

Foreign Policy

The Evolution of an Idealist – by Andrew Rice

In a shantytown perched in the hilly outskirts of Lima, Peru, people were dying. It was 1994, and thousands of squatters — many of them rural migrants who had fled from their country's Maoist guerrilla insurgency — were crammed into unventilated hovels, living without basic sanitation. They faced outbreaks of cholera and other infectious diseases, but a government austerity program, which had slashed subsidized health care, forced many residents to forgo medical treatment they couldn't afford. When food ran short, they formed ad hoc collectives to stave off starvation.

A Catholic priest ministering to a parish in the slum went looking for help, and he found it in Jim Yong Kim, an idealistic Korean-American physician and anthropologist. In his mid-30s and a recent graduate of Harvard Medical School, Kim had helped found Partners in Health, a scrappy nonprofit organization whose mission was to bring modern medicine to the world's poor. The priest had been involved with the group in Boston, its home base, before serving in Peru, and he asked Kim to help him set up a clinic to aid his flock. No sooner had Kim arrived in Lima, however, than the priest contracted a drug-resistant form of tuberculosis and died.

Kim was devastated, and he thought he knew what to blame: the World Bank. Like many debt-ridden nations, Peru was going through “structural adjustment,” a period of lender-mandated inflation controls, privatizations, and government cutbacks. President Alberto Fujimori had enacted strict policies, known collectively as “Fujishock,” that made him a darling of neoliberal economists. But Kim saw calamitous trickle-down effects, including the tuberculosis epidemic that had claimed his friend and threatened to spread through the parish.

So Kim helped organize a conference in Lima that was staged like a teach-in. Hundreds of shantytown residents met development experts and vented their anger with the World Bank. “We talked about the privatization of everything: profits and also suffering,” Kim recalls. “The argument we were trying to make is that investment in human beings should not be cast aside in the name of GDP growth.” Over the next half decade, Kim would become a vociferous critic of the World Bank, even calling for its abolition. In a 2000 book, *Dying for Growth*, he was lead author of an essay attacking the “capriciousness” of international development policies. The “penalties for failure,” Kim concluded, “have been borne by the poor, the infirm, and the vulnerable in poor countries that accepted the experts' designs.”

Kim often tells this story today, with an air of playful irony, when he introduces himself — as the president of the World Bank. “I was actually out protesting and trying to shut down the World Bank,” Kim said one March afternoon, sitting on a dais before a conference audience at a hotel in Maryland's National Harbor complex. “I'm very glad we lost that argument.”

The line always gets a laugh, but Kim uses it to illustrate a broader story of evolution. As he dispenses billions of development dollars and tees off at golf outings with Barack Obama — the U.S. president has confessed jealousy of his impressive five handicap — Kim is a long way from Peru. The institution he leads has changed too. Structural adjustment, for one, has been phased out, and Kim says the bank can be a force for good. Yet he believes it is only just awakening to its potential — at a precarious moment, no less.

Last year, the percentage of people living in extreme poverty dropped below 10 percent for the first time. That's great news for the world, but it leaves the World Bank somewhat adrift. Many former dependents, such as India, have outgrown their reliance on financing. Others, namely China, have become lenders in their own right. "What is the relevance of the World Bank?" Kim asked me in a recent interview. "I think that is an entirely legitimate question."

Kim believes he has the existential answers. During his four years at the bank's monumental headquarters on H Street in Washington, he has reorganized the 15,000-person workforce to reflect a shift from managing country portfolios to tackling regional and global crises. He has redirected large portions of the bank's resources — it issued \$56 billion in loans and other forms of financing last year — toward goals that fall outside of the institution's traditional mandate: stemming climate change, stopping Ebola, addressing the conditions driving the Syrian exodus.

Yet many bank employees see Kim's ambitions as presumptuous, even reckless, and changes undertaken to revitalize a sluggish bureaucracy have wrenched it. There have been protests and purges, and critics say Kim's habit of enunciating grandiose aspirations comes with a tendency toward autocracy. The former bank foe now stands accused of being an invasive agent, inflicting his own form of shock therapy on his staff. "The wrong changes have been done badly," says Lant Pritchett, a former World Bank economist.

Pritchett argues that, beyond issues of personality and style, Kim's presidency has exposed a deep ideological rift between national development, which emphasizes institution-building and growth, and what Pritchett terms "humane" development, or alleviating immediate suffering. Kim, however, sees no sharp distinction: He contends that humane development *is* national development — and if the bank persists in believing otherwise, it could be doomed to obsolescence. Kim likes to say that as a doctor with experience treating the poor, his humanitarian outlook is his strongest qualification for his job — an opinion that probably vexes critics who point out that he knew little about lending before arriving at the bank. "Finance and macroeconomics are complicated, but you can actually learn them," he says. "The hardest thing to learn is mud-between-your-toes, on-the-ground development work. You can't learn that quickly. You can't learn that through trips where you're treated like a head of state. You have to have kind of done that before."

Kim talks fast and he walks fast. Following him — a lithe, balding 56-year-old surrounded by a deferential, suited entourage — you can easily imagine him in a white coat as a physician making his rounds. At the March conference, a technology summit sponsored by the Department of Energy, he strode briskly past booths where inventors were shilling ideas.

Kim peppered them with questions about new methods for breeding sorghum for biofuels and “hybridizing photovoltaics and solar thermal power,” as one project manager described his work. When a couple of entrepreneurs stopped Kim to pitch him a clean-coal project, he brushed them off. “I have an extreme disinterest in coal,” he said. But he showed a geeky fascination with all things renewable when he lingered with a startup that makes batteries to store solar power. Kim said the World Bank is setting up 3.5 million home solar systems in Bangladesh. “The big problem is the storage technology,” Kim added. “How can you guys compete with Elon Musk?”

Kim has a doctor’s diagnostic mindset; he talks about ascertaining “*the problem*,” or what public-health experts call the “cause of the causes.” He thinks of poverty as an ailment and is trying to devise a “science of delivery.” It’s a philosophy built on a lifelong interest in the intersection of science and humanities. Born in Seoul in 1959 to parents displaced by the Korean War, Kim’s family immigrated to the United States when he was a child, eventually ending up in Muscatine, Iowa. His was one of two Asian families in the small town. His mother was an expert in Confucian philosophy, his father, a dentist. Kim excelled at his studies while playing quarterback in high school. He attended Brown University, where he studied human biology. His father wanted him to be a doctor, but his soulful side gravitated toward anthropology. Because Harvard let him pursue a medical degree and a Ph.D. simultaneously, he landed there. Kim struck up a friendship with Paul Farmer, a fellow student, over shared interests in health and justice. In 1987, they formed Partners in Health.

The two came of age when the World Bank’s influence was arguably at its most powerful and controversial. Conceived along with the International Monetary Fund at the 1944 Bretton Woods conference, the bank was meant to rebuild Europe but found its central mission as a source of startup capital for states emerging from the demise of colonial empires. The bank could borrow money cheaply in the global markets, thanks to the creditworthiness of its shareholders (the largest being the U.S. government), and then use that money to finance the prerequisites for economic growth—things like roads, schools, hospitals, and power plants. Structural adjustment came about in response to a raft of debt crises that culminated in the 1980s. The Bretton Woods institutions agreed to bail out indebted, developing states if they tightened their belts and submitted to painful fiscal reforms.

To Kim and Farmer, the moral flaw in the bank’s approach was that it imposed mandates with little concern for how cutting budgets might affect people’s health. They thought that “*the problem*” in global health was economic inequality, and in Haiti, Partners in Health pioneered a grassroots methodology to tackle it: improve the lives of communities by training locals to provide medical care (thus creating jobs) and by expanding access to food, sanitation, and other basic necessities. Though hardly insurgents — they were based at Harvard, after all — the friends passionately argued that policy discussions in Geneva and Washington needed to be informed by ground truths, delivered by the people living them. “There was always an inside-outside strategy, and the outside was, and remains, the people who were excluded,” Farmer says.

Farmer's immersive work ethic and pious demeanor made him famous — and the subject of Tracy Kidder's acclaimed book, *Mountains Beyond Mountains* — but Kim was the partner with systemic ambitions. “For Paul, the question is, ‘What does it take to solve the problem of giving the best care in the world to my patients?’” Kim says. “But he doesn't spend all his time thinking about, ‘So, how do you take that to scale in 188 countries?’” (Both men, who remain close friends, have won MacArthur “Genius Grants” for their work.)

Kim's desire to shape policy landed him at the World Health Organization (WHO) in 2003, overseeing its HIV/AIDS work. The job required him to relocate to Geneva with his wife — a pediatrician he had met at Harvard — and a son who was just a toddler. (They now have two children, aged 15 and 7.) In the vigorously assertive style that would become his hallmark — going where he wants to go even if he's not sure how to get there — Kim pledged to meet an audacious goal: treating 3 million people in the developing world with anti-retroviral drugs by 2005, a more than sixfold increase over just two years. The strategy, in Kim's own words, was “push, push, push.” The “3-by-5 pledge,” as it was known, ended up being impossible to reach, which Kim apologized for publicly on the BBC. But the world got there in 2007 — a direct result, Kim says, of the pledge's impact on global-health policymaking: “You have to set a really difficult target and then have that really difficult target change the way you do your work.”

Kim left the WHO in 2006. After a stopover at Harvard, where he headed a center for health and human rights, he was hired to be president of Dartmouth College. He arrived in 2009, with little university management experience but characteristically high hopes: A college president, he believed, had the power to mobilize resources on a scale that could achieve something huge, like curing cancer. Kim left an early mark, overseeing the 2010 creation of the Center for Health Care Delivery Science, which espouses a philosophy similar to that of Partners in Health, and appealing to students by performing a moonwalking impersonation of Michael Jackson at the annual “Dartmouth Idol” competition. With the global recession at its zenith, however, Kim was forced to spend much of his time focused on saving Dartmouth's endowment.

He hardly knew the difference between hedge funds and private equity, so a venture capitalist on the college's board would drive up from Boston periodically to give him lessons, scribbling out basic financial concepts on a whiteboard or scratch paper. Kim's tenure soon turned stormy as he proposed slashing \$100 million from the school's budget and clashed with faculty who complained about a lack of transparency. One student columnist, writing for the campus newspaper, described Kim's leadership as “undemocratic.” Joe Asch, a Dartmouth alumnus who writes for a widely read blog about the school, was highly critical of Kim. “He is a man who is very concerned about optics and not so concerned about follow-through,” Asch says now. “Everyone's sense was that he was just there to punch his ticket.”

Soon enough, a surprising opportunity arose. The way Kim tells it, the call came out of the blue one Monday in March 2012. Dartmouth alumnus Timothy Geithner, then the U.S. treasury secretary, was on the line asking about Kim's old nemesis. “Jim,” Geithner asked, “would you consider being president of the World Bank?”

When the government contacted him, Kim confesses, he had only the foggiest notion of how development finance worked. He had seen enough in his career, however, to know that running the bank would give him resources he scarcely could have imagined during his years of aid work, or even at Dartmouth. Instead of agonizing over every drop of water in the budgetary bathtub, he could operate a global spigot. “When I really saw what it meant to be a bank with a balance sheet, with a mission to end extreme poverty,” Kim says, “it’s like, *wow*.” His interest was bolstered by the bank’s adoption, partly in response to 1990s-era activists, of stringent “safeguards,” or lending rules intended to protect human rights and the environment in client states.

By custom, the World Bank had always been run by an American, nominated by the U.S. president for a five-year term. But in 2012, there was a real international race for the post. Some emerging-market nations questioned deference to the United States, and finance experts from Nigeria and Colombia announced their candidacies. After considering political heavyweights like Susan Rice, John Kerry, and Hillary Clinton — who were all more interested in other jobs — Obama decided he needed an American he could present as an outsider to replace outgoing President Robert Zoellick, a colorless former Goldman Sachs banker and Republican trade negotiator. Clinton suggested Kim and “championed Jim as candidate,” says Farmer. (Partners in Health works with the Clinton Foundation.)

Embedded within the dispute over superpower prerogatives was a larger anxiety about what role the World Bank should play in the 21st century. Extreme poverty had dropped from 37 percent in 1990 to just under 13 percent in 2012, so fewer countries needed the bank’s help. With interest rates at record lows, the states that needed aid had more options for borrowing cheap capital, often without paternalistic ethical dictates. New competitors, such as investment banks, were concerned mainly with profits, not safeguards. As a result, whereas the World Bank had once enjoyed a virtual monopoly on the development-finance market, by 2012 its lending represented only about 5 percent of aggregate private-capital flows to the developing world, according to Georgetown University economist Martin Ravallion. And while the bank possessed a wealth of data, technical expertise, and analytical capabilities, it was hampered by red tape. One top executive kept a chart in her office illustrating the loan process, which looked like a tangle of spaghetti.

At Kim’s White House interview, Obama still needed some convincing that the global-health expert could take on the task of reinvigorating the bank. When asked what qualified him over candidates with backgrounds in finance, Kim referenced Obama’s mother’s anthropology dissertation, about Indonesian artisans threatened by globalization, to argue that there is no substitute for on-the-ground knowledge of economic policies’ impact. Two days later, Obama unveiled his pick at a Rose Garden ceremony, declaring that it was “time for a development professional to lead the world’s largest development agency.”

Kim campaigned for the job with the zeal of a convert: In an interview with the *New York Times*, he praised the fact that, unlike in the 1990s, “now the notion of pro-poor development is at the core of the World Bank.” He also embarked on an international “listening” tour to meet with heads of state and finance ministers, gathering ideas to shape his priorities in office. Because votes on the bank’s board are apportioned

according to shareholding, America holds the greatest sway, and Obama's candidate was easily elected. Kim took office in July 2012, with plans to eradicate extreme poverty. Farmer cites a motto carved in the World Bank's entryway — "Our Dream Is a World Free of Poverty" — that activists like Kim once snickered at: "Jim said, 'Let's change it from a dream to a plan, and then we don't have to mock it.'"

But Kim still had to win over another powerful constituency: his staff. Bank experts consider themselves an elite fraternity. Presidents and their mission statements may come and go, but the institutional culture remains largely impervious. "The bank staff," says Jim Adams, a former senior manager, "has never fully accepted the governance." When Robert McNamara expanded the bank's mission in the late 1960s, doing things like sending helicopters to spray the African black fly larvae that spread river blindness, many staffers were "deeply distressed to see the institution 'running off in all directions'...submerging so cheerfully its basic role as financier of economic infrastructure," according to a history published in 1973. When James Wolfensohn arrived in the mid-1990s with plans to move away from structural adjustment and remake the bank like a consulting firm, employees aired their gripes in the press. "Shake-up or cock-up?" asked an *Economist* headline. Paul Wolfowitz, whose presidency was marred by leaks, was pushed out in 2007 after accusations of cronyism resulted in a damning internal investigation.

Recognizing this fraught history, Kim went on a second listening tour: He met with every bank department and obtained what he describes, in anthropologist-speak, as "almost a formal ethnography" of the place. What he lacked in economic knowledge, he made up for in charm. "Dr. Kim is personable, Dr. Kim is articulate, Dr. Kim looks very moved by what he has to say," says Paul Cadario, a former bank executive who is now a professor at the University of Toronto.

The initial goodwill, however, vanished when Kim announced his own form of structural adjustment: a top-to-bottom reorganization of the bank. It wasn't so much the idea of change that riled up the staff. Even before Kim took office, respected voices were calling for a shake-up. In 2012, a group of eminent bank alumni had published a report criticizing an "archaic management structure"; low morale was causing staff turnover, and there was an overreliance on consultants, promotion on the basis of nationality, and a "Balkanization of expertise." Where Kim went awry, opponents say, was in imposing his will without first garnering political support. "One famous statement is that the World Bank is a big village," says Cadario, now a Kim critic. "And if you live in a village, it is a really bad idea to have enemies."

The bank had been designed around the idea that local needs, assessed by staff assigned to particular countries and regions, should dictate funding; cooperation across geographical lines required internal wrangling over resources. So Kim decided to dismantle existing networks. He brought in McKinsey & Co., which recommended regrouping the staff into 14 "global practices," each of which would focus on a policy area, such as trade, agriculture, or water. Kim hired outsiders to lead some departments and pushed out several formerly powerful bank officials with little explanation. To symbolize that he was knocking down old walls, he had a palatial, wood-paneled space on the World Bank's executive floor retrofitted as a Silicon Valley-style, open-plan office, where he could work alongside his top staff.

Kim also announced that he would cut \$400 million in administrative expenses, and eliminate about 500 jobs — a necessary measure, he said, because low interest rates were cutting into the bank's profits. Kim says he "made a very conscious decision to let anyone who wanted...air their grievances." His opponents detected no such tolerance, however, and their criticisms turned ad hominem. Around Halloween in 2014, a satirical newsletter circulated among the staff, depicting Kim as Dr. Frankenstein: "Taking random pieces from dead change management theories," it read, "he and his band of external consultants cobble together an unholy creature resembling no development bank ever seen before." Anonymous fliers attacking Kim also began to appear around bank headquarters.

Kim portrayed internal dissent as a petty reaction to perks like travel per diems being cut. "There's grumbling about parking and there's grumbling about breakfast," he told the *Economist*. Meanwhile, bank staffers whispered about imperial indulgences on Kim's part, like chartering a private jet. (Kim claims this is a longstanding practice among bank presidents, which he only uses when there are no other travel options.) A French country officer named Fabrice Houdart emerged as a lead dissenter, broadcasting his frustrations with Kim on a blog he kept on the World Bank's intranet. In one post, he questioned whether "a frantic race to show savings...might lead to irreversible long-term damages to the institution." (This being the World Bank, his sedition was often illustrated with charts and statistics.) The staff went into open rebellion after Houdart revealed that Chief Financial Officer Bertrand Badré, whom Kim had hired and who was in charge of budget cutting, had received a nearly \$100,000 bonus on top of his \$379,000 salary. Kim addressed a raucous town-hall meeting in October 2014, where he told furious staffers, "I am just as tired of the change process as all of you are."

A few months later, Houdart was demoted after being investigated for leaking a privileged document. The alleged disclosure was unrelated to Kim's reorganization — it had to do with Houdart's human rights advocacy, for which he was well known at the bank — and Kim says the investigation began before Houdart's denunciations of his presidency. Critics, however, portray it as retaliatory. "Fabrice has become a folk hero," Cadario says, "because he was brave enough to say what many of the people within the bank are thinking." (Houdart is currently disputing his demotion before an internal administrative tribunal.)

Kim admits that "it's never fun when large parts of the organization are criticizing you personally," yet he maintains that his tough decisions were necessary. "In order to do a real change, you have to put jobs at risk," he says. "And completely understandably, people hate that."

In the heat of the staff revolt, Kim was devoting attention to a very different crisis: Ebola. In contrast with the bank's historically cautious, analytical approach, Kim was pushing it to become more involved in emergency response. He committed \$400 million to confront the deadly epidemic immediately, a quarter of which he pushed out in just nine days. He dispatched bank employees to afflicted West African countries and reproached the head of the WHO for the organization's lack of urgency. "Rather than being tied up in bureaucracy, or saying, 'We don't do those

things,' Jim is saying that if poor people's lives are at risk...then it is our business," says Tim Evans, whom Kim hired to run the bank's new global practice for health.

Some bank veterans disagreed, vehemently. Nearly two years later, they still worry that in trying to save the day, Kim runs the risk of diverting the bank from its distinct mission. "Pandemic response is important — but it's not the WHO, it's the World Bank," says Jean-Louis Sarbib, a former senior vice president at the institution who now runs a nonprofit development consultancy. "I don't think he understands that the World Bank is not a very large NGO." Referencing Kim's work with Partners in Health, Sarbib adds, "The work of the World Bank is to create a system so that he doesn't need to come and create a clinic in Haiti."

In reply to this critique, Kim likes to cite a study co-written by former World Bank economist Larry Summers, which found that 24 percent of full-income growth in developing countries between 2000 and 2011 was attributable to improved public health. Put simply, Kim says, pandemics and other health deficits represent enormous threats to economic development, so they should be the World Bank's business. The same goes for climate change, which the bank is fighting by funding a United Nations initiative to expand sustainable energy around the world. As for violent conflicts, rather than waiting until the shooting has stopped and painstakingly preparing a post-conflict assessment — as the bank has done in the past — Kim wants to risk more capital in insecure zones. "We...bought into this notion that development is something that happens after the humanitarian crisis is over," Kim said at a recent event called the "Fragility Forum," where he sat next to representatives of various aid groups and the president of the Central African Republic in the World Bank's sun-soaked atrium. "I am here to tell you that we are no longer thinking that way." (A few weeks later, Kim would visit four Middle Eastern countries, including Jordan and Lebanon, where he announced two \$100 million, low-interest loans intended to create educational and professional opportunities for Syrian refugees, among others.)

After the forum, amid a whirlwind day of meetings and speeches, Kim stopped at a hotel café with me to unwind for a few minutes. As a counterweight to his life's demands, he practices Korean Zen-style meditation, but he also seems to blow off steam by brainstorming aloud. He was philosophical about Syria, posing and answering rhetorical questions. "What is the role of economic development in preventing these conflicts and providing a much greater sense of hope and optimism to people who may get on boats or become extremists?" Kim asked. "We've got to find out, right?" Goals and promises came pouring out of him like a gusher. Besides eliminating extreme poverty, which he has now promised will be done by 2030, Kim wants to raise incomes among the bottom 40 percent of the population in every country. He also wants to achieve universal access to banking services by 2020.

Long past our allotted interview time, Kim told me he had just one more idea: "Another huge issue that I want to bring to the table is childhood stunting." At Davos this year, he explained, everyone was chattering about a "Fourth Industrial Revolution," which will center around artificial intelligence, robotics, and other technological leaps. But Kim thinks whole countries are starting out with a brainpower deficit because of childhood malnutrition. "These kids have fewer —

literally fewer — neuronal connections than their non-stunted classmates,” he said. “For every inch that you’re below the average height, you lose 2 percent of your income.”

“This is fundamentally an economic issue,” he continued. “We need to invest in gray-matter infrastructure. Neuronal infrastructure is quite possibly going to be the most important infrastructure.”

To World Bank traditionalists, addressing nutrition is an example of the sort of mission creep that makes Kim so maddening. Despite its name and capital, the bank can’t be expected to solve all the world’s humanitarian problems. (“We are not the U.N.” is an informal mantra among some staffers.) Poor countries may well prefer that the bank stick to gritty infrastructural necessities, even if Kim and his supporters have splashier goals. “The interests of its rich-country constituencies and its poor-country borrowers are just diverging over time,” Pritchett says. “It’s like the bank has a foot on two boats. Sooner or later, it’s going to have to jump on one boat or the other, or fall in the water. So far, Jim Kim is just doing the splits.”

Kim’s defenders insist the bank hasn’t abandoned its core business. In fact, as private investment in emerging markets has contracted recently, due to instability in once-booming economies like Brazil, countries have found more reason to turn to the World Bank. Its primary lending unit anticipates distributing more than \$25 billion in loans this fiscal year, a nearly 70 percent increase since 2013. “There is so much need in the world that I’m not worried we’re going to run out of projects to finance,” Kim says. He also hopes the worst of the tumult within the bank is over. A few elements of his reorganization have been scaled back; after the new administrative structure proved unwieldy, the 14 global practices were regrouped into three divisions. Some of his more polarizing hires, including Badré, have also left.

Only now, Kim adds, are the benefits of his reforms becoming clear. “There’s all this great brilliance in the institution, [the bank staff have] deep insights into their particular area, but they were not making connections,” he says. As an example of change, he cites an initiative that grew from the Ebola effort: Staffers with disparate expertise are working with the private sector to devise an insurance mechanism that would release billions of dollars as outbreaks emerge, hopefully allowing responders to head off pandemics.

A five-year term, Kim says, is hardly sufficient to implement his entire agenda, and he has conveyed his desire to be reappointed in 2017. Though internal controversies have been damaging, and America’s domination of the bank remains a source of tension, the next U.S. president (quite possibly Kim’s friend Hillary Clinton) will have a strong say in the matter. If he keeps his job, Kim wants to show that the World Bank can serve as a link between great powers and small ones, between economics and aid work — retaining its influence as old rules and boundaries are erased and new ones are scribbled into place.

Kim thinks he can succeed, so long as he keeps one foot rooted in his experiences as a doctor with mud between his toes. But he also wants to share his revelations about capital with his old comrades. “I really feel a responsibility to have this conversation

with development actors who, like me 10 years ago, didn't really understand the power of leverage," Kim says with a guileless air.

"God," he adds, "it is just such a powerful tool."