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The blunders and ineptitude that have deepened the crisis faced by the World Bank

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THE high expectations which greeted Barber Conable's accession to the presidency of the World Bank a year ago are fading fast. While his instincts are often right, the execution and articulation of ideas are poor.

It is indisputable, for instance, that the flabby bank bureaucracy could stand rationalisation. However, the clumsy way it has been handled is nothing short of a calamity. Morale has been battered, staffing decisions have been taken prematurely, and those familiar with the analysis on which the reforms were based say it is fraught with errors.

The most careless decision by Mr Conable was to go ahead with the announcement of his reshuffle without first having secured the agreement of the shareholders and those affected. His half-baked announcement that the bank treasurer, Mr Gene Rotberg, had been offered the post of Third World debt supremo was blunder of the first order.

It has cost the bank the most competent financial manager in its history. Without, for example, his skills as treasurer, the bank's own contribution to the International Development Association (IDA) — which provides concessional loans to the poorest nations — would have been far more limited.

The bank needs the best financial skills it can find at present. The decline of the dollar has put strong pressure on its lending ratios and threatens to cut-off disbursements altogether if it continues. This at a time when a budget-concious and populist Congress is looking unfavourably on multilateral lending in all its forms.

Mr Rotberg's departure is symptomatic of a fumbled reshuffle. While the case can certainly be made for a streamlined institution with a narrower inner-cabinet of officials to work with the president, the quality of the people in those positions is critically important. No one can argue with Mr Conable's decision to put Moeen Qureishi, one of the most respected figures in the development community, in charge of Operations.

What is far more difficult to understand is why the man who presided over the bloated and self-willed operations and policy area before him, Mr Ernest Stern, should have been rewarded weith Mr Querishi's job as head of finance. A fresh start required Mr Stern to leave and another, more acceptable manager to be brought into the ruling group.

The structure which has emerged has pleased few. The Americans are up in arms that none of their number is now involved in the now split operations or policy arena. They may have a point. As the bank's largest shareholder, the US has a legitimate interest in the way loan decisions are made.

By cutting the US out of the policy and loan disbursement area, Mr Conable will have done nothing to further the cause on Capitol Hill, from whence he came.

The other mistake was to settle on insiders rather than newcomers for the vacant posts. While Canadian David Hopper, the new head of policy and planning, is seen as highly competent, the reshuffle offered an opportunity to draw on fresh talent and ideas from outside. The Washington think-tanks from the Overseas Development Council to the Institute for International Economics are brimming with bright ideas men, from Richard Feinberg to William Cline, who would provide admirable new directions.

It has been hoped that the reorganisation would have been a sort of purgative exercise which would make the bank a more alluring institution on Capitol Hill. Certainly, the slimming down with potentially as many as 600 people losing their jobs looks superficially attractive. But the cost of the exercise is appalling.

Using Mr Conable's own figures those taking redundancy could on average be entitled to walk away with up to $250,000 a year in golden parachutes. There is something grotesque about such feather bedding in an institution dedicated to alleviating poverty around the world.

If the free-enterprise Reagan Administration believes such benefits are "over-generous" the view in New Delhi, Port-au-Prince or Sao Paulo does not bear thinking about.

Inside the bank, which has been awaiting nervously the re-organisation for months, the despair at what is happening is palpable. Much of the analysis on which the rationalisation is based is seen as lacking.

One insider noted that in the human resources area the steering committee, which made the final recommendations, used misleading data. It compared the 5 per cent of World Bank staff devoted to this activity with the 2-3 per cent at a United Nations agency. "But they forgot to count headquarter staff in New York," the official familiar with the steering group's work observed.

Perhaps, most disturbing of all, however, is the appearance Mr Conable gives of being an American poodle or as one severe critic put it a "bagman for the Reagan Administration." The evidence on this accumulates daily. Although he may have misjudged the mix of Americans in the reorganisation, he has been more than sentient in meeting their wishes.

The decision to curtail lending for new steel plant and the cut-off of agricultural loans to Latin America are a case in point. But far more important than this has been Mr Conable's unwillingness to speak out on the bank's developing financial crisis.

As a former Republican Congressman he brings an unusual amount of political clout to his job: but he seems scared to use it.

His obfuscation at a recent press conference on the reorganisation was remarkable. Mr Conable openly acknowledged a potentially serious problem with the fall in the dollar leaving the bank with little headroom to keep its disbursements flowing. But there was no appeal to the Treasury Secretary, Mr Baker, or the Congress to loosen the purse strings.

Instead, he repeated an analysis of congressional constraints which could have come from a Treasury official. As matters stand the House has thrown out efforts to restore arrears in IDA funding of some $235 million and the Senate has bottled the money up. As yet 1988 appropriations have not moved beyond committee.

Mr Conable's polite deference to the congressional process is an embarrassment. There is clearly sympathy for the Third World cause on Capitol Hill as the new Democratic Trade Bill demonstrates. It proposes the establishment, among other things, of a new multi-lateral institution to factor Third World debt.

Despite his extensive Capitol Hill experience and reputation, Mr Conable does not appear willing to risk anything for the sake of the institution he now heads. It will be too late to go to Congress cap-in-hand when the bank is forced to cut off disbursements. That will be an awful shock to the markets and the developing countries. The time to be making the case on the capital problem is now.

Mr Conable seems to have a hard time focusing on the real issues. His attention to environmental and women's concerns in development is admirable and to be applauded.

But such important social causes will suffer unless the bank is re-established on a firmer financial footing. His cavalier approach to reorganistaion has deprived the bank of valuable financial experience and done nothing (as yet) to enhance its status on Capitol Hill.