

Rolling Back Mission Creep

BY SCOTT BESSENT

*U.S. Treasury
Secretary Scott
Bessent's take on
the Bretton Woods
institutions.*



The International Monetary Fund and World Bank serve critical roles in the international system. And the Trump administration is eager to work with them—so long as they can stay true to their missions.

First, we must make the IMF the IMF again.

The IMF's mission is to promote international monetary cooperation, facilitate the balanced growth of international trade, encourage economic growth, and discourage harmful policies like competitive exchange rate depreciation. These are crucially important functions to support the U.S. and global economies.

Instead, the IMF has suffered from mission creep. The IMF was once unwavering in its mission of promoting global monetary cooperation and financial stability. Now it devotes disproportionate time and resources to work on climate change, gender, and social issues.

These issues are not the IMF's mission. And the IMF's focus in these areas is crowding out its work on critical macroeconomic issues.

The IMF must be a brutal truth-teller, and not just to some members. Instead, today's IMF has been whistling past the graveyard. Its 2024 External Sector Report was entitled "Imbalances Receding." This Pollyannaish outlook is symptomatic of an institution more dedicated to preserving the status quo than asking the hard questions.

Here in the United States, we know we need to get our fiscal house in order. The last administration ran up the largest peacetime deficit in our

Scott Bessent currently serves as Secretary of the U.S. Treasury. This article is taken from Mr. Bessent's remarks before the Institute of International Finance on April 23, 2025.

nation's history. The current administration is committed to fixing this. We are open to critique. But we will not abide the IMF failing to critique the countries that need it most—principally, surplus countries.

In line with its core mandate, the IMF needs to call out countries like China that have pursued globally distortive policies and opaque currency practices for many decades.

I also expect the IMF to call out unsustainable lending practices by certain creditor countries. The IMF should more proactively push official bilateral lenders to come to the table early to work with borrower countries to minimize periods of debt distress.

The IMF must refocus its lending on addressing balance-of-payments problems. And its lending should be temporary.

When done responsibly, IMF lending is at the very core of its contribution to the global economy: when markets fail, the IMF steps in and makes resources available. In exchange, countries implement economic reforms to resolve their balance-of-payments issues and support economic growth. The reforms undertaken during these programs are some of the IMF's most important contributions to a strong, sustainable, and balanced global economy.

Argentina is a fitting example. I was in Argentina recently to demonstrate the United States' support for the IMF's efforts to help the country reset financially. Argentina deserves the IMF's support because the country is making real progress toward meeting financial benchmarks.

But not every country is so deserving. The IMF must hold countries accountable for implementing economic reforms. And sometimes, the IMF needs to say no. The organization has no obligation to lend to countries that fail to implement reforms. Economic stability and growth should be the markers of the IMF's success—not how much money the institution lends out.

Like the IMF, the World Bank must be made fit for purpose again.

The World Bank Group helps developing countries grow their economies, reduce poverty, increase private investment, support private sector job creation, and reduce dependence on foreign aid. It offers transparent and affordable long-term financing for countries to invest in their own development priorities.

World Bank Group headquarters
in Washington, D.C.

The Bank, along with the Fund, provides extensive technical support to promote debt sustainability among low-income countries, which empowers those countries to stand up to coercive and opaque lending terms from credi-

*We will not abide the IMF failing
to critique the countries that need it
most—principally, surplus countries.*

tors. These core functions of the World Bank complement the Trump administration's efforts to foster safer, stronger, and more prosperous economies in the United States and the world.

But the Bank, like the IMF, has strayed in certain respects from its initial mission.

The World Bank should no longer expect blank checks for vapid, buzzword-centric marketing accompanied by half-hearted commitments to reform. As the Bank returns to its core mission, it must use its resources as efficiently and effectively as possible. And it must do so in ways that demonstrate tangible value for all member countries.

The Bank can use its resources more efficiently now by focusing on increasing energy access. Business leaders

Continued on page 63



Continued from page 45

the world over identify unreliable power supply as one of the primary impediments to investment. The World Bank and African Development Bank's joint "Mission 300" initiative to expand energy access to 300 million more people in Africa is a welcome effort. But the World Bank must respond to countries' energy priorities and needs and focus on dependable technologies that can sustain economic growth rather than seek to meet distortionary climate finance targets.

We applaud the recent announcement that the World Bank will seek to remove prohibitions on support for nuclear energy, which could revolutionize energy supply for many emerging markets. We encourage the Bank to go further in giving countries access to all technologies that can provide affordable baseload generation.

The World Bank must be tech neutral and prioritize affordability in energy investment. In most cases, this means investing in gas and other fossil fuel-based energy production. In other cases, this may mean investing in renewable energy coupled with systems to help manage the intermittency of wind and solar.

The history of humanity teaches a simple lesson: Energy abundance sparks economic abundance. That's why the Bank should encourage an all-of-the-above approach to energy development. Such an approach will make World Bank financing more effective. And it will reconnect the Bank to its core mission of economic growth and poverty alleviation.

In addition to increasing energy access, the World Bank can use its resources more effectively by starting to

*Treating China—the second-largest
economy in the world—as
a “developing country” is absurd.*

apply its graduation policy. This would allow the Bank to focus on lending to poorer, less-creditworthy countries. This is where World Bank support makes the biggest difference for poverty and growth.

Instead, the World Bank continues to lend every year to countries that have met the criteria to graduate from World Bank borrowing. There is no justification for this continued lending. It siphons off resources from

higher priorities and crowds out the development of private markets. It also disincentivizes countries' efforts to move away from dependency on the World Bank and toward job-rich, private sector-led growth.

Going forward, the Bank must set firm graduation timelines for countries that have long since met the grad-

*The World Bank should no longer
expect blank checks for vapid,
buzzword-centric marketing
accompanied by half-hearted
commitments to reform.*

uation criteria. Treating China—the second-largest economy in the world—as a “developing country” is absurd.

While it has been at the expense of many Western markets, China's rise has been rapid and impressive. But if China wants to play a role in the global economy commensurate with its actual importance, then the country needs to graduate up.

The World Bank should also implement transparent procurement policies based on best value. It must help countries move away from procurement approaches that prioritize only the lowest-cost bids.

Such procurement policies reward distortive and subsidized industrial policies that undermine development. They also stifle the private sector, incentivize corruption and collusion, and result in greater long-term costs. Procurement policies based on best value are better from both an efficiency and development perspective, and their robust implementation will benefit the Bank and its shareholders.

I invite our allies to work with us as we rebalance the international financial system and refocus the IMF and World Bank on their founding charters. America First means we are doubling down on our engagement with the international economic system, including at the IMF and the World Bank.

We look forward to working with these institutions in this endeavor. ♦