

IMF chief set to appear in court The Washington Post Monday

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NEW YORK — The [sexual assault charges](#) against Dominique Strauss-Kahn, the head of the International Monetary Fund, have cast uncertainty over global efforts to prevent Europe's debt crisis from spinning out of control and raise questions about the future of one of the world's most powerful financial institutions.

At the Washington-based IMF, which makes emergency loans to struggling economies, Strauss-Kahn has been a muscular advocate for [aiding](#) Greece, Ireland and Portugal as they have fought to avoid insolvency. A default by a developed European economy would shock the global financial markets and endanger the nascent economic recovery in the United States.

The IMF on Sunday named Strauss-Kahn's second-in-command, former banker [John Lipsky](#), as his replacement. But Lipsky was planning to step down at the end of the summer, and while a European has long led the IMF, countries such as China and India are considering nominating one of their own for the top spot. That could also have wide ramifications for the organization, whose emerging market members have complained that it shows more generous treatment toward European countries than those in the developing world.

Strauss-Kahn, 62, was charged early Sunday in New York with attempted rape, a criminal sex act and unlawful imprisonment. Authorities allege that he attempted to rape a housekeeper at the Sofitel in Midtown Manhattan where he was staying; police said she later picked him out of a lineup. He planned to plead not guilty, according to his attorney, Benjamin Brafman, who has defended a number of high-profile clients.

Strauss-Kahn was being held at a police precinct in Harlem on Sunday evening. He was later escorted out of the precinct, his arms behind his back, according to the Associated Press. His arraignment had been postponed as investigators pursued a search warrant to examine his body for possible DNA evidence or scratches, one law enforcement official said. He is scheduled to appear in court Monday, according to the Reuters news agency.

A former French finance minister and member of the Socialist Party who served in Parliament, Strauss-Kahn was considered a potential challenger to French President Nicolas Sarkozy in next year's election.

But after detectives at John F. Kennedy International Airport removed him from a Paris-bound flight 10 minutes before takeoff Saturday afternoon, French political leaders said he would not be able to be a candidate in the Socialist Party presidential primary.

Strauss-Kahn's absence may be felt most immediately in the IMF's work with the European Union to prevent the debt crisis engulfing several countries from getting out of hand.

His arrest "comes at just the worst possible time for Europe," said Eswar Prasad, an international economics professor at Cornell University. "As the world economy stumbles its way to recovery, this could be a pretty serious blow that sets things back."

A \$155 billion loan provided to Greece in spring 2010 is proving insufficient to keep the country [out of insolvency](#). Strauss-Kahn had been considering modifying the terms of the loan to [lighten the load](#) on Greece while discussing the potential of a new \$85 billion loan to Greece with the European Union.

He was slated to meet with Europe's finance ministers in Brussels on Monday to weigh the further aid to Greece and work through details of an IMF-backed bailout of Portugal. The organization said IMF Deputy Managing Director Nemat Shafik, who oversees the group's work in various European Union countries, will attend instead.

Strauss-Kahn has been a vocal proponent of bailing out ailing European economies even as he has faced considerable resistance in France, where his prescription for severe government spending cuts often has proved deeply unpopular. Still, he has banked on longtime relationships with leading European economic leaders — even his political rival Sarkozy — to help stabilize Europe's finances.

The arrest of Strauss-Kahn is likely to have ripple effects beyond the United States and Europe.

He has had a hand in the financial rescue of Pakistan and in helping Egypt keep its economy on solid footing amid political upheaval.

In the face of the global economic crisis that began in 2008, Strauss-Kahn persuaded rich countries such as the United States to dramatically increase their funding commitments to the IMF, enabling the organization to take on a far more ambitious role in staving off financial crises. He has also pushed for the IMF to help be a worldwide monitor for emerging financial threats, asking to collect more information from domestic banks.

Those efforts have won broad praise.

"He moved decisively and showed considerable leadership in trying to get the fund to move as

quickly as it could to respond to developing country needs in the wake of the crisis,” said Ngairé Woods, director of the Global Economic Governance Program at the University of Oxford who has studied the IMF for more than two decades. She added that Strauss-Kahn and his senior managers “were really pushing hard to try to create new facilities that would support countries trying to absorb the impact of the crisis.”

Strauss-Kahn has also won credit for pushing to expand the role of non-Western countries in the IMF, despite his Eurocentric background. He has hailed China’s status as a growth leader while mildly urging the country to allow its currency to rise in value, making it easier for the United States and European economies to export into China.

Personal foibles

Still, Strauss-Kahn’s professional successes have long stood in stark contrast to his personal foibles.

In 1997, France’s prime minister, Lionel Jospin, appointed Strauss-Kahn as his finance minister, one of the most powerful positions in the government. But two years later Strauss-Kahn was forced to resign the post amid a fraud scandal in which he was accused of charging for consulting work he never did while working as a corporate lawyer. He was cleared of wrongdoing and won reelection to Parliament.

In 2008, while head of the IMF, Strauss-Kahn had an affair with a division chief at the organization. An outside investigation cleared him of abuse-of-power accusations, and the IMF’s board called his actions “regrettable” but unanimously agreed that he should keep his job.

Strauss-Kahn is in his third marriage, to French journalist Anne Sinclair. On Sunday she expressed disbelief that her husband could have done what he is accused of and called on all to exercise “decency and restraint.”

“I do not believe for one second the accusations brought against my husband,” she said in a statement relayed by Agence France-Presse. “I have no doubt his innocence will be established.”

The incident occurred early Saturday afternoon, police said.

The 32-year-old housekeeper told police she was planning to clean the spacious suite, which she thought was empty, when Strauss-Kahn emerged from the bathroom naked. He chased her and pulled her into a bedroom, where he began to sexually assault her, the woman told police. She said she fought him off, but he dragged her into the bathroom, according to the account. The woman eventually broke free and alerted hotel staff, who called police.

Police officials said Strauss-Kahn fled the room, leaving his cellphone behind. He later called the hotel to ask if he had left his phone, a police official said, and an employee asked for his location in order to return it. That led authorities to JFK International Airport, where they arrested Strauss-Kahn, who was on a plane bound for France, the official said. Officers with the Port Authority of New York and New Jersey boarded the plane and removed him moments before he was to fly to Paris.

No one answered the door at the couple's brick rowhouse in Georgetown, where Strauss-Kahn lived with Sinclair when in Washington. A neighbor said he had seen no activity at the house over the weekend.

Staff writers Steve Hendrix, Jason Horowitz, Howard Schneider and Josh White in Washington contributed to this report.