Boost to World Bank and China is "Departure" From Trump's Vision

Despite President Donald Trump's "America First" campaign promises to rein in globalism in favor of Americanism, analysts on both sides say new reforms being pushed at the World Bank represent a "departure" from that agenda. Under the proposed agreement, which has not been made public yet, the World Bank is set to receive an infusion of new tax dollars while handing more power and influence to the regime ruling Communist China. A senior U.S. Treasury official told *The New American* that the "transformational reforms" were indeed in line with Trump's vision and would protect U.S. taxpayers. But already, establishment-minded analysts are celebrating the move as a betrayal of the "America First" agenda articulated by President Trump.

The push to reform the World Bank and expand its resources came largely from officials at the U.S. Treasury Department. According to news reports in establishment media outlets citing unnamed sources, the Trump administration was initially "skeptical" of the World Bank's demands for even more money — money that would likely be used to promote globalism and statism while funding wasteful projects and totalitarian governments, including the Communist Party-controlled regime in China. In fact, President Trump and his top budget officials have repeatedly pushed for cuts in U.S. tax funding for so-called "multilateral" banks and institutions, especially the United Nations, only to be snubbed by lawmakers.

At least one top U.S. Treasury official, Undersecretary for International Affairs David Malpass, has criticized multilateral development banks such as the World Bank. Among other concerns, Malpass said they were contributing to the build-up of debt in poor countries and giving favorable loans to "higher incomes" countries such as China. "When the World Bank does not graduate these countries [to non-concession loans], less funding is available to reach countries with greater development needs and there is an excess burden placed on shareholder capital," Malpass told lawmakers.

Malpass got onboard the Trump train early and is reportedly looking for international organizations that can be reined in or closed down entirely. He has also been a fervent advocate of accelerating economic growth based on Trump's "upheaval" in shaking up policy around taxes, trade, energy, and more. But he is also a member of the globalist-minded Council on Foreign Relations, which has been boasting that Trump is the "dog that didn't bark (yet)" when it comes to globalist "international financial institutions" such as the World Bank and the International Monetary Fund.

But Trump has been critical of international organizations, and of the World Bank in particular. As far back as 2012, he linked to an article in *The Blaze*, a conservative-leaning website, and ridiculed the global institution for tying poverty to "climate change." "And we wonder why international organizations are ineffective," Trump wrote sarcastically on Twitter, continuing his attacks on the man-made global-warming theory pushed by the UN, governments, globalist banks, and some environmental groups. As recently as last year, the Trump administration expressed concerns about World Bank loans to Communist China, even threatening to withhold the U.S. contribution to general capital increases.

The exact details of the plan remain hazy and have not been formally released. But officials told *The New American* and other publications that the reform package would boost Beijing's control over the World Bank by expanding its stake from about 4.5 percent of shares it currently owns, to around 6 percent after the package is approved. That would make the incresingly powerful Chinese dictatorship, which has murdered more people than any government in history, the third largest shareholder in the World Bank. The U.S. government, which owns 16 percent, is the largest, and therefore, the most influential in terms of the global bank's decision making. The Japanese government is the second largest shareholder.

The package is also expected to boost the World Bank's capital levels by $13 billion. That total will be split between two key agencies. First, there will be $7.5 billion for the World Bank's International Bank for Reconstruction and Development (IBRD), which focuses on subsidizing governments in "developing" countries while promoting policies favored by the establishment in education, environmentalism, and more. The remaining $5.5 billion would go to the International Finance Corp, which funds private-sector schemes and has been criticized for promoting crony capitalism and using tax dollars for private gain in deals that free markets would not have supported. Of the total, less than $2 billion would come from U.S. taxpayers.

Analysts widely viewed the deal as a blow to Trump's vision and victory for the Swamp status quo — globalism, statism, debt, and big spending. The *Financial Times* described it as a "significant shift in the US administration's attitudes towards multilateral institutions." Former U.S. Treasury official Scott Morris, now a "senior fellow" at the tax-funded globalist think tank known as the "Center for Global Development," described the reforms as a "victory" for World Bank President Jim Yong Kim (shown above), a fervent globalist and an Obama appointee who has consistently pushed policies at odds with those promoted by Trump. The proposed boost in Communist Chinese influence at the World Bank "reflects reality of the global economy," Morris was quoted as saying by Reuters.

Others were even more brazen in portraying the changes as a defeat for Trump's agenda. Associate Director for International Development Tanvi Nagpal with the School of Advanced International Studies at Johns Hopkins University, for instance, declared the developments to be a "departure" from the "America First" agenda articulated by Trump. Calling it an "unexpected turn from the Trump administration's isolationist agenda," Nagpal explained that the capital increase should lead to more low-interest loans and grants to governments in "the world's poorest countries," especially in Africa. Globalists and other proponents of U.S. interventionism often portray perceived non-interventionists as "isolationists," despite the actual meaning of the term.

Nagpal, who seemed pleased by the news, suggested the proposed World Bank reforms would facilitate statism in poorer countries. "Investment in strengthening systems and providing basic public services, such as health care and education, is driven by governments and not particularly attractive to the private sector," continued Nagpal, who ignored the fact that rich countries did not get rich by providing government healthcare or "education" to people, but rather by allowing the free market to work. "For that reason, this deal could be a boon to poor, fragile and post-conflict countries, where the share of people living in extreme poverty is poised to rise to 60 percent by 2030."

Of course, in the real world, despite the erroneous beliefs of tax-funded academics, the World Bank has not made Third World countries richer by loaning U.S. tax money to their kleptocratic ruling classes in exchange for implementing globalist and statist policies. Instead, critics say, the World Bank and the International Monetary Fund (IMF) — known collectively as the Bretton Woods institutions — have largely kept poor countries mired in debts while propping up autocrats and imposing unpopular policies. In some cases, World Bank schemes have directly resulted in displacements of millions of people and even what observers described as "genocidal" land grabs.

Not everybody viewed the proposals as a betrayal of Trump's base. Speaking on background, a senior Treasury official defended the proposals as being "very consistent" with Trump's America First agenda. Apparently the U.S. Treasury asked the World Bank in the fall to develop reforms that would be "transformational." And these changes are what they came up with. According to the official, the plan would create a "sustainable lending limit," meaning the bank's lending would be constrained going forward. In the past, the official said, the World Bank would get a capital increase, loan it out very quickly, then come back for more money. "So this ends the cycle of repeated capital increases for the bank," the senior official said.

In addition, the proposed changes would implement what was described as a "graduation policy." Basically, as countries do better and get richer, they would be expected to borrow less from the World Bank and the taxpayers who fund it. Specifically, China's borrowing would be reduced. World Bank President Jim Yong Kim told a press conference that the agreement does not single out China. But the Treasury official noted that the World Bank never specifies limits by countries, and this was no exception. As part of the agreement, though, so-called "middle income" countries such as China would be expected to borrow less. Trump and others have been highly critical of the favorable loans given to China. The World Bank's controversial partnership with the Beijing-led Asian Infrastructure Investment Bank (AIIB) has also attracted scrutiny.

Another key point touted by the official is that the agreement contains "pricing reforms." Traditionally, the World Bank has lent at the same rates to higher income countries and on loans with longer maturities. But under the new plan, there would be different rates — higher rates for governments in higher-income countries, and lower rates for authorities in lower-income countries. Pricing will also be higher for longer maturity loans, the official said, suggesting that would apply to China as well.

One crucial point made by the official in terms of how the reforms were supposedly in line with Trump's America First vision: substantial budget changes and limitations. Among other reforms, there would be a slower rate in the growth of compensation at the bank, a phenomenon that has come under criticism but is present all across the institutions of "global governance." And there would be limits on the operating budget itself. The institution's administrative budget alone is more than $2.5 billion, which does not include its lending or grants.

Another key reform, described by the official as one of the "most important," involves limits to what is known as "callable capital," which is the portion of capital not yet paid in by shareholders. Under the new program that apparently was negotiated by Treasury Secretary Steven Mnuchin, new limits on callable capital would protect America. The reason that is important for Trump's America First vision is because the U.S. government is the most credit worthy — its callable capital is worth the most — and so having the limit "protects the U.S. taxpayer significantly," the official said.

The latest news from the World Bank came after a similar boost in U.S. tax funding and Communist Chinese influence at the globalist IMF. Those changes, initially opposed by congressional Republicans, were approved by the Obama administration toward the end of its time in power. Globalists were so desperate to get those schemes approved that the IMF even sought to bypass the U.S. veto and impose them anyway. After the changes were approved, IMF boss Christine Lagarde threatened that the globalist bank may some day relocate its headquarters to Beijing. The senior Treasury official told *The New American* that the IMF reforms did not have any of the limitations on spending and lending that the proposed World Bank changes include.

The World Bank is still finalizing the proposal, which is why more information has not come out publicly, the official said. More information should be released this weekend. The proposals are being discussed at the World Bank and International Monetary Fund spring meetings. And according to another Treasury official, the formal vote to adopt the capital increase and reforms will take place in the fall. Officials in the United States and other nations generally expect the reforms to be approved, absent any serious or unforeseen complications. But if the deal is really a "departure" from Trump's "America First" vision, as analysts have said, the White House itself may have some concerns.

Photo of World Bank President Jim Yong Kim at World Bank/IMF Spring Meetings: AP Images

Alex Newman is a correspondent for The New American*, covering economics, education, politics, and more. He can be reached at anewman@thenewamerican.com. Follow him on Twitter @ALEXNEWMAN_JOU or on Facebook.*

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