

Top Secret! [Mock] Memo From Paul Wolfowitz to Bank Staff

By *Kenneth Rogoff*

Posted May 2007 as a *Foreign Policy* **WEB EXCLUSIVE** essay.

As troubles mount at the World Bank for Paul Wolfowitz, more documents are leaking out every day. **FP's** editors got our hands on a fascinating memo from the embattled Bank president to staff that sheds more light on the scandal rocking the normally staid financial institution. After great internal deliberation, we decided to share this top secret document with our readers. *[Editor's warning: This is a parody, not a real memo from Wolfowitz.]*

MEMORANDUM:

TO: World Bank Staff

FROM: Paul Wolfowitz, President of the World Bank

RE: Insider trading in "Paul Wolfowitz resignation" contracts

Dear Staff:

As long as I remain Bank President, I intend to continue enforcing my signature anti-corruption initiative at the world's most important international development agency. My past life as Deputy Secretary of Defense under Donald Rumsfeld has taught me the importance of carrying out a plan with unwavering certainty.

In that regard, I am writing to you with a stern warning. It has come to my attention that many of you are turning your internet browsers to TradeSports.com, where there is an active market in "Paul Wolfowitz resignation" contracts for 2007. (For those of you who don't know, this is a website where you can take bets on a variety of political events.)

I hope you understand that any attempt by World Bank Staff to buy or sell these contracts will be considered insider trading in clear violation of my anti-corruption guidelines. Your knowledge of normal World Bank personnel procedures gives you a clear information advantage in predicting whether I will be forced to resign. You must not abuse it. Please note: the Bank's prohibition on insider trading applies not only to immediate family but also to significant others (e.g., girlfriends).

Some of you have already queried my office about whether it would still be insider trading if, when you buy “Paul Wolfowitz resignation” contracts (betting that I will leave before 2008), you also sell short “Alberto Gonzalez resignation” contracts. (This is a bet that my friend, the U.S. Attorney General, will hang on through end 2007.) My emphatic answer is no! Long Wolfowitz, short Gonzalez is only a “relative value play” that hedges out the value of loyalty to President Bush. You would still be guilty of insider trading on your Bank-specific knowledge. (And who says I don’t know enough about finance for this job!)

I hope that by now, most of you have accepted my sincere apology for the unusual pay and promotion package given two years ago to your colleague, Ms. Shaha Riza. That is, when I arrived here from my position helping to plan and manage the Iraq war for the Bush administration. I have acknowledged my mistakes (at my present job, that is), and asked for your understanding. As staff, you understand how difficult it can be to navigate the Bank’s complex rules and procedures. Please do NOT regard my small slip as providing moral cover for poor developing-country client states that are not able to meet the good governance conditions we ask before disbursing aid.

I trust you have not been unduly influenced by the recent letter calling for my immediate resignation, signed by forty-two former World Bank managing directors, senior vice-presidents, vice-presidents, and directors. You and I can surely see through this thinly-veiled attempt to manipulate the value of “Paul Wolfowitz resignation” claims. I want to assure you that the World Bank Internal Investigations Unit will look into this matter. If any of the letter’s signatories are found guilty of price manipulation, they will be dealt with harshly. Let’s not forget who is paying their pensions ...

Some of you may wonder how I can remain at the Bank when so many staff are openly seeking my dismissal. (Thank goodness most of you have tired of wearing those silly blue protest ribbons.) And what about the claim that my deputy, New Zealander Graeme Wheeler, told me I should resign at a supposedly-closed senior staff meeting last week?

Let me fill you in on the facts of life. Ever since the World Bank was founded shortly after World War II, the President of the United States has always hand-picked the President of the World Bank. That’s life; stop whining. We Americans may hold only 16 percent of the shares at the World Bank, but we insist on keeping its presidency as our birthright. So what if there might be better qualified candidates from the developing world or Asia? I am tired of hearing people say that South African finance minister Trevor Manuel would be far more effective in my job than I am. (Trevor is

a good guy, but dream on. He has neither the right passport nor the right friends.)

Speaking of which: Some of you may also wonder whether World Bank staff, directors, or presidents are permitted to buy “George W. Bush Impeachment” contracts, which are also presently listed on TradeSports.com. Tricky question, but the bottom line is that your employment generally precludes political activity of this type. You will be relieved to know, however, that I have already instructed the Bank legal staff to allow exceptions to the insider trading rules for anyone who can demonstrate a truly compelling need to hedge against a change at the White House.

Thank you for your kind attention, and I appreciate your continuing to focus on your important work in relieving poverty during this unfortunate episode.

Sincerely,



Paul Wolfowitz

Kenneth Rogoff is a professor of economics at Harvard University, currently on leave as a visiting scholar at the Brookings Institution. He served as economic counsellor and director of the research department of the International Monetary Fund from August 2001 to September 2003.

[FOREIGN POLICY](#) is published by the [Carnegie Endowment for International Peace](#).

All contents ©2007 [ForeignPolicy.com](#). All rights reserved.