more impartial stance in public.

Together, the U.S. and Europe control more than 50 percent of the votes on the IMF's board. A simple majority is all that is required to select the group's leader.

Under a gentleman's agreement dating back to World War II, a European has run the IMF and an American has led the World Bank, its sister organization. That relationship could pressure the United States to support Lagarde or another European candidate.

And while developing nations say they want an open process, they have yet to rally around their own candidate. The board is facing pressure to name a replacement quickly.

"It's pretty clear that Europe is unifying behind its candidate," said Eswar Prasad, a professor at Cornell University and former IMF official. "There's no similar movement among the emerging markets."

John Lipsky, the IMF's acting managing director, said the organization's 24-member executive board will begin the process of selecting a new leader.

"We want this to happen as expeditiously as possible," Lipsky said, in his first public remarks after assuming his new role.

Separately, at a hearing Thursday, a judge agreed to free Strauss-Kahn from a New York City jail on the condition he post \$1 million in bail and remain under house arrest, watched by armed guards, at a Manhattan apartment. Strauss-Kahn was formally indicted at the hearing on charges that he sexually abused a hotel maid.

Strauss-Kahn has been widely praised for his leadership and efforts to resolve Europe's debt

crisis. He resigned Wednesday to devote "all his energy" to fighting sexual assault charges in New York.

There is no indication yet when a decision will be made. But a meeting of the G-8 — a group of eight developed countries — takes place next week in the seaside resort of Deauville, France, and all the major decision-makers will be there.

Lagarde has in recent days been touted in many European capitals as a good choice. A sharp, articulate negotiator, she has a strong international reputation and impeccable English after living in the United States for many years.

"I am convinced that she is a good candidate. I made a few trips with her to Asia. I was able to verify her popularity among ministers of large emerging countries," France's transport minister, Thierry Mariani, told France-Info radio Thursday.

Despite Lagarde's popularity, Mariani was the first member of the French government to speak publicly about her as a candidate.

That's partly because she is a member of Sarkozy's conservative UMP party, and if Sarkozy openly pushes for her candidacy, that could fuel the widespread belief in France that the accusations against Strauss-Kahn were part of a conspiracy to knock him off what appeared to be his march toward the French presidency.

Lagarde herself mentioned no names but said she too supported a European for the job.

"I'm a true European and I'm convinced that Europe is the way to go, as far as we are concerned," she told reporters on a visit to a French supermarket. "I am a convinced European and I think that for such a candidacy, the Europeans must be united."

Developing nations see Europe's stranglehold on the position as increasingly out of touch with the world economy. China's is now the world's second largest economy. India's and Brazil's have cracked the top 10.

"We must establish meritocracy, so that the person leading the IMF is selected for their merits and not for being European," Brazilian Finance Minister Guido Mantega said Wednesday.

Other potential European candidates include Germany's former central bank chief, Axel Weber; the head of Europe's bailout fund, Klaus Regling; and Peer Steinbrueck, a former German finance minister.

Candidates from elsewhere include Turkey's former finance minister, Kemal Dervis; Singapore's finance chief, Tharman Shanmugaratnam; and Indian economist Montek Singh Ahluwalia.

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Melvin reported from Brussels. Martin Crutsinger in Washington, Geir Moulson in Berlin, Raf Casert in Brussels, Angela Charlton in Paris and Nicolas Garriga in Paris also contributed to this report.

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