

26 March 2008

To the Executive Directors of the IMF and their Governments:

Dear Colleagues:

We understand that you will be voting on Friday March 28th on a package of governance reforms for the International Monetary Fund that includes a proposed new formula for calculating members' quota shares and proposed selective adjustments in members' quotas and voting shares.

We write to express our concern that the proposed reforms fall far short in addressing the challenges facing the IMF in its evolution toward a truly global institution with more balanced and inclusive representation and voting power. In the absence of stronger reforms, the emerging market and developing economies will not be sufficiently engaged in the Fund to help generate the energy and dynamism required to strengthen the global financial system and to renew the leadership role of the IMF in the global economy.

The proposed new formula for calculating the presumptive quota and voting shares of members is an especially weak component of the proposed package. Taken on its own, the formula generates changes in shares that are widely accepted as moving away from rather than toward a closer alignment of voting structures with economic realities. The proposed package achieves its very modest improvements in governance only because the formula is overridden with one-time, ad hoc adjustments that mask the unpalatable consequences of the formula and because the basic votes allocated to each member are tripled. Worse still, the new formula is not a viable basis for making future adjustments in quotas and votes that will adequately reflect changes in relative positions in the world economy.

If the Executive Board acts on March 28th to approve the proposed inadequate package of reforms, we believe that supporters of a strong and viable IMF should recommend that their own and other member nations vote against that reform package when it comes before the Board of Governors later this year for formal adoption.

Sincerely yours,

Nancy Birdsall, Center for Global Development
Colin Bradford, The Brookings Institution
Ralph C. Bryant, The Brookings Institution
Jo Marie Griesgraber, New Rules for Global Finance Coalition
Homi Kharas, The Brookings Institution
Johannes Linn, The Brookings Institution
Edwin M. Truman, Peterson Institute for International Economics
John Williamson, Peterson Institute for International Economics