

## Recruiting and Diversifying IMF Technocrats

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*This article examines the International Monetary Fund's recruitment policies and reveals internal debates on diversifying the organisation. It has often been argued that the IMF economist staff are technocrats proposing common policy solutions to economic adjustment because of their shared knowledge and training. These 'econocrats' are argued to be monolithic in their thinking and background and a part of the 'Washington Consensus' on economic policy reform. Consequently, the Fund has often been viewed as an insular and inbred organisation that lacks diversity. But how has the IMF approached diversity? Are the IMF 'econocrats' really similar? These questions are answered by examining 15 years of IMF documents on staff recruitment newly released upon request from the IMF archives. In addition, numerous personal interviews with IMF staff members and executive directors give insight into this powerful institution's organisational dynamics.*

### Introduction

Since the debt crisis in the early 1980s, an increasing number of countries, specifically developing countries, have borrowed money from the International Monetary Fund (IMF). The Fund has lent money to its members on condition that members implement suggested economic reforms. These economic reforms have been repeatedly prescribed from country to country. Studies have suggested that the Fund's loan arrangements are carbon copies of one another because the Fund staff are technocrats.<sup>1</sup> Technocrats are

individuals with a high level of specialist academic training, particularly in economics and engineering, who operate on the principle that most of the problems of society can be solved by scientific and technical means,

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1. For example, see Valerie Assetto, *The Soviet Bloc in the IMF and the IRBD* (Boulder, CO: Westview Press, 1988), pp. 8–9; Kendall Stiles, *Negotiating Debt: The IMF Lending Process* (Boulder, CO: Westview Press, 1991), pp. 4–6; Goh Chien Yen, "Accountability and Policy Dialogue: Bringing More Voices into the Policy Debate", in Barry Carin and Angela Wood (eds), *Enhancing Accountability in the International Monetary Fund* (Victoria: Centre for Global Studies, 2003), pp. 58–59; Lisa Martin, "Distribution, Information, and Delegation to International Organizations: The Case of IMF Conditionality", unpublished paper. Program on International Organization and Change, p.4.; <<http://www.internationalorganizations.org/martinimf.pdf>>; Miles Kahler, "External Influence, Conditionality, and the Politics of Adjustment", in Stephan Haggard and Robert R. Kaufman (eds) *The Politics of Economic Adjustment: International Constraints, Distributive Conflicts, and the State* (Princeton, NJ: Princeton University Press, 1992), p. 127; Allan Drazen, "Conditionality and Ownership in IMF Lending: A Political Economy Approach", *IMF Staff Papers* 49 (Washington, DC: IMF, 2002), p. 37.

rather than through politics and political awareness in society. In their view, those who are called upon to solve these problems must have specific scientific knowledge to deal with them.<sup>2</sup>

Technocratic Fund staff repeatedly prescribe the same conditions to developing countries because they are educated and trained alike to address economic maladjustment using the same brand of orthodox monetary economics. Critics charge that the Fund's intellectual homogeneity stunts internal debate and insulates the Fund from external debate on the suitability of its loan conditionality.

In the literature on IMF decision-making, there is a widely held assumption that Fund staff propose a common orthodox monetary solution to economic adjustment because of their shared knowledge and technical training. This often made assumption about Fund staff being monolithic and technocratic, however, requires greater dissection. An organisational approach to the study of the Fund is needed to understand who are the staff and what makes the staff unified in disseminating their message. It is important to answer questions such as: how similar are the IMF staff? How does the Fund hire and assess potential recruits? How does the Fund view the role of its economist staff? What attempts are made to achieve Fund staff diversity? To answer these questions we need to examine the Fund's internal dynamics.

One important determinant of an organisation's function and behaviour is its recruitment policies, objectives and trends. This study examines over 15 years of Fund recruitment policies and objectives into the Economist Program where approximately half of the Fund staff were recruited. Primary documents of the Fund staff, the Executive Board, and the Administration Department were released upon request from the Fund archives. The Fund continues to ban documents written within the past five years and documents coded as strictly confidential. This paper assesses Fund recruitment documents written from the onset of the debt crises in the early 1980s to the late 1990s. In addition to content analysis of primary Fund documents, personal interviews were conducted with former Fund staff and former executive directors.

Another point of inquiry is how the Fund approached diversity. Some suggestions to diversify and reform Fund hiring as a way of infusing new policy ideas into the Fund were debated internally. Fund Management, however, resisted calls for changing IMF recruitment policies. Consequently, over the time period examined, recruitment objectives and practices barely changed. Fund Management argued that existing recruitment policies ensured a technically strong cadre of staff economists. Management argued that the Fund needed to hire economists who were perceived to be the 'best' so as effectively to persuade borrowing country officials to adopt prescribed economic reforms. Despite some internal debate on how, where, and who to recruit, there was little debate on the overall virtues of the types of economic policies prescribed to developing countries.

### **Fund Technocrats and IMF Organisational Dynamics**

The chief architects of the IMF, Henry Dexter White and John Maynard Keynes, believed that the Fund would help to bring order to international trade and

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2. Benno Galjart and Patricio Silva, *Designers of Development: Intellectuals and Technocrats in the Third World* (Leiden: Centre for the Study of Non Western Societies, 1995), pp. 1–15.

monetary relations. The Fund architects structured the IMF in a manner that would ideally separate the technical staff from the politicised Executive Board. In principle, Fund economist staff prepare economic policy reports on member states and negotiate with debtor states the terms and conditions of Fund loans. The Fund staff, therefore, would be on the front-line trying to persuade government officials to adopt particular economic policies. The IMF Executive Board approves or declines loans but should not decide the terms and conditions attached to loans.<sup>3</sup> Ideally, then, the IMF staff negotiate the particular terms and conditions of Fund loans; the Executive Board assesses the viability of the proposed loan in its entirety.

White and Keynes envisioned the Fund staff providing technical advice to members with political interests in the Executive Board being kept at bay.<sup>4</sup> Fund architects designed Fund decision-making to follow a technocratic, apolitical model. Fund staff would negotiate loan programmes with country officials and the Executive Board would rubber-stamp the staff's proposed agreement. Ideally, then, the Fund staff's expertise in macroeconomics would dominate programme design and would usurp the Executive Board's political interference in prescribing loan conditionality. The IMF's Legal Department also interpreted the Fund's mandate and decision-making process to imply that the staff would conduct apolitical negotiations at arms length from the Executive Board. Former director of the Fund's Legal Department, Joseph Gold, noted that:

the Managing Director conducts the negotiations with members on the issue of the Fund's resources that precede decisions of the Executive Board on members' requests. The Managing Director and the staff, of which he is the chief, owe their duty entirely to the Fund and to no other authority, national or international, in the exercise of their official functions.<sup>5</sup>

The Fund staff are therefore deemed to be technocratic because they use objective, apolitical economic rationales in determining country appropriate policies.

The Fund staff's technocratic approach is based on quasi-scientific methods—standard sets of economic formulae applied universally to all borrowers' loan agreements. The universal application of the formulae to all agreements, moreover, explains why many of the agreements were similar to one another. These formulae are modern versions of the old-Polak models and are used in determining macroeconomic performance criteria of IMF conditionality.<sup>6</sup> Performance criteria tend

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3. Of course the Fund architects' vision of an apolitical IMF decision-making process has not necessarily materialised. There are numerous cases of Fund politicisation by the Executive Board. For example, see Bessma Momani, "American Politicization of the International Monetary Fund", *Review of International Political Economy*, Vol.11, No. 5 (2004), pp. 880–904.

4. Susan Strange, "The Monetary Managers", in Robert W. Cox and Harold K. Jacobson (eds), *The Anatomy of Influence: Decision-Making in International Organizations* (London: Yale University Press, 1973), p. 267.

5. Joseph Gold, *Political Considerations are Prohibited by Articles of Agreement When the Fund Considers Requests for Use of Resources*, IMF Survey (Washington, DC: IMF, 1983), p. 148.

6. See David Pion-Berlin, "Political Repression and Economic Doctrines: The Case of Argentina", *Comparative Political Studies*, Vol.16, No.1 (1983), pp. 37–66; Wilfred David, *The IMF Policy Paradigm: The Macroeconomics of Stabilization, Structural Adjustment, and Economic Development* (New York: Praeger Publishers, 1985); Lance Taylor, "IMF Conditionality: Incomplete Theory, Policy Malpractice",

to be quantitative targets that reduce the risk of subjective and politicised decision-making among the staff. There is then a normative assumption that Fund staff (or 'econocrats' as Susan Strange called them), "are selfless dedicated missionaries with only the best interests of the world community at heart", and are above the ugly business of international politics.<sup>7</sup> It may be as Barnett and Finnemore suggest that IO staff create this image of impartiality both to retain autonomous power from strong member states and to give their policies a "moral authority".<sup>8</sup>

Globalisation critics have also suggested that the Fund's stringent neoliberal policies are attributable to the Fund staff's monolithic, technocratic and insular nature. Fund critics have attributed staff rigidity to their shared monetarist economic training and overemphasis on technical studies.<sup>9</sup> Anti-globalisation groups have further argued that the IMF staff purport to have a universal neoliberal economic agenda that undermines indigenous economic systems. From the developing world, Fund critics have argued that the IMF staff lack local knowledge of debtors' economic, political and social situations. Part of the problem, these critics argue, is that the mainly industrialised country Fund staff employ economic theories and formulae designed in absence of consultation or intellectual discourse with developing countries. Moreover, Fund technocrats have shared economic training with elite developing country technocrats in finance ministries and central banks. These developing country elites, akin to Mao's 'comprador bourgeoisie', benefit from the Fund's neoliberal policies at the expense of the local masses.<sup>10</sup> Consequently, dissemination of the Fund's economic agenda to developing countries occurs because of an elite "technocratic alignment" or shared technocratic training with developing country officials.<sup>11</sup>

Numerous assumptions have been made about the technocratic nature of Fund staff, but there are few studies on the Fund staff and the Fund's organisational dynamics. Part of the problem is that dominant American IO theories—neoliberal institutionalism and neorealism—have little appreciation for how international organisations work. To theorists employing these traditional schools of thought, international organisations are often discussed as "empty shells or impersonal policy machinery to be manipulated by other actors".<sup>12</sup> This is not just because neoliberalism and neorealism cannot break from the debate over international organisations' place on the Pareto frontier. Rather, both traditions view international organisations as having "no ontological independence".<sup>13</sup>

Constructivists' influence on the study of international organisations has reinvigorated interest in IOs' organisational features—socialisation, learning, ideas, norms

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in Robert J. Myers (ed.), *The Political Morality of the International Monetary Fund* (New Brunswick, NJ: Transaction Books for the Carnegie Council on Ethics and International Affairs, 1986), pp.93–109.

7. Susan Strange, *The Retreat of the State* (Cambridge: Cambridge University Press, 1996), pp.161–162.

8. See Michael Barnett and Martha Finnemore, "Beyond Delegation", presentation to the Utah Meeting on Delegation to International Organizations, Brigham Young University, May 2–3, 2002, <[http://www.internationalorganizations.org/html/utah\\_meeting.html](http://www.internationalorganizations.org/html/utah_meeting.html)>.

9. Goh Chien Yen, "Accountability and Policy Dialogue: Bringing More Voices into the Policy Debate", in Carin and Wood, *op cit.*, pp. 58–59

10. Global Exchange, "World Bank and IMF", <<http://www.globalexchange.org/campaigns/wbimf/facts.html>>.

11. Kahler, *op. cit.*, p. 127.

12. Michael Barnett and Martha Finnemore, "The Politics, Power, and Pathologies of International Organizations", *International Organization*, Vol.53, No.4 (1999), p. 704.

13. *Ibid.*

and persuasion. Notable examples are Adler and Haas's exploration of the role of small groups holding common expertise called epistemic communities, that act as 'vehicles' pushing policy ideas from the abstract-level to both international organisation and state agendas<sup>14</sup> while Finnemore demonstrates how international organisations use a combination of persuasion and coercion to teach state policymakers about IO ideals and paradigms.<sup>15</sup> Moreover, Checkel fills an important gap by demonstrating why and how state actors internalise the norms and ideas being proposed by IO 'persuaders'.<sup>16</sup> Nevertheless, in the contemporary IO literature, few studies examine international institutions' organisational dynamics. Part of the problem is that this type of discourse is too reminiscent of functionalist theories that once dominated the study of international organisations.

Functionalist approaches to the study of international organisations attempted to bring attention to IO organisational dynamics and the form organisations take. This inward-looking approach was useful, but consequently functionalists created flawed normative assumptions about IOs in the larger international political system. Functionalists assumed that by raising the value of IO staff's expertise, better technical and scientific-based policies would prevail over the conflict-ridden and uncooperative nature of world politics. Functionalists' support for apolitical technicians to rise above the ugliness of conflict was an ideal worth striving for, but not a reality materialising in international organisations. International organisations that claim their expertise is used to achieve a better public good—as is often found in IMF literature on the necessity of following IMF staff's proposed economic policies to achieve domestic and international economic prosperity—have garnered criticism for asserting a monopoly on knowledge designed for political, and more cynically, for hegemonic ends. Functionalists advocated apolitical international organisation; critics, on the other hand, argue that IOs are clearly politicised while still claiming to propose neutral, value-free policies. The functionalist literature on IOs, therefore, appears to be void of analytical significance in contemporary international politics.

International Organisation studies have strayed away from examining how institutions function and behave, lest their study be labelled as dry, descriptive and apolitical. Nevertheless, as scholars are prompted to discuss the impact of ideas and consensual knowledge on the study of international organisations, it seems justified that we reexamine how internally institutions gather and maintain intellectual cohesion. An inward-looking approach, holding international politics as a constant, is important in linking IOs again with the international system. Giving IOs an ontological purpose allows us to delve into how organisations behave and then better to explain their relation to workings in the international political and economic systems.

There is a general break in the IO literature between how IOs function, now mainly studied by international legal analysts, and the role IOs play in the international political and economic systems. The IMF is especially relevant to

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14. See Emanuel Adler and Peter Haas, "Conclusion: Epistemic Communities, World Order, and the Creation of a Reflective Research Program", *International Organization*, Vol. 46, No. 1 (1992), pp. 367–390.

15. Martha Finnemore, *National Interests in International Society* (Ithaca, NY: Cornell University Press, 1996).

16. Jeffrey T. Checkel, "Why Comply? Constructivism, Social Norms and the Study of International Institutions", *ARENA Working Papers* WP 99/24.

bridging this literature gap, because the shared economic thinking characterised as the Washington Consensus, supposedly emanating with ferocity from within the Fund to the developing world, has greatly influenced international policy-makers and changed the character of international governance. According to John Williamson who coined the phrase 'Washington Consensus', the agreed economic reforms included fiscal discipline, reducing government expenditures, increasing tax revenues, liberalising interest rates, liberalising exchange rates, liberalising trade, promoting foreign direct investment, deregulating the public sector and safeguarding property rights.<sup>17</sup> Those considered to be a part of the Washington Consensus include the US Congress, the US administration, policy think-tanks, the World Bank, and the IMF. Critics charge that these institutions form a nexus of power spawning economic prescriptions for the world to follow. It is often been charged that the technocratic nature of IMF staff facilitates the spread of this powerful ideology. While numerous studies have made assumptions about Fund technocrats, this study sheds light on Fund staff recruitment and staff diversification. After all, if the Washington Consensus has its foothold in the IMF and is powerful enough to shake the nature of governance all over the globe, then we need to understand how this knowledge is recruited within the Fund and what sustains this dominant way of thinking.

### **The Fund's Recruitment Process into the Economist Program**

Since 1970, the Fund has centralised the recruitment of its economists through the Economist Program (EP). Under this programme, every year the Fund recruits economists to join the organisation. The Fund's recruitment officers visit universities in approximately 30 countries (see lists of countries in Appendix 1), research institutes, and, recently, annual meetings of American and European economic associations. Every year the Fund receives over 1,000 applications and has on average employed 25–35 individuals. The Fund specifies that it is interested in candidates that:

- [are] below the age of 33 when they join the staff (the average age on entry is 29);
- have an advanced graduate training in macroeconomics or a related field;
- possess a superior academic record;
- have a good command of English;
- demonstrate strong quantitative and computer skills, and
- show an interest in, and aptitude for, working in an international organisation;
- [moreover,] although a PhD is not a requirement, most candidates are pursuing (or have recently completed) their doctoral studies and this factor sets the level of the competition in the selection process.<sup>18</sup>

The Fund dwindles down the number of promising applications to approximately 500–600 applicants. Then the Fund conducts pre-screening interviews which can

17. See John Williamson, *Latin America Adjustment: How Much Has Happened?* (Washington, DC: Institute for International Economics, 1990), pp. 7–17. Many have criticised the phrase 'Washington Consensus' for inaccurately describing a diversity of thought within the participating institutions. See Moises Naim, "Fads and Fashion in Economic Reforms: Washington Consensus or Washington Confusion?" *Foreign Policy Magazine* (October 1999), <<http://www.imf.org/external/pubs/ft/seminar/1999/reforms/Naim.HTM>>.

18. IMF, *Economist Program*, <<http://www.imf.org/external/np/adm/rec/job/econpro.htm>>.

take place either at the applicants' home universities or at the Fund's headquarters in Washington. Approximately 100–125 applicants are chosen for interviews with a panel of senior IMF staff members. Depending on applicants' geographical location, applicants are interviewed either at the Fund's headquarters in Washington or at a regional office in Paris. According to the Fund's study of its recruitment policies, these panel interviews test applicants' "knowledge, judgement, analytical ability, communication skills, and other relevant characteristics".<sup>19</sup> On an online posted board, one interviewee commented:

If you interview with the IMF: be sharp, quick, and intelligent!!! They will ask you 2 minutes about your research and then the adventure starts and you feel like you are taking an oral comprehensive exam in international finance.<sup>20</sup>

After these rigorous panel interviews, approximately 55 candidates are recommended to the Economist Program Committee. These candidates submit a piece of written work that demonstrates their analytical and research skills. Candidates' submitted written work is reviewed internally by members of the staff in various departments. After 1995, the IMF added three other screening tests: a writing skills test, a social-like meeting with former and current Economist Program recruits, and a non-technical interview with staff that tests their interpersonal and diplomatic skills. The EP committee then decides on the 30–35 applicants to be offered employment.

The typical new recruit into the Economist Program is a young, male PhD graduate, a national of an industrial country, and American-trained in macroeconomics (See Table 1 for a breakdown). Upon entering into the Economist Program, Fund staff are given a two-year limited term appointment; new staff spend two one-year periods in two different area departments. After the two-year probation period, more than 95% of EP recruits are offered regular appointments. There are some expulsions and voluntary departures, but the Fund acknowledges that compared to newly hired mid-career level economists, the EP 'graduates' adapt well to the Fund and have a low separation rate.<sup>21</sup>

### Recruiting Staff into the Economist Program: 1980–1998

From 1980 to 1998, the IMF Administration Department prepared six internal assessments of Fund recruitment and retention of EP staff for the Executive Board. Upon request, these documents were released from the Fund Archives. General findings specific to the time period examined in each study are presented. Furthermore, the Fund archives released numerous documents related to personnel policies, staff compensation reviews and staff nationalities. Findings in primary documents were further complemented by personal interviews with former Fund staff, former Executive Board Directors, and staff of former Executive Directors to create a comparative-historical study of the Fund's recruitment into the Economist Program.

19. IMF, *Recent Recruitment and Retention Experience*, EBAP/84/121 (Washington, DC: IMF, 1984), p. 7. I would like to acknowledge the invaluable assistance of the IMF Archives for access to Fund documents.

20. Online. "Job Market Information 2003: PhD Program in Economics, West Virginia University", <<http://www.be.wvu.edu/divecon/econ/balvers/jobmarket2003.htm>> (April 2003).

21. IMF, *Staff Recruitment and Retention*, EBAP/97/30 (Washington, DC: IMF, 1997), p. 5.

**Table 1. Economist Program Recruits<sup>a</sup>.**

	1980/83	1985/87	1988/90	1991	1992	1993	1994	1995	1996	1997
Age (average)	NA	29	29	29	29	30	28	30	30	30
Completed PhD	84%	61%	56%	53%	52%	80%	63%	40%	53%	58%
Developing Country Nationality	36%	33%	52%	53%	21%	35%	44%	23%	35%	32%
Male	NA	95%	78%	80%	81%	78%	73%	66%	82%	84%
Anglo-American Graduates	NA	76%	82%	73%	80%	75%	73%	53%	79%	68%

<sup>a</sup>See IMF, *Staff Recruitment and Retention*, years 1983 through 1998.



The first study was reported in 1984 and covered the period from 1980 to 1983. The time period covered in this study was important because the IMF's function as a short-term lender developed to reflect the needs of developing countries. The IMF responded to this new role by also identifying changes needed in its recruitment policies. Among the changes, the Fund recognised that it needed to hire more economists from developing countries. The Fund conducted a higher number of recruitment missions to developing countries. The Fund study noted that despite the Fund being in the 'limelight' and greater awareness of what the IMF was, recruitment in several developing countries was unfruitful. The Fund study explained that developing countries' graduate students and economic faculty members did not yet appreciate "the Fund as a viable employment alternative".<sup>22</sup>

A typical recruitment scenario for this time period reveals that in 1983, over 1,500 individuals applied to the Economist Program, 500 applicants were considered, 125 applicants proceeded to panel interviews, and 55 candidates were recommended to the Economist Program Committee. The committee offered positions to 29 individuals, and 24 accepted the Fund's offer of employment. Those that rejected the Fund's offer of employment were ranked the highest on the Fund's list of preferred candidates. These individuals also tended to choose academic positions instead of a Fund career. Preferred candidates tended to choose academia over Fund employment because they were familiar with academia and were interested in the research and consulting opportunities affiliated with academia. Of the economists recruited throughout 1980 to 1983, 30 per cent had academic work experience, 13 per cent had public sector experience, and a few had private sector or international organisation experience; in addition, 40 per cent of the new recruits were hired as students still in the process of completing their graduate degrees.<sup>23</sup>

The second study under consideration, reported in 1991, examined recruitment and retention throughout the 1980s. The Administration Department noted that in the first part of the 1980s the Fund successfully recruited many of its preferred candidates, however, by the second half of the 1980s, the Fund had difficulty recruiting many sought-after candidates. The Fund measured its recruitment success on the percentage of accepted employment offers. This rate of acceptance consistently declined from 80 per cent in 1980–1983, 67 per cent in 1985–89, to 64 per cent in 1990.<sup>24</sup>

The Fund study primarily attributed its decreasing job acceptance rates to a high demand for macroeconomists in academia, in institutions assisting in European economic integration, and in the transforming economies of Eastern Europe. Other factors cited included the United States' increased restrictions on its working visas made employment more difficult for prospective staff's spouses, and both the notoriety of Washington as the US capital of crime and the increased costs of housing in and around Washington deterred prospective staff.<sup>25</sup> The 1991 report also noted the following observations. Of the EP recruits in the 1980s, 75 per cent received their highest degrees from Anglo-American universities where instruction was in English. The average age of EP recruits was 28 years old, with an average of 2–3 years of work experience, and with a majority having completed their PhDs.

The third and fourth studies examined, reported in 1995 and 1996, covered Fund recruitment in the early 1990s. Throughout the early 1990s, the IMF

22. IMF, *Recent Recruitment and Retention Experience*, EBAP/84/121 (Washington, DC: IMF, 1984), p. 6.

23. *Ibid.*, p. 9.

24. IMF, *Recruitment Policies and Practices*, EBAP/91/176 (Washington, DC: IMF, 1991), p. 6.

25. *Ibid.*, p. 6.

recognised that it needed to expand the number of female EP recruits. Gender distribution in the 1980s was disappointingly low: women constituted 8.5 per cent of all appointments. After active Fund recruitment, women constituted 18 per cent of all appointments in 1996 (See Table 1). To accomplish this improved gender distribution, the Fund focussed on pre-screening more female applicants and on targeting for more female summer intern positions. The early 1990s also proved to be a challenging period for Fund recruitment as the institution scrambled to advise and describe the economic transition of the former Soviet Union. By 1992, the market for economists outside of the Fund was in good supply and consequently the Fund attracted many good recruits; this was further exemplified by high rates of offers accepted—78 per cent in 1992.<sup>26</sup>

In 1992, the Fund nearly doubled the number of recruits into the Economist Program and nearly tripled the number of new mid-career hires. This surge in recruitment remained relatively high in 1993 and slowly tapered off in 1994. The Fund had relied heavily on mid-career recruits, as opposed to the Economist Program, because it needed trained and ready staff. The Fund attained these candidates from central banks, departments of finance and research institutes.<sup>27</sup> Despite this temporary surge in employing mid-career level economists, the Fund noted that by 1995 the Economist Program would “regain its position as the most important source for the recruitment of long-serving career staff”.<sup>28</sup>

The fifth and final study under consideration, written in 1997 and 1998, reported that the Fund attracted a higher number of applicants to the Economist Program. The Administration Department attributed this surge in applications received to the increased desirability of hiring former IMF staff in other institutions. In other words, candidates were attracted to work in the Fund as a springboard to their future careers in other organisations, particularly with large private banks. The Fund study also asked potential candidates about their initial perception of work at the Fund. Candidates believed that working at the Fund entailed an excessive workload, slow career advancement, but that salaries were good and competitive.<sup>29</sup>

### **Diversifying the Fund’s Economist Staff**

Within the walls of the IMF, the presence of a convergence of ideas, or homogeneity, among the Fund staff has been recognised. In an independent study commissioned by the Fund to report on improving its operations, the Fund highlighted that its recruitment policies indeed produced a homogeneous staff.<sup>30</sup> Within the Fund, there were differing views, however, on what constituted diversity. Management interpreted diversity to mean widening the range of staff nationality; the Executive Board interpreted diversification to mean widening the staff’s educational backgrounds.

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26. IMF, *Staff Recruitment and Retention Experience, 1991–95*, EBAP/96/26 (Washington, DC: IMF, 1996), p. 9.

27. *Ibid.*, p. 3.

28. IMF, *Staff Recruitment and Retention Experience in CY 1994*, EBAP/95/23 (Washington, DC: IMF, 1995), p. 6.

29. IMF, *Staff Recent and Retention*, EBAP/97/30 (Washington, DC: IMF, 1997), p. 4.

30. IMF, *External Evaluation of IMF Surveillance: Report by a Group of Independent Experts* (Washington, DC: International Monetary Fund, 1999), p. 32.

In several of the studies examined, the Fund Administration Department recognised that there was, indeed, a need for the infusion of new policy ideas into Fund operations and policies. In its 1984 report, the Administration Department suggested diversifying recruitment into the Economist Program to “bring to the Fund a small number of career staff who might approach policy questions from a new and somewhat different perspective”.<sup>31</sup> Starting in 1980, the IMF tried to reserve two non-economist positions in the Economist Program; these positions were part of a subcategory called Special Appointees. The Fund offered positions to candidates with degrees in business, public policy, journalism, law and diplomacy.<sup>32</sup> In the initial three years of hiring candidates into this Special Appointee category of the Economist Program, the Fund study found that its salaries were not competitive enough to attract ‘the best’ candidates. Consequently, there was a higher rate of rejection to Fund offers made under this category compared to offers made to economists.<sup>33</sup> According to an interview with a former senior staff member, the Fund also reserved positions in a Special Entry programme for economists from underprivileged African states. The Fund attempted to give some African economists a chance to catch up technically by offering them added training at the Fund. This programme received some criticism as the Special Entry staff were often stigmatised as incompetent.

The Fund also tried to diversify recruitment by appointing short-term employees ‘on secondment’ from member governments’ institutions and agencies. The Administration Department recommended that:

the Fund should seek to complement its relatively younger recruits with more mature individuals who have gained experience outside the Fund in analyzing, formulating, and implementing policy responses to real world economic problems or who have a demonstrated professional expertise in areas where this is needed in the institution.<sup>34</sup>

The premise behind this recommendation was to recruit a higher number of mid-career level economists from member governments that would infuse new and practical ideas into Fund policies, and in turn, these individuals would return to their countries with a better understanding and application of Fund policies.<sup>35</sup>

The Administration Department reported a great need for better gender diversification of the staff. Consequently, in the mid-1990s the Fund initiated a bold campaign to increase the number of female EP recruits. The Fund aimed to have at minimum 25 per cent of EP recruits being female, a figure that mirrored the percentage of women graduating from leading American PhD classes in economics.<sup>36</sup> One problem noted by a former staff member, however, was that despite Fund management’s sincerity in increasing the number of female recruits, many officials of developing countries were unresponsive to female staff members’ policy advice. Developing country officials were less accustomed to having women in powerful or comparable positions. Often developing countries’ officials could not tolerate

31. IMF, *Recent Recruitment and Retention Experience*, EBAP/84/121 (Washington, DC: IMF, 1984), p. 9.

32. *Ibid.*, p. 9.

33. *Ibid.*

34. IMF, *The Fund’s Personnel Policies and Objectives*, EBAP/91/46 (Washington, DC: IMF, 1991), p. 3.

35. IMF, *Recruitment Policies and Practices*, EBAP/91/176 (Washington, DC: IMF, 1991), p. 2.

36. IMF, *Staff Recruitment and Retention Experience 1997*, EBAP/98/32 (Washington, DC: IMF, 1998), p. 7.

being lectured to by women; female staff's role as persuaders and negotiators was therefore challenged. Of course, chauvinism is a cross-cultural problem, but this was a challenge to improving gender diversification in Fund staff.

One of the greatest limitations to reforming the Economist Program lies in the Executive Board and Management's competing views and interests regarding the direction of Fund recruitment policies. Management was mandated by the Fund's Articles of Agreement to achieve national diversity. Specifically, the relevant Article states:

In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.<sup>37</sup>

This Article was Management's guiding principle on achieving staff diversity. The Executive Board was critical of the Fund's recruitment policies, particularly on staff diversity, and made vocal their concerns during Board meetings. The Executive Board argued that the staff were overeducated, undiversified in their training, and lacked both diplomatic and negotiating skills.<sup>38</sup> These arguments proposed by the Executive Board and the response of management are further discussed.

In the Executive Board's 1991 review of staff compensation and pay, several Executive Directors commented that Fund staff were overeducated. Executive Directors suggested that PhD economists were not necessary to carry out the Fund's work and advised that the Economist Program recruit less PhD graduates.<sup>39</sup> According to the observations of several former staff members, the new EP graduates were often involved in processing data and mindless number-crunching. One staff member interviewed therefore questioned what was the purpose of hiring the so-called very best economists if they were "doing monkey work". This mismatch in EP's training and staff job description prompted the Executive Board to call for a decrease in the number of PhD economists being hired. Management and senior level staff of area departments, however, disagreed with the Executive Board's observations and suggestions. Management, spearheaded by Managing Director Michel Camdessus, argued that it was indeed "necessary that a large proportion of staff economists be trained at the PhD level given the mandate of the Fund, and the advanced training possessed by many country officials with whom Fund staff interact".<sup>40</sup> Similarly, senior level staff warned that "diluting the recruitment standards by seeking less-qualified staff would jeopardize the effectiveness of the Fund and erode its credibility".<sup>41</sup> There was resistance to lowering the expected academic training of Fund staff, so as not to undermine the image of the staff and undermine their role as persuaders.

Members of the Executive Board also suggested that the IMF staff were undiversified, as the majority of staff economists had received their training in Anglo-American universities (See Table 1). Management explained and justified why there was such a high tendency of staff to be educated in Anglo-American

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37. IMF, *Articles of Agreement* (Washington, DC: IMF, 1992), p. 32.

38. IMF, *Recruitment Policies and Practices*, EBAP/91/176 (Washington, DC: IMF, 1991), p. 11.

39. *Ibid.*, p. 10.

40. *Ibid.*, p. 10.

41. *Ibid.*, p. 10.

universities. First, Anglo-American universities offered the best training in international finance and macroeconomics. Management suggested that:

Economics students from other parts of the world are keenly aware of the schools which offer the best programs with the best professors, so they go out of their way to have their academic training 'crowned' by graduate studies at one of these schools. Similarly, other employers worldwide, including governments, tend to compete for those who have the strongest possible graduate level training. Accordingly, not only is this approach necessary for the Fund because it provides the best guarantee for a flexible and versatile core staff for the longer term, but it also helps ensure that Fund economists are at par with their counterparts in member countries.<sup>42</sup>

The assumption that the IMF only hired the 'best economists' was a widely held belief in Management under the reign of Camdessus. At Executive Board meetings, Managing Director Camdessus made a point of repeating the Fund's ability to hire the 'best economists' and wanted to distinguish the Fund from other international organisations, namely the United Nations and the World Bank, that succumbed to hiring less qualified people in the name of representivity.<sup>43</sup>

Fund Management and senior IMF staff had preconceived views on which universities produced the 'best economists'. In the late 1990s, in fact, the Fund's Recruitment Division categorised select universities as part of the perceived 'Top Twenty'. The Top Twenty universities were all American universities, with many being Ivy League American universities such as MIT, Harvard, Princeton, Columbia, Yale and Stanford. Of the 31 EP recruits in 1997, approximately 32 per cent of EP recruits were from the Top Twenty and another 19 per cent were from other American universities (See Appendix 2 for a list of universities where 1997 EP recruits obtained their highest degrees). In personal interviews with Fund staff and Executive Directors, they noted that the list of universities capable of producing the 'best economists' had grown remarkably throughout the previous 20 years.

Second, Management argued that staff recruitment would eventually diversify as the globalisation of education progressed. Management and senior Fund staff believed that neoclassical economic training would continue to spread internationally. The globalisation of neoclassical economic education would improve the quality of economic training in non-Anglo-American universities. Fund Management and senior staff recognised that there would be an increasing number of economic schools that could produce excellent neoclassical economists. This had been coming to fruition, for example, as many European universities produced well-known neoclassical economists. These continental economists—graduates from French, German, Swedish and Austrian universities—made an increasing presence at the Fund.

One staff member noted that even Moscow would be a promising source for well-trained neoclassical economists, specifically, an up and coming school and think-tank called the Institute for the Economies in Transition. This institute is under the directive of Yegor Gaidar, a former Russian finance minister, former

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42. IMF, *Staff Recruitment and Retention*, EBAP/97/30 (Washington, DC: IMF, 1997), p. 9.

43. Based on a 2004 interview with a former IMF executive director.

deputy prime minister, and well-known neoclassical economic reformer in the Putin government.<sup>44</sup> In recent years, the Fund has recruited excellent economists from this Russian institute. It was therefore believed that staff diversification would be achieved in the long-term as the globalisation of neoclassical economic training continued to spread. Management, however, cautioned:

In the meantime, it is important to keep in mind the mandate that quality must continue to be the overriding criterion in the selection decisions. It is not acceptable to introduce lower or dual, standards in an attempt to facilitate the recruitment diversification and remedy existing shortages on the Fund economist staff.<sup>45</sup>

These concerns were consistent with Managing Director Camdessus's objective of recruiting the 'best economists' and avoiding the use of quotas to achieve representativeness.

Third, Management reported to the Executive Board that despite a reliance on Anglo-American graduates there was indeed ethnic and cultural diversity in the staff, as evidenced by an adequate distribution of individuals from varied nationalities.<sup>46</sup> The Administration Department's reports consistently repeated that the percentage of staff members from developing countries was generally consistent with developing countries' financial quotas in the Fund (approximately 30–40 per cent). Nevertheless, an overwhelming number of these individuals were trained in and had graduated from North American and European universities. From 1980–1983, for example, 29 individuals from developing countries were recruited into the Economist Program, yet only one of these individuals actually completed their study in their homeland, 20 graduated from the United States, seven from the UK and France, and one from Canada.<sup>47</sup> Fund Management pointed to nationality being in keeping with financial quotas as a sign of adequate diversity; the Executive Board pointed to homogeneous educational backgrounds as an indication of uniformity.

Another of the Executive Board's concerns was the negotiation skills of EP recruits. Many Executive Directors commented that the Fund needed to emphasise the value of negotiation and diplomatic skills better in the evaluation of potential recruits. A large portion of the Fund staff's work surrounded negotiating terms and conditions of Fund loans. This required diplomatic and negotiation skills when persuading member countries to adopt tough economic policies. The

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44. For more information about the Institute for the Economies in Transition and their type of work and policies, see <<http://iet.ru>>.

45. IMF, *Staff Recruitment and Retention*, EBAP/97/30 (Washington, DC: IMF, 1997), p. 17.

46. In an interview a former senior staff member stated that the Fund was very diverse and culturally mixed. He believed that the Fund's statistics on staff nationalities underestimated actual diversity because many staff with American, Canadian and European passports were of other ethnic backgrounds or were naturalised citizens. Moreover, staff denoted as coming from developing countries were internationalised as members of elite and diplomatic families. Consequently, staff from developing countries were often culturally diverse and very internationalised. These observations of the former staff member are also in keeping with the point that most developing country staff members attended universities abroad which can be afforded by wealthy families.

47. IMF, *Recent Recruitment and Retention Experience*, EBAP/84/121 (Washington, DC: IMF, 1984), pp. 9, 23.

insular and technocratic nature of the Fund staff made them more preoccupied with the technical merits of their arguments based on textbooks models, than with the delivery of their arguments.<sup>48</sup> The staff perceived that their economic analysis was what should persuade country officials to change their policies; they did not think of themselves as negotiators or salespeople.<sup>49</sup> One Executive Director even commented critically that “the recruitment emphasis on PhD training was at the expense of skills in diplomacy or negotiations”.<sup>50</sup> Management and senior level staff of area departments, however, disagreed and pointed out that these skills were not mutually exclusive and that the Fund tried to recruit individuals that possessed both of these skills. Furthermore, they pointed to the Fund’s extensive on-the-job training to develop the staff’s negotiation and diplomatic skills.<sup>51</sup>

Although Management believed that the Fund staff had ample opportunities to advance their negotiation and diplomatic skills using Fund training programmes, staff members stated that excessive workloads and overemphasis on technical studies were impediments to furthering these skills. In a Fund study on staff morale, for example, it was noted that:

There is a growing concern on the part of staff that they do not have sufficient time to think or to learn about what they are doing, and that they are living off their intellectual capital. There is a concern that they are not given sufficient time and opportunity for useful training and development.<sup>52</sup>

Former staff interviewed highlighted the high number of skills and training courses offered by the Fund. One senior staff member noted that the Fund Institute even held 2–3 day seminars on political-economy type issues. Staff members interviewed, however, stressed that these seminars were in low attendance because of high work demands and the perceived value placed on technical performance as opposed to negotiation skills.

### **Convergence of Ideas within the Fund**

Fund Management and the Executive Board had various views on how to promote staff diversity, but they were generally in agreement on the appropriateness of the Fund’s paradigm. One Executive Director interviewed commented that because there was internal agreement on the appropriateness of Fund prescriptions, staff members’ origins and educational training were really moot points. Similarly, a former senior staff member commented that despite Fund efforts to recruit staff from various places to achieve diversity, the Fund eventually trains them to be homogenised in their approach to analysing economic maladjustment. A former staff member stated in an interview: “your success at the Fund was determined by your ability to adapt to the Fund”. Consequently, homogeneity was often achieved at the recruitment stage, and if it was not, then it was achieved after working many years in the hierarchical and rigid Fund structure.

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48. IMF, *External Evaluation of IMF Surveillance: Report by a Group of Independent Experts* (Washington, DC: IMF, 1999), p. 36.

49. Several staff members expressed this view in interviews conducted in 1999.

50. See IMF, *Staff Recruitment and Retention*, EBAP/97/30 (Washington, DC: IMF, 1997), p. 12.

51. *Ibid.*, p. 12.

52. IMF, *The Fund’s Personnel Policies and Objectives*, EBAP/91/46 (Washington, DC: IMF, 1991), p. 16.

Fund staff were encouraged by management to pursue economic research, but staff did not challenge Fund orthodoxy. Management wanted the staff to have ideas floating within the Fund and within the confines of the conservative macro-economic debate. Similarly, a former Executive Director once argued that IMF staff rigidity is attributable to an institutional inertia that stunts original thinking.<sup>53</sup> Numerous former staff members interviewed were asked what issues or ideas were clearly undebatable within the Fund. Among such alternative economic ideas were industrial policy or approaches that supported infant and strategic industries, import-substitution industrialisation, and consumption subsidies such as food subsidies. These statist policies were not welcomed by Fund Management, but more important, these policies were discredited by Fund staff. As one Fund staff interviewed stated “the ideas of neoclassical liberalism are not sold as an ideology . . . but are promoted because they are thought to be right, to be the best policy advice economic science has to offer”.<sup>54</sup>

Despite internal consensus on the appropriateness of Fund policies, Management was always concerned with preserving the image of Fund solidarity and did not want Fund staff to undermine the Fund’s paradigm when negotiating with debtor countries. Former Managing Director Camdessus reportedly said, “the intellectual discipline will be maintained while I am here—we deal with crises and we cannot have our troops [the staff] rethinking strategy on the field of battle”.<sup>55</sup> It was rare and perhaps very difficult for staff to criticise the Fund’s thinking due to the hierarchal nature of the Fund. Similarly, former Executive Director Ian Clark noted in his study:

[the Fund’s] ‘single corporate line’ in negotiations with countries requires a somewhat hierarchical managerial structure and highly developed internal procedures to encourage questioning and debate at an early stage but to act with Cabinet-like solidarity after decisions are made.<sup>56</sup>

Similarly, there was ample quality control on research written at the Fund. One staff member interviewed attributed this quality control on the successful work of the Policy Development and Review Department which he called the “thought police”. This gatekeeping also helped to produce an homogenous research outcome.

There appears to be a general consensus on the viability of the Fund’s conservative macroeconomic paradigm among the Fund staff but there were internal debates on the pace and scope of reforms and on the sequence of reforms. In particular, exchange rates and capital controls were among the issues often raised for discussion in the Fund that were also being debated externally. Although initially hesitant, the Fund entertained internal debates on the feasibility of flexible exchange rates and capital controls. For many years, the Fund disfavoured the application of flexible exchange rates because it argued that this distanced countries from globalisation. Countries that adopted flexible exchange rates were in essence giving up the battle. The debate over flexible versus fixed

53. See Ariel Buira, “IMF Financial Programs and Conditionality”, *Journal of Development Economics*, Vol. 12 (1983), pp.111–36.

54. E-mail exchange with a former senior Fund staff member, February 13, 2004.

55. Quoted in Ian Clark, *Should the IMF Become More Adaptive?* IMF Working Papers (Washington, DC: International Monetary Fund, 1996), p. 25.

56. *Ibid.*, p. 25.



exchange rates eventually ended without suggesting which method was best; a country's circumstances would determine which method was ideal. In other words, exchange rate regimes would be considered on a case by case basis.<sup>57</sup>

For many years, the Fund acknowledged that there were similarities in its loan arrangements. It argued that loan conditions were similar from country to country because the internal economic problems plaguing developing countries were often very similar. The Fund, however, does not agree that there is an IMF orthodoxy or paradigm being used. In a conversation with a former Executive Director, Fund Management reportedly took issue with an Executive Director's reference to the Fund's economic paradigm as a 'doctrine'. Stanley Fisher, former deputy managing director, commented that the IMF did not have a doctrine, the Fund promoted 'good economics'. This seemed to be a point shared by many staff members interviewed. The view was expressed that the IMF did adopt conservative macroeconomics but that the economics discipline did not offer a viable alternative. Within the Fund there is indeed a consensus on the virtues of its paradigm; Fund hierarchy and control over recruitment ensures this convergence of ideas.

## Conclusion

To understand international organisations, we need to examine their internal organisational dynamics. Assumptions made in the Fund literature on IMF staff technocracy deserve dissection. This study examined Fund recruitment to determine how the Fund effectively produced an homogenous and monolithic organisation. Management and the Executive Board disagreed on who and where to recruit staff, but there was agreement on the appropriateness of conservative macroeconomic approaches. Consequently, there were few internal cries to forsake the economic paradigm preached at the Fund. There was no evidence of a demand for alternative economic policy prescriptions to be found in the Fund documents. Similarly, former staff members and executive directors interviewed did not suggest that the Fund's economic paradigm was wrong or misguided. Many of the interviewees acknowledged the Fund's monolithic nature and over representation of Anglo-American university graduates, but stressed that no alternative economic paradigm to the accepted monetarist paradigm was credible. Despite the Executive Board's calls for greater diversity of the Fund staff economist's educational backgrounds, there were no calls *per se* for alternative economic policy prescriptions. In other words, despite internal debate on changing who ought to be the persuaders, there was little disagreement on the existing persuaders' message—the Fund's call for monetary and fiscal conservatism. Indeed, there appears to be almost a consensus on the utility of the Fund's prescribed economic policies. The Fund indeed recruits individuals that preach its message. Fund staff are trained to approach economic maladjustment in the same manner and work in the Fund demands strong technical arguments and obedience to the rigid hierarchical order. The combination of these factors produces a technocratic staff - a staff that Fund critics charge to be overly insular and myopic such that alternative economic approaches to adjustment are ignored.

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57. Information based on interviews conducted with an individual formerly employed by an IMF executive director's office.

**Appendix 1:** List of Countries visited in Recruitment Missions 1980–83, 1990–91, and 1993–97<sup>a</sup>.

Country	1980–83	1990	1991	1993	1994	1995	1996	1997	1998
USA, Canada	x	x	x	x	x	x	x	x	x
UK	x	x	x	x	x	x	x	x	x
France	x	x	x	x	x	x	x	x	x
Germany	x	x	x	x	x	x	x	x	x
Italy	x	x			x	x	x	x	x
Switzerland		x		x	x	x	x	x	x
Austria	x		x		x	x	x	x	
Belgium	x		x	x		x	x	x	x
Netherlands	x		x		x	x		x	
Spain	x	x				x	x		x
Finland, Norway, Sweden	x		x		x		x		x
Denmark	x		x			x	x		x
Russia	NA	NA	NA	x		x		x	
Czech Republic, Slovakia		x				x			
Turkey					x		x		
Ireland					x		x		
Portugal		x			x				x
Estonia, Latvia Lithuania				x					

Other European		Poland		Ukraine		Bulgaria		Poland	Greece
Japan	x		x	Luxembourg	x	Iceland		Hungary	x
Korea	x								
China	x	x			x	x	x		
Indonesia, Malaysia, Thailand	x		x			x			x
Other Asia				India					Singapore
Kenya	x	x			x				x
Cameroon				x			x		
Nigeria	x							x	
Senegal	x			x			x		
Tanzania	x				x				
Zimbabwe, South Africa						x			x
Zambia	x					x			
Other Africa	Malawi	Ethiopia						Ghana	
	Zaire	Madagascar							
Egypt	x	x							x
Pakistan	x	x							
Lebanon	x				x			x	x
Morocco, Tunisia	x		x				x		

(continued)

Appendix Continued.

Country	1980–83	1990	1991	1993	1994	1995	1996	1997	1998
Other, Middle East	Algeria Iraq Syria	Jordan		Iran	Jordan	Saudi Arabia Bahrain Kuwait UAE			Bahrain Jordan Kuwait Syria
Chile	x			x		x			
Argentina	x			x				x	
Other Latin America	Mexico Venezuela Brazil			Brazil		Columbia Costa Rica		Mexico	

<sup>a</sup>See IMF, *Staff Recruitment and Retention*, years 1983 through 1998. Data for 1991 were provisional and countries visited could be missing in list.

**Appendix 2:** List of Universities: Highest Degree Obtained by 1997 EP Recruits  
(Total 31 EP Recruits)<sup>a</sup>.

Country/University	No. of EP Recruits	% of EP Recruits
United States	16	52
"Top Twenty"	10	32
Berkeley	1	
Columbia	1	
Harvard	2	
MIT	2	
University of Pennsylvania	1	
UCLA	1	
Yale	2	
Other American	6	19
Maryland	1	
Boston College	1	
Georgetown	1	
George Washington	1	
Hawaii	1	
New York University	1	
Europe	14	45
University of Amsterdam	1	
University of Bonn	1	
University of Auvergne	1	
University College Dublin	1	
LSE	2	
Catholic University of Louvain	1	
University of Manchester	1	
Oxford University	1	
University of Strathclyde, Glasgow	1	
University of Paris, Sorbonne	1	
Stockholm School of Economics	1	
University of Pompeu Fabra	1	
Erasmus University, Rotterdam	1	
Japan	1	
Keio University, Tokyo	1	

<sup>a</sup>IMF, *Staff Recruitment and Retention Experience 1997*, EBAP/98/32 (IMF: Washington, DC, March 25, 1998), p. 33. Note that a request for data on which universities EP recruits came from was made for years 1980 to 1998. This request was denied on grounds of infringing Fund staff's privacy. The data for 1997 was perhaps mistakenly placed in the Staff Recruitment report; there is no similar information in earlier Staff Recruitment reports.

