

David Lipton Could Be Up for IMF Office

By [Lena Smirnova](#)

May 18, 2011

The  **Moscow Times**

The U.S. government is considering nominating the bureaucrat behind Russia's shock therapy policies of the 1990s to the second-highest post at the International Monetary Fund, Reuters reported Wednesday, based on information from close sources.

If nominated, David Lipton, currently a White House adviser, could take over the post of first deputy managing director from John Lipsky.

Lipsky stepped in as acting managing director this week after Dominique Strauss-Kahn was arrested on charges of sexually assaulting a hotel maid. Lipsky's announcement last week that he would step down from his post in August fueled speculation that Lipton would succeed him in the deputy director role.

Lipton served as economic adviser to the Russian, Polish and Slovenian governments after 1991 as part of the Yegor Gaidar team. The team also included prominent economists Jeffrey Sachs and Anders Aslund.

Central Bank Deputy Chairman Sergei Shvetsov said emerging economies would be better reflected in the global trade if they supplied the IMF's next leader.

"Emerging markets have every right to compete for leading positions in international organizations," Shvetsov said in an interview with Bloomberg. "This is absolutely normal."

East European experts have not occupied leading positions at the IMF before, said Vladimir Zuyev, head of the department of international economic organizations at the Higher School of Economics. But, Zuyev advised not to overestimate the effect that Lipton's potential nomination would have on the fund.

"I would not exaggerate the role of one individual on the working of the organization," he said. "The priorities of the organization will be the same. The internal reforms will be continued."

Lipton's potential nomination brings up memories of turbulent times. His and Sachs' shock therapies are credited for limiting product shortages and creating a middle class in Russia. But the reforms are also remembered for spiking inflation up to 2,500 percent, Janine Wedel, a public policy professor at George Mason University, wrote in *The Nation*.

Lipton and Sachs co-authored several articles on economic reforms in Poland and Russia and traveled together to Russia. They were even called the "Siamese twins," said a former Russian representative at the IMF.

Lipton previously served as a senior director for international economic affairs at the National Economic Council and National Security Council at the White House and undersecretary for international affairs at the Treasury Department during the Clinton administration.

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