

International Monetary Fund

IMF head backs reforms that could give China more voting power

Kristalina Georgieva steps up push for more resources to deal with economic problems across the globe



Kristalina Georgieva said: 'The role of the fund inevitably has to change because the world around us is changing' © Stephen Voss/FT

Colby Smith in Washington 4 HOURS AGO

The head of the IMF has backed reforms that could give Beijing more voting power within the fund, warning of “devastation” if her institution remains without adequate financial resources to aid struggling countries.

In an interview with the Financial Times, [Kristalina Georgieva](#) called for the [IMF](#) to better represent changes in the [global economy](#) over the past decade, which include the rise of China.

“There is a need to constantly change to reflect how the world economy is changing,” she said, in an implicit reference to the disparity between China’s 6 per cent share of voting power in the IMF and its heft in the world economy, which is roughly three times as much.

Noting that she was encouraged by “how the fund has been able to mobilise and overcome differences in views so many times since [Covid-19] hit,” Georgieva said of the changes in voting power: “I am optimistic that we will go there.”

Traditionally each IMF member country has a so-called quota, based on its position in the world economy, which determines its contributions to the fund as well as its voting weight within the institution and access to emergency financing.

At present, China's quota is less than Japan's, despite its larger share of global gross domestic product. As the IMF's largest shareholder, the US holds roughly 17 per cent, giving it veto power over quota decisions, which require 85 per cent support.

The IMF's board of governors conducts quota reviews at least every five years. The last time it agreed changes was in 2010, since when China's economy has grown considerably. Those changes took effect in 2016.

Speaking ahead of IMF and World Bank meetings in Marrakech this month, Georgieva acknowledged changes to voting weights were not on the agenda for a current quota review, due to wind up in December.

Georgieva's call for a longer-term rethink of IMF representation comes amid a US effort to shore up Washington-based multilateral institutions to increase western influence with emerging and developing countries.

It also comes as she seeks to step up her institution's resources to deal with economic problems across the globe.

"We are at the centre of the global financial safety net," she said. "If the fund is unable to step forward and bring confidence for others, the devastation can be profound economically, socially, but also from a security standpoint."

As part of the current push for more resources, the US wants to increase member countries' quotas without an immediate reallocation of voting powers — along with governance changes to give greater prominence to developing countries.

Georgieva said such changes had the support of a "very healthy majority" of the fund's membership and would allow it to be "strong for the future".

But she noted the issue of adjusting representation over time had come up in discussions among member countries.

US officials have left the door open to supporting a reallocation of shares at a later stage, but have signalled they would veto any expansion of Beijing's voting rights at the present time.

Jay Shambaugh, Treasury under-secretary for international affairs, said such a move would require "all countries — especially those that would see an increase in share" to respect "the roles and norms of the IMF".

China, now the world's biggest bilateral lender, has been criticised by western

creditors for hampering debt relief deals for troubled countries.

Georgieva said it had “not been at all easy” to work with Beijing on such issues. But she added China had “steadily engaged” with the IMF on restructurings and was generally “quite constructive”.

She underlined the fund’s call for more resources from its shareholders at a time when the global economy was likely to be hamstrung by lacklustre growth.



Kristalina Georgieva said: 'In a world of more tensions, more pressures, more rejections of the notion of detached elites, we have to aim to understand the priorities of people' © Stephen Voss/FT

“Given how much needs to be done, we simply don’t have the growth we need,” she said. “Fiscal space has been eroded, debt levels have gone up everywhere, debt service costs have gone up as well, and yet demands on the public purse are high.”

Georgieva defended the institution’s foray into climate-related issues, food security and health.

“The role of the fund inevitably has to change because the world around us is changing,” she said. After Covid hit, “getting health policy in good shape to operate efficiently and effectively at that time was the most important economic policy”. She also argued [climate shocks](#) had economic and financial stability consequences.

Georgieva pushed back on criticism of her institutions’s oversight of countries such as [Argentina](#) and [Pakistan](#), which repeatedly have turned to it for support, sometimes just to service IMF loans

JUST TO SERVICE IMF LOANS.

Last month Shambaugh said loan programmes that were repeatedly extended without meaningful reforms “harm the credibility of the IMF”.

Georgieva said it was important that the fund offer assistance “in an empathetic manner”, while agreeing that the lender could not help countries that were “unwilling or unable to take the necessary steps”.

She added: “In a world of more tensions, more social pressures, more rejections of the notion of detached elites, we have to aim to understand the priorities of people.”

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