

ISSUE BRIEF

No. 3572 | APRIL 19, 2012

Advancing Economic Freedom Through the World Bank: A Worthy Goal for Jim Yong Kim

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On April 16, Dr. Jim Yong Kim, president of Dartmouth College, was elected as the next president of the World Bank. Kim, a physician with a background in public health, prevailed after an unusual race contested by two highly regarded economists from Nigeria and Colombia. Kim's background raises plenty of questions regarding his suitability for the job and particularly his commitment to the free-market globalization that has so dramatically reduced poverty around the world. He will succeed only if he can rise above the outdated ideology he has espoused in the past and focus on what actually works in fostering economic growth and development.

Building on Robert Zoellick's Legacy. In July, when Kim officially takes over the helm of the almost seven decades-old global

development organization, he will inherit a multilateral institution that has already embarked upon far-reaching change under the leadership of his predecessor, Bob Zoellick.

Over the past five years, Zoellick has focused on transforming the World Bank to more effectively serve its client countries in pursuing sustained economic development. Since assuming his presidency of the bank in 2007, Zoellick has been keen on executing practical solutions for the bank's client countries with a vision of "shifting from an elite, top-down approach to one that democratizes development."¹ Exerting experienced-based practical leadership, Zoellick has placed a greater emphasis on the bank's becoming "a seeker of solutions" rather than "a purveyor of prescriptions."²

For example, with a refreshed focus on delivering sustained, higher economic growth, Zoellick sharpened the bank's approach to dismantling barriers to development by launching the "Program for Results," which ties disbursement of financial resources to the achievement of verifiable outcomes. Zoellick also advanced the bank's anti-corruption efforts with a number of new initiatives.³

As Representative Kevin Brady, vice chairman of the Joint Economic Committee of the U.S. Congress, put it in a nutshell:

Bob Zoellick's tenure as President at the World Bank has ushered in greater economic freedom, open markets, and a higher standard of living around the world. His strong leadership has helped guide the World Bank through some of the most challenging economic times in recent memory. The World Bank is a stronger and more effective institution as a result of his service.⁴

Zoellick's pragmatic and global mindset has generated crucial momentum for the World Bank's resurgence as a more adaptive and modernized organization in the challenging multipolar global economic environment. In leading the World Bank over the next five years, newly elected president Kim needs to carry on this momentous transformation, not roll back policies by embracing the repeatedly failed strategies of the past.

Putting Principles of Economic Freedom into Development Practice. Presenting his credentials

This paper, in its entirety, can be found at <http://report.heritage.org/ib3572>

Produced by the Center for International Trade and Economics (CITE)

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as a development specialist, Kim has recently concluded his “global listening tour.” Kim’s meet-and-greet tour had been billed as an opportunity “to solicit input and ideas on priorities for the World Bank.”⁵ Before embarking on his expedition, Kim penned an op-ed noting that “every country must follow its own path to growth, but our collective mission must be to ensure that a new generation of low and middle-income countries enjoys sustainable economic growth that generates opportunities for all citizens.”⁶

In putting his own stamp on the World Bank, Kim has the opportunity to make it even more constructive and relevant in a demanding global economic environment, but he will succeed only if he embraces an agenda of market-based liberalization, greater integration into world trading and financial systems, and the elimination of corruption—as have most of the developing countries around the world. In other words, Kim should firmly place the advancement of economic freedom at the core of the bank’s development mission.

Indeed, at the heart of development and poverty reduction is the

mission of advancing economic freedom so that dynamic and inclusive growth can meaningfully occur for a greater number of ordinary people around the world. Economic freedom, cultivated by the rule of law, limited government, regulatory efficiency, and open markets, is critical to generating the broader-based economic dynamism that brings more opportunities for people to work, produce, and save.

This multidimensional relationship between economic freedom and development has been empirically documented in academic research, the annual *Index of Economic Freedom* produced by The Heritage Foundation and *The Wall Street Journal*, and in many other studies and indices. Not only does a high level of economic freedom clearly induce a greater level of prosperity, but it also facilitates progress in overall human development including better health, longer lives, greater education, and cleaner environments. And freer countries have a much better record at reducing poverty.

As indicated by the findings of the *Index*, sustaining dynamic and inclusive economic expansion is in fact about putting into practice three

fundamental principles of economic freedom: empowerment of the individual, non-discrimination, and open competition. This is not a dogmatic ideology. In fact, it represents the rejection of dogmatism, allowing individuals the freedom and flexibility to embrace diverse and even competing strategies for economic advancement.

Take a real-time example: Rwanda, a previously conflict-ridden country that Kim recently visited as part of his global listening tour, has persistently advanced economic freedom and recorded impressive entrepreneurial activity as one of the fastest risers in the *Index*. Such gains have not gone unnoticed at the World Bank. Obiageli Ezekwesili, outgoing bank Vice President for Africa, summed up her experience-based critical insights on how to eradicate poverty in a special chapter in the 2012 *Index*.⁷

The expansion over time of the conditions of freedom—whether economic, civil or political—also positively influences long-run economic growth. This kind of evidence, and what we call the evidence-based policy approach,

1. Robert B. Zoellick, “Why We Still Need the World Bank: Looking Beyond Aid,” *Foreign Affairs* (March/April 2012), <http://www.foreignaffairs.com/articles/137243/robert-b-zoellick/why-we-still-need-the-world-bank> (accessed April 19, 2012).
2. Ibid.
3. News release, “Zoellick Says World Bank Strong, Healthy and Well Positioned for New Challenges,” The World Bank, February 15, 2012, <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/EXTPRESIDENT2007/0,,contentMDK:23118403-menuPK:64822319-pagePK:64821878-piPK:64821912-theSitePK:3916065,00.html> (accessed April 19, 2012).
4. News release, “Representative Brady’s Statement on World Bank President Zoellick Retirement at End of June,” Joint Economic Committee, February 15, 2012, http://www.jec.senate.gov/republicans/public/index.cfm?p=PressReleases&ContentRecord_id=a4a26363-bfab-40cd-9437-cbfe9bba3917&ContentType_id=6ef5e4f8-e031-47b7-876c-607548c5dceb&Group_id=5f0df72f-2378-489f-99d2-2ad0754b74ed&MonthDisplay=2&YearDisplay=2012 (accessed April 19, 2012).
5. Treasury Notes, “Dr. Jim Yong Kim Extends Global Listening Tour to Solicit Input and Ideas on Priorities for the World Bank,” March 30, 2012, <http://www.treasury.gov/connect/blog/Pages/Dr-Jim-Yong-Kim-Extends-Global-Listening-Tour-to-Solicit-Input-and-Ideas-on-Priorities-for-the-World-Bank.aspx> (accessed April 19, 2012).
6. Jim Yong Kim, “My Call for an Open, Inclusive World Bank,” *Financial Times*, March 28, 2012, <http://www.ft.com/intl/cms/s/0/e2adc88c-7733-11e1-baf3-00144feab49a.html#axzz1sUhcW44c> (accessed April 19, 2012).
7. Obiageli Ezekwesili, “Fighting Poverty Through Economic Freedom,” Chapter 5 in Terry Miller, Kim R. Holmes, and Edwin J. Feulner, 2012 *Index of Economic Freedom* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2012), <http://www.heritage.org/index> (accessed April 19, 2012).

really is at the heart of what we do in the promotion of development choices. ... [In fact, everything] we do in terms of economic development really anchors in a very strong sense that economic freedom is important for fighting poverty. Since our mandate is a world free of poverty, economic freedom is a fundamental pillar for achieving that mandate. ...

[Economic freedom] helps to achieve inclusive growth and guarantee access to basic services by the underserved.

Dr. Kim, Prove Your Critics Misinformed. During the selection process for the World Bank's top position, a number of respectable development experts and other stakeholders have expressed legitimate concerns about Kim's seemingly anti-growth, anti-free market view, which was implied by a book, *Dying*

for Growth: Global Inequality and the Health of the Poor, that he co-edited with two other experts 12 years ago.

Kim has tried to dispel such unease about his earlier views on growth and his limited perspective on development. Nonetheless, much of his current approach to development policy remains to be seen. To earn trust and confidence in his World Bank presidency, Kim will have to prove himself as a steadfast growth promoter. In doing so, he should not let his vision for "inclusive development" be swayed by any lingering reservations about private sector-led investment and growth. If anything, his recent two-week "global listening tour" should have served as an enlightening occasion for him to recognize that greater economic freedom for all is an imperative for lasting growth and progress.

In his statement submitted to the World Bank Board of Directors for

his presidency interview, Kim noted, "I am a physician and an anthropologist committed to a strong, evidence-based approach to problem solving." As the new chief of the World Bank, Kim must continue such "evidence-based" practice in steering the bank to be an institution that strongly encourages growth and long-term economic development based on advancing economic freedom for all.

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