

Finance Ministers Back IMF as Discussions Turn to Strauss-Kahn Successor

By Sandrine Rastello and Paul Badertscher - May 17, 2011

Finance ministers sought to bolster confidence in the [International Monetary Fund](#) as they began discussing a successor to Managing Director Dominique Strauss-Kahn, who was jailed on charges including attempted rape.

Canadian Finance Minister Jim Flaherty said he is “absolutely confident” the IMF will “carry on with its business” under Acting Managing Director [John Lipsky](#). French Finance Minister [Christine Lagarde](#) said the 187-member lender to governments is “solid.” [Kaoru Yosano](#), Japan’s economy minister, said the flap won’t compromise the fund’s mission.

Germany and Belgium said they prefer another European as head of the agency, responding to a push by [developing countries](#) to throw open its leadership. There are “good reasons” for Europe to keep the post amid the euro area’s debt crisis, German [Chancellor Angela Merkel](#) told reporters in Berlin. A European has always run the lender, which has helped bail out Portugal, Greece and Ireland, while an American heads the [World Bank](#).

The IMF’s executive board, meeting in Washington, agreed to seek contact with Strauss-Kahn about his intentions, according to an official briefed on the deliberations. Strauss-Kahn, a 62-year-old former French finance minister accused of sexually assaulting a hotel housekeeper, was sent to [New York’s Riker’s Island](#) prison yesterday after being denied bail.

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The choice of the next IMF leader “should be absolutely merit-based,” said former Bank of Canada Governor David Dodge. “I would argue that, all other things being equal, it would be very nice to have someone who has at least deep roots in, if not necessarily a current representative of, one of the major emerging-market countries.”

The process to select Strauss-Kahn’s replacement should be “fair, transparent” and aimed at finding the best person for the job, [China’s](#) Foreign Ministry spokeswoman Jiang Yu said at a regular briefing in Beijing today.

Strauss-Kahn would have been the overwhelming favorite if he had chosen to enter next year's French presidential race, public opinion polls say. He was taken off an Air [France](#) flight about to leave John F. Kennedy International Airport for Paris on May 14. He will plead not guilty, his lawyer Benjamin Brafman has said. He faces as long as 25 years in prison if convicted of the most serious charges.

IMF spokeswoman [Caroline Atkinson](#) told reporters yesterday that the fund is "fully operational" and working on matters for its member countries around the world. She said IMF business is continuing "uninterrupted."

Potential Successor

Still, much of the talk in Washington and in European capitals focused on who would replace Strauss-Kahn if he leaves office before the scheduled end of his term more than 17 months from now.

Belgian Finance Minister Didier Reynders said [Europe](#) and the U.S. should maintain the arrangement, dating to the end of World War II, of dividing the IMF and World Bank leadership between them.

"It would be preferable if we continued to hold these posts in the future," Reynders told reporters in Brussels. Robert Zoellick, a former U.S. deputy secretary of state, is the World Bank's president.

Policy makers such as Brazilian Finance Minister Guido Mantega say the choice should be based on merit, and that candidates from developing economies should also be considered for the posts.

Potential candidates to succeed Strauss-Kahn include Singapore Finance Minister Tharman Shanmugaratnam, former South African Finance Minister Trevor Manuel and Kemal Dervis, who was Turkey's minister of economic affairs at a time his country got IMF aid, according to Eswar Prasad, a senior fellow at the Brookings Institution in [Washington](#) and a former IMF official.

Brown Support

Former U.K. Prime Minister Gordon Brown has told friends that he has global support for his candidacy for the top job at the IMF that could prevail over Prime Minister David Cameron's opposition, the Financial Times reported, citing unidentified colleagues.

France's Lagarde, speaking to reporters in Brussels yesterday after a meeting of European Union finance ministers, said the events surrounding Strauss-Kahn's arrest were "painful," and she declined to comment on speculation that she may be a candidate to succeed him.

“To see Dominique Strauss-Kahn in handcuffs on television this morning has deeply saddened me,” Luxembourg Prime Minister Jean-Claude Juncker told reporters in Brussels. “It was deeply sad and traumatic.”

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