

Brookings/CIGI Seminar Series
“Double Majority Voting in the IMF”
Friday, February 8, 2008

Presenters: Nancy Birdsall, President, Center for Global Development; Colin Bradford, Nonresident Senior Fellow, Brookings and Nonresident Senior Fellow, CIGI

Moderator: Johannes Linn, Senior Fellow & Executive Director, Wolfensohn Center for Development at Brookings

Implementing double majority voting at the IMF could require, for example, both a vote by the Executive Board of weighted votes of the twenty-four chairs combined equally with an unweighted vote of the twenty-four chairs representing countries and country constituencies of the twenty-four in order for a proposal to pass. This procedure would allow advanced industrial countries to continue to have a significant influence in the weighted vote and add a broader coalition of countries to also support the measure for it to pass under the unweighted voting requirement.

Understanding the complexity of the issue, Bradford and Birdsall highlighted their views on the matter and paved the way for a lively discussion. Bradford explored which key policy decisions should use double majority voting, how to partition super/regular majority and chair/split based voting, and lastly when the quota formula reform should be implemented. While Bradford pushed for change in governance, Birdsall urged for double majority voting to take place for selection of the IMF managing director and noted the Inter-American Development Bank, African Development Bank, and Asian Development Bank, among others, have implemented this procedure.

Birdsall and Bradford explored postponing quota formula reform until it proves greater significance, urging Asia to return as a proactive player within the Fund, and limiting the transatlantic supermajority veto rights. They both also indicated their support for realignment of constituencies after the Bank/Fund Spring meetings and an analysis of split voting processes.

Discussion:

Participants argued for different uses of double majority voting. Some agreed that it is essential for selection of the IMF Managing Director as well as the IMFC Chair; whereas a couple participants argued that the voting structure for the IMFC Chair is too complicated to adopt this new procedure. Some questioned what constituted “key decisions” to which double majority voting might be applied, since the answer will determine how to implement double majority voting.

A few discussants argued against double majority power in the Board of Executive Directors and urged rather for additional voting chairs within the Board of Governors. The Fund's head should be a hire of the Executive Board to ensure accountability and legitimacy. To increase the voice of developing countries within the Fund, additional chairs should be held by them. Because IFI's are not democratic, a balance is needed between quota and population for voting rights.

A few participants argued that the Fund's articles should be amended and focus on the issue of split voting between constituencies within the board otherwise double majority voting is not constructive in legitimizing the Fund.

The key issue in Fund reform is the shift in power from advanced economies to developing countries; therefore double majority power is significant and population is a key variable. Finding a combination of both double majority and split votes may provide the developing countries greater stake in the Fund.

Birdsall concluded that double majority voting will not solve all of the Fund's issues, but it can protect not only the advanced industrial countries as they hold votes, but also the developing countries due to their larger majority. She maintained that introducing double majority voting as well as dealing with supermajority veto power will continue to be challenges in the Fund's reform process.

Bradford noted that double majority voting is not just an issue of selecting the managing director but having the board of directors identify key decisions so that more countries can be involved in making necessary decisions; overall, the process needs to change. The voting structure could be differentiated depending on the issue. He acknowledged further research is needed but was hopeful that this conversation will stimulate further discussion.

Note: This summary was prepared by Eileen Gallagher at The Brookings Institution as a record of the substantive issues discussed at the seminar. No attribution of official views to specific countries or individual officials offered in the seminar is expressed or implied.