STAFF NEWS

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Vol. 2 No. 2

IMF Marks a Twentieth Anniversary and Completion of a New Building as Members' Drawings Rise Above $12 B.

The Mount Washington Hotel at Bretton Woods, N. H.

Directors' First Meeting was on May 6, 1946

Right up to the deadline, carpenters scurried about, ripping out beds, installing desks and filing cabinets to give the rooms on the second and third floor of the Washington Hotel a business-like air. And on the appointed day, May 6, 1946, at 11:00 o'clock in the morning twelve Executive Directors left their makeshift hotel offices to meet in a small committee room for the first Executive Board meeting of the International Monetary Fund.

At times during the preceding weeks, it had seemed a desperate undertaking indeed to establish a brand new international organization in a city where everything, from office space to stationery, was scarce and snarled in a maze of priorities. But prodigious efforts were made by three of the first staff members —by Roman L. Horne, Phillip Thorson, and Walter Windsor—and things got done. The Fund's first Annual Report had a section entitled "Interim Period" which said in part: "The necessary arrangements for the first meetings in Washington of the Executive Directors were made by the Temporary Secretary, Mr. Horne, who with the assistance of a small staff, found and equipped quarters, collected, edited and published the documents of the Inaugural Meeting and carried on the necessary correspondence."

Most of the Executive Directors who participated in that first meeting had been delegates to the July, 1944 United Nations Financial and Monetary Conference at Bretton Woods, N.H. And fresh in their minds were the sessions at the Inaugural Meeting of the Governors of the Fund and Bank, held at Savannah during the previous March under the chairmanship of Treasury Secretary Fred M. Vinson of the United States.

The mood of the Directors at their first meeting, as it emerges from the minutes, was solemn—almost somber. There were reasons for this especially in the state of the world economy, and in the financial plight of many of the countries represented. The Articles of Agreement of the Fund and Bank had been devised as a means of dealing with the economic problems of the postwar world. But some of these had not been fully anticipated. Moreover, a great deal of compromise was required for agreement at Bretton Woods, and as the time approached for beginning the operations of the new institutions there were many questions about their likely effectiveness and suitability for the difficulties that lay immediately ahead. At Savannah there had been much wrangling over comparatively minor questions—location of a permanent headquarters, salary levels, the dates of the Fund's fiscal year—which may have been symptomatic of underlying differences on matters of more fundamental interest.

Lord Keynes, who shared with Harry White of the United States the authorship of large parts of the Bretton Woods plan, had made an appeal at the outset of the Savannah meeting against the intrusion of politics in the affairs of the new institutions. But it was clear that politics in one form or another would be most difficult to avoid. And now the great British economist had passed away, suddenly and within weeks of his negotiation of a multi-billion dollar American loan, followed by his efforts at Savannah. It would be one of the first decisions of the Executive Directors to have a message of regret drafted and sent to Lady Keynes.

The meeting of the Directors was called and presided over by Mr. White. Of that first group, only Ahmed Zaki Saad remains an Executive Director of the Fund. But there was Jean de Largentaye, then an Alternate, who was appointed Executive Director in the following July and served until June 1964.

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To The Fund Staff

April 20, 1966

Last month when I presented the 1966-67 budget recommendations to the Executive Board I said, "This has again been a year of hard work for the staff of the Fund and I should like to begin this statement by commending the devotion, enthusiasm and ability which the members of the staff bring to their assignments." During the discussion which ensued many Executive Directors joined in voicing a similar feeling of appreciation for the work of the staff.

This issue of *Staff News* celebrates the Fund's 20th Anniversary. The organization has come a long way since 1946, and I know that one of the most important reasons for its remarkable record has been that very "devotion, enthusiasm, and ability" which its staff members have given to it since the beginning.

The staff's performance has been the product of more than just the quality of the individuals themselves. The spirit of teamwork that prevails in the staff has been an important ingredient. And perhaps an even more important ingredient has been the knowledge of each staff member that his work is significant and worthwhile — that his labors are helping the nations of the world to achieve a better life for their people.

We have come a long way and the future seems to hold even greater challenges for us. As I said in my budget statement: "Our field of international finance is in a state of ferment and this is likely to continue. Member countries will always be struggling to achieve and maintain the financial stability which they need as a basis for sound economic development and few of them will ever be free for long from pressures toward instability. The work of the Fund, as the trusted advisor in this vital effort, will grow. At the same time, while none of us can foresee with any precision what the role of the Fund will be in the course of the evolution of the international monetary system, I hope and I know you hope that the Fund will be at the center of that evolution. If this comes to pass, we will have thrust upon us responsibilities which we cannot yet estimate."

This means that each of us will need to continue to give of his devotion, his enthusiasm and his ability to the end that the people of all our member nations can live richer, more secure and more satisfying lives. I am confident that each of you will do his best to that end.

PIERRE-PAUL SCHWEITZER,
Managing Director

20 Years Bring Expansion of Fund's Membership, Resources and Activity

"I have no miracles to report, unless it is that the International Monetary Fund is proceeding with its work." This prosaic assessment of the Fund's early months of activity was made at the Annual Meeting of the Board of Governors in September 1946 by Mr. Camille Gutt, the first Managing Director and Chairman of the Executive Board of Directors of the Fund.

The Fund had, indeed, begun life in the most inauspicious circumstances and, for an experimental international institution in its infancy, faced several daunting problems. Many countries were only just beginning the reconstruction of their devastated economies, war-time economic controls were still largely intact, international trade and investment remained crippled, inflation was widespread and international political cooperation left much to be desired.

The Fund had come into legal existence the previous December when 29 Governments had signed the Articles of Agreement that had been formulated at the Bretton Woods Conference of 1944. But it was not until nearly three months later, at the inaugural meeting of the Board of Governors in Savannah, Georgia, that the necessary preliminary steps were taken to organize the Fund. It was here that Mr. Roman L. Horne, appointed Temporary Secretary, with the assistance of a handful of staff was assigned the task of making arrangements for the first meeting of the Executive Directors, fixed for May 6, 1946.

Despite the forbidding circumstances of world economic conditions, the organization of the Fund was pushed ahead rapidly with a view to an early start of exchange operations. By the end of 1946, par values for the currencies

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Four Have Served as Fund's Managing Director

Mr. Camille Gutt

Mr. Ivar Rooth

Mr. Per Jacobsson

Mr. Pierre-Paul Schweitzer

The Fund's first Chairman of the Executive Board and Managing Director was Mr. H. E. Camille Gutt, of Belgium, appointed on May 6, 1946. Born in 1884, Mr. Gutt had held many important posts in the Belgian Government, including the Ministry of Finance, and prior to his coming to Washington had been head of the Belgian delegation to the United Nations Monetary and Financial Conference at Bretton Woods and was co-originator of the Customs arrangements among Belgium, Luxembourg and the Netherlands, signed in 1944.

It was in Mr. Gutt's term of office that there occurred the largest upheaval in exchange rates of recent times. Set off by the devaluation of the pound sterling in September 1949, exchange rate adjustments were made during that month by 29 countries accounting for nearly two-thirds of total world trade.

On his retirement from the Fund, Mr. Gutt returned to Brussels where he resumed his activity in Belgian banking circles. We learn that it is only now that he is seriously contemplating true retirement.

Mr. Gutt was succeeded in 1951 by Mr. Ivar Rooth, of Sweden, who had been for many years Governor of the Sveriges Riksbank in Stockholm and Director of the Bank for International Settlements in Basle. He came to the Fund at a time when its exchange activities were relatively slight, but he helped to formulate far-reaching policy decisions that provided the basis for the Fund's expansion in later years.

Mr. Rooth has been in semi-retirement at Lidingo, Sweden, for many years, but at the age of 77 he is still a keen follower of international economic affairs and occasionally writes and gives lectures.

Mr. Per Jacobsson, also of Sweden, who succeeded Mr. Rooth in 1956, had been active in international financial problems since 1920, first in the League of Nations' Secretariat and then as head of the monetary and economic department of the Bank for International Settlements. His arrival at the Fund coincided with an expansion of its operations. Just a few days after Mr. Jacobsson took office in December 1956, the Fund provided the United Kingdom with financial assistance to help it cope with foreign exchange difficulties following the Suez Canal crisis. Over the next few years, operations continued to be on a much larger scale than previously, while the Fund's resources were also enlarged through the 1958 quota increases and the negotiation of the General Arrangements to Borrow in 1962.

Mr. Jacobsson was due to retire in February 1964 at the age of 70 but he died in office on May 5, 1963. A service to honor his memory and to dedicate a memorial keystone was held at the National Cathedral, Washington, D.C., April 22, 1964. In the same year, the Per Jacobsson Foundation was established by subscribers from all over the world to carry forward the work of international monetary cooperation to which Mr. Jacobsson had devoted his life.

Mr. Pierre-Paul Schweitzer, of France, the present Chairman and Managing Director took up his duties in September 1963. He had had a distinguished career in the French Treasury and had been a Deputy Governor of the Bank of France since 1960. He was familiar with both Washington and the Fund, since he had been appointed Alternate Director for France in the Fund for a short period in the late 1940s and had become Financial Counselor at the French Embassy several years later.

Since his arrival in the Fund, Mr. Schweitzer has been actively involved in the continuing debate on international liquidity and possible reforms of the international monetary system. At the same time, the operations of the Fund have expanded vigorously, with drawings in the past two fiscal years reaching the total of \$4.7 billion, or more than one-third of all drawings made on the Fund since March 1, 1947. In the fiscal year which has just closed, drawings at \$2.8 billion have substantially exceeded those for any previous year.

IMF HISTORY—continued from page 3

of 32 countries had been agreed, and the Fund was able to announce that it would be open for business on March 1, 1947.

Its first exchange transaction came with a drawing by France on May 8, 1947, in the amount of $25 million. This was followed by a Netherlands drawing equivalent to $12 million, half in U. S. dollars and half in pounds sterling, and by a further drawing of $25 million by France. At the end of the first financial year (ending on June 30, 1947) total drawings on the Fund thus amounted to $62 million. Fund membership had by this time risen to 44 and total quotas amounted to $7.7 billion. In the following ten months up to the end of the 1948 fiscal year (now changed to April 30), the Fund completed 28 exchange transactions, aggregating the equivalent of $544 million, for ten members.

Despite this courageous and early start, apprehension prevailed as to the proper use of the Fund's resources. The disequilibrium in world payments was severe, associated with the emergence of what was then called the 'dollar gap.' It seemed clear that what many of its members required were reconstruction loans and grants, rather than the short and medium term assistance available from the Fund. The Fund was not established as an aid-giving agency: its resources were of a revolving character and available to members only for the financing of temporary balance of payments disequilibria.

With the advent of the Marshall Plan in 1948, therefore, use of the Fund by recipients of aid under the European Recovery Program was restricted to exceptional circumstances. In this way, the Fund was able to harbor its financial strength until such time as the exceptional conditions of the post-war world economy had been ameliorated. For the next few years, new drawings on the Fund declined sharply and were exceeded by repayments. Use of the Fund's resources was not again made on any scale until the mid-1950's.

Exchange operations with non-European members were unaffected by this decision, however. Moreover, the Fund was otherwise extremely active in formulating the ground rules for its operations. Many of its enduring policy decisions and the basic methodology of its transactions date from this period. Early statements defining the Fund's attitude to transactions in gold at premium prices and to subsidies on gold production were followed by basic decisions on the use of the Fund's financial resources. The decision taken by the Board of Executive Directors in February 1952 established the essential guidelines which have governed the Fund operations up to the present day. It clarified the nature of a member's gold tranche drawing rights, outlined the conditions on which other drawing facilities might be used and laid down repayment terms of 3 to 5 years.

The February 1952 decision had also referred to the principle of stand-by arrangements — an instrument which was to become such a dominating feature of Fund transactions in later years. The first specific arrangement of this kind was approved in June 1952 for Belgium and by October of that year a general policy decision on stand-by arrangements had been adopted by the Executive Directors.

The Fund was also establishing its usefulness in other directions. With the refinement and expansion of the consultation procedures with members, the Fund rapidly became a center for the collection of data on economic and financial matters. Much of this information was made available to the public in the Fund's publications, while the more confidential economic studies that were prepared by the staff circulated widely through government circles. The Fund's Annual Report, a mere 88 pages in 1947, was gradually expanded to 200 pages by the mid-1950s. *International Financial Statistics,* first published in January 1948, was developed into a comprehensive statistical commentary on current economic development in member countries. In 1948, also, the Fund first distributed to members its *Balance of Payments Manual. International Financial News Survey* and the *Balance of Payments Yearbook* were both started in 1949, the *Annual Report on Exchange Restrictions* and *Staff Papers* in 1950, and, in cooperation with the World Bank and the United Nations, the *Direction of International Trade* in 1951.

It was in 1951 also that the Fund first put into effect a general training program for young nationals from member countries. Consultations with members under Article XIV began in 1952 and the first waiver for a drawing of more than 25 per cent of a member's quota in any one year was granted for Turkey in 1953.

Nevertheless, demands on the Fund's financial resources remained light in the early 1950s. Although 28 members had drawn on the Fund by the end of the fiscal year 1955/56, total drawings had climbed to only $1,236 million. Fund membership had risen to 58 and total quotas amounted to $8,750.5 million.

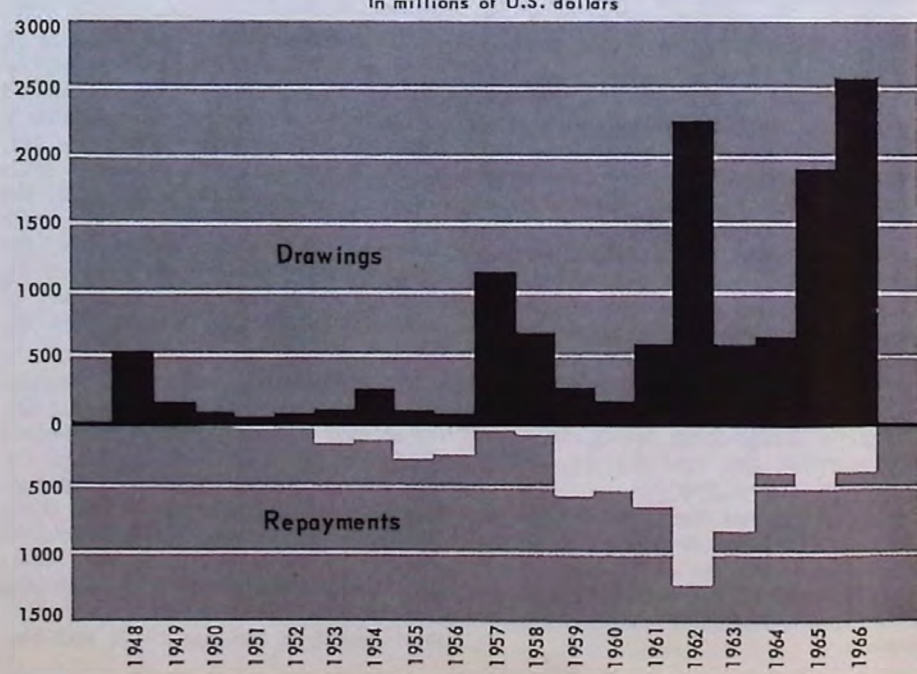
The following year, however, saw an exceptional use of the Fund, with drawings amounting to $1,114 million and new stand-by arrangements totalling $1,213 million. The transactions in this one year alone exceeded the total for the whole of the preceding ten years of Fund operations. They were largely the result of the Suez crisis but they were

(*Continued on page 5*)

DRAWINGS AND REPAYMENTS

FISCAL YEARS ENDED APRIL 30, 1948-1966

In millions of U.S. dollars



FIRST DIRECTORS' MEETING—
continued from page 2

Louis Rasminsky was to continue as an Executive Director until October 1962. George Bolton served until May 1952; Rodrigo Gomez served until October 1948, and again from November 1958 to October 1960. Y. C. Koo later joined the staff of the Fund; he retired as Treasurer early this year. J. V. Mladek was also to join the staff, and currently is the Director of the Central Banking Services. Mr. Horne was there as Temporary Secretary, Mr. Thorson as Assistant Temporary Secretary, and Mrs. Linda Shanahan as secretary to Mr. White.

There was a cautious opening statement by the Temporary Chairman. "The problems before us, as we all appreciate, are extremely complex," he said. "They will demand all that we possess of wisdom, experience, goodwill and statesmanship. . . . I need not remind you that we are pioneering. There is much we must explore. There is much we have to learn. We must proceed very carefully and not be discouraged because accomplishment does not keep pace with our desire. Our chief function is to counsel, guide and help. In proportion as we earn the confidence of the world our influence toward sound monetary policy will increase."

The Temporary Chairman moved the nomination of Camille Gutt, of Belgium, who was present as an Executive Director, to be Managing Director of the Fund and the motion was carried unanimously. Mr. Gutt's brief remarks of acceptance were also sober in tone. He compared his earlier situation as a Minister of Finance with his new position, saying the role of a cabinet member was comparatively simple.

"You fight for your own ideas, for what you think to be the good of your country. If you are defeated you go, and others try to be better. Here it is not the same: we are bound to make the Fund a success. The Fund is the biggest monetary policy-making body in the world, and a failure of the Fund would be a world failure.

"One thing will be of paramount importance: mutual goodwill and understanding. This is more important in itself than all the texts of Bretton Woods and Savannah, because without that, nothing can be done. Of course we shall have our differences. . . . . But I am quite sure that, having the broad objectives of the Fund always in mind, you will always ultimately agree on the best policy.

"As far as I am concerned, it would be very ambitious of me, at the present stage, to make any promise: but you may rely upon me to help, to the best of my ability, to further such indispensable goodwill and understanding."

Inaugural Meeting of the Governors at the General Oglethorpe Hotel, Savannah, Ga.

Several other matters were mentioned. The Temporary Secretary reported that the modern office building located at 1818 H st. had recently been secured for the use of the Fund and Bank. He was instructed to draft suggested rules of procedure for meetings of Executive Directors. The Temporary Chairman appointed a committee to prepare recommendations on a contract for the Managing Director. And already there was something about problems of public information.

The minutes say it was agreed that a formal channel for releasing official news to the press should be established. In addition, it was suggested that the Executive Directors might meet with the press occasionally either as a group or in rotation. It was understood that formal arrangements for handling the press should not limit the right of a Director to discuss non-confidential matters with the press at any time. Special care would be taken by Executive Directors to avoid public speculation on matters of a restricted nature and the staff would be instructed not to discuss any of the business of the Fund with unauthorized persons.

That was about all. The meeting took little more than an hour, and afterward the Directors lunched together. Their next meetings were devoted mainly to the internal organization of the Fund and its staff. It was December 1940 when the first series of currency par values were announced, and March 1947 when the Directors agreed that the Fund should begin exchange operations. By the end of April of this year, Executive Directors had authorized members' drawings equivalent to more than $12 billion. Ninety men had served as Executive Directors and 136 as Alternate Executive Directors, and the Executive Board of the Fund had held exactly 1,639 formal meetings on the business of the Fund.

IMF HISTORY—continued from page 4

also to mark the beginnings of a better understanding of the Fund's purposes, and a greater willingness of members to seek the Fund's support for their policies. Despite the falling off in exchange transactions in the following two years, 1956-57 was the start of a period in which Fund transactions reached entirely new magnitudes.

As the period of world reconstruction came to an end and member countries were able to exercise more effective control over their economies, a better balance emerged in the world payments situation. The movement toward derestriction and currency convertibility culminated in the late 1950s with the de facto establishment of convertibility for all the main European currencies. With the spread of convertibility, currencies other than the U. S. dollar began to play a greater role in Fund drawings. By 1957, only four currencies had been drawn from the Fund and dollar drawings had accounted for more than 90 per cent of the total. Thereafter, however, other currencies gradually came to be utilized in drawings and the Fund's holdings of dollars were restored to normal by repayments effected in dollars by other members. More recently, the United States has itself been a net

New Budget Adds More Positions; Shows Many Promotions and New Assignments

J. J. Polak

Oscar L. Altman

Charles F. Schwartz

Henry C. Murphy

W. John R. Woodley

Roger V. Anderson

The new Fund budget for the fiscal year May 1, 1966 - April 30, 1967 shows an increase from 715 to 804 in the number of staff positions provided, with 442 of these earmarked for employees with professional status. It also reflects a few organizational changes and a record number of promotions and shifts in senior staff assignments.

The Central Banking Service, created two years ago, has now been given departmental status under J. V. Mladek as Director. A new Current Studies Division has been established in the Research and Statistics Department. In the Bureau of Statistics the Financial Statistics Division has been divided into two divisions. The Historian's staff has been abolished.

But such moves are overshadowed this year by the large number of promotions and re-assignments, with all departments affected but Research and Statistics — with thirteen changes — more than any other. A new title was created, that of Senior Advisor, equal in rank to Deputy Director, and the new budget also gives emphasis to the importance of division chiefs in the organization of staff effort.

Promotions and changed assignments apply to the following staff officials:

In the Administration Department: Mr. K. N. Clark, Deputy Director; Mr. W. H. Windsor, Assistant Director.

In the African Department: Mr. A. R. Bengur, Assistant Director.

In the Asian Department: Mr. Tun Thin, Deputy Director; Mr. W. J. R. Woodley, Deputy Director; and Mr. A. Abadjis, Assistant Director.

In the European Department: Mr. P. Host-Madsen, Deputy Director; Mr. A. Pfeifer, Deputy Director; Mr. H. Ponsen, Senior Advisor; Mr. B. E. Rose, Senior Advisor; Mr. R. Evensen, Assistant Director.

In the Exchange and Trade Relations Department: Mr. C. D. Finch, Deputy Director; Mr. T. Sweeney, Senior Advisor.

In the Fiscal Affairs Department: Mr. H. C. Murphy, Senior Advisor.

In the IMF Institute: Mr. P. Walter, Deputy Director; and Mr. F. C. Dirks, Senior Advisor.

In the Middle Eastern Department: Mr. J. W. Gunter, Acting Director; Mr. G. R. Moghadam, Assistant Director.

In the Research and Statistics Department: Mr. J. J. Polak, The Economic Counsellor and Director; Mr. C. F. Schwartz, Deputy Director; and Mr. U. Sachetti, Senior Advisor; and Mr. J. S. Smith, Assistant Director.

In the Secretary's Department: Assistant Secretary, Mr. R. V. Anderson, and Assistant Secretary for Annual Meetings, Mr. D. E. Brantley.

In the Treasurer's Department: Mr. O. L. Altman, Treasurer; and Mr. R. Kroc, Deputy Treasurer.

In the Western Hemisphere Department: Mr. P. J. Brand, Senior Advisor; Mr. F. Vera, Senior Advisor; and Mr. H. K. Zassenhaus, Assistant Director.

IMF HISTORY—continued from page 5

user of the Fund's resources and the bulk of the drawings on the Fund are now made in European currencies, Japanese yen and Canadian dollars. In this way the number of currencies that have been used in Fund drawings has been raised to 16.

Fund membership also began to expand at a faster pace. In the first ten years of the Fund's life, membership had risen from 44 to 68, but in the following ten years there were 36 new members as nearly all the newly independent countries joined the Fund. There was a particularly marked expansion of the Fund's membership in Africa, with no less than 27 African countries joining the Fund in the 1960s, thereby raising total membership on that continent to 36.

Along with the growth in its membership and operations, action was also taken to strengthen the Fund's financial position. In 1958, a general review of the adequacy of members' quotas carried out by the Executive Directors resulted in general and selective quota increases amounting to about \$5.5 billion over the next two years. A more recent review concluded last year led to another round of increases which, when completed, will add about \$5 billion to the Fund's resources and raise total Fund quotas to about \$21 billion.

In addition to enlarging its gold and currency holdings through increased subscription, the Fund also made arrangements in 1962 to borrow, if needed, the equivalent of \$6 billion in currencies from ten industrial members. Current borrowings under these arrangements amount to \$930 million, made in connection with two large drawings by the United Kingdom in December 1964 and May 1965.

The Fund also continued to expand and improve the range of its financial and other assistance that it provides, so as to meet the changing needs of its membership. In 1963, it introduced a scheme for the compensatory financing of fluctuations in export earnings. In 1965, it added to its technical services by establishing the Fiscal Affairs Department and the Central Banking Service, as well as inaugurating the IMF Institute to consolidate and expand the Fund's training programs.

Drawings on the Fund in the past five fiscal years have averaged over \$1.6 billion in each year, or about three times the level in the previous quinquennial period. At present, 36 countries — more than ever before — have outstanding drawings on the Fund amounting to a record total of \$4.6 billion. All told, drawings on the Fund since it began operations on March 1, 1947 have been made by 60 countries, in the total amount of over \$12 billion. Since its first stand-by arrangement in 1952, the Fund has approved 170 such arrangements, totalling about \$8.5 billion, for more than 50 members.

As debate continues on international liquidity and an evolution of the Fund's role, the twentieth anniversary of the institution will remind a great many people of its enduring strength and adaptability to changing conditions. The Fund was founded by realists with high ideals and, as Mr. Gutt said, they expected no miracles. But one imagines they might have been pleased to see the Fund so well established, so much expanded in membership and resources, and still increasing its usefulness in the world economy.

It's a Big Organization But Started Small; Staff Growth Reflects IMF Changes

As with a library or collection of paintings, assembly of a talented and experienced technical staff is likely to involve a great many careful selections over an extended period. The result of the Fund's efforts in this field is often cited as one of the institution's most important resources.

There were twenty-five people on the employment roll after the first three months of Fund recruiting, in that spring of 1946. Some came from the United States Treasury and others from wartime agencies here and abroad that were being disbanded. Information about the new jobs passed mainly by word of mouth, although there was some newspaper advertising. The first employment decisions were made chiefly by the Temporary Secretary, who was Roman L. Horne, now Secretary of the Fund; by the Assistant Temporary Secretary, Phillip Thorson, who has become Director of Administration; and by Miss Sandy Demou, Personnel Officer. More than 21,700 applications for employment have since been screened by Fund officials.

The staff comprised 124 persons and there were 14 technical assistants to Executive Directors by the first Annual Meeting of the Governors, in September 1946. These included fifteen nationalities, although Camille Gutt, the Managing Director, noted difficulties in recruiting on a broad geographic basis. The number of staff rose slightly during the rest of 1946, and nearly half the employees at that time—69 to be exact—have remained with us to begin their twentieth year of service with the Fund.

The staff organization at first was comprised simply of an Office of the Secretariat and Office of the Directors. This evolved early in July 1946 into an Office of the Managing Director, Office of the Executive Directors, Research Division, Legal Division and Secretariat. By the end of August the organization included the following: Office of the Managing Director, Office of the Exectuive Directors, Operations Department, Research Department, Office of the Comptroller and Office of the Secretary.

The beginning of financial operations in 1947 was accompanied by a more rapid staff expansion. By the middle of that year there were 355 employees, from 27 countries. But the number rose more slowly in subsequent years—to 403 in 1948, and 421 in April 1949.

In 1950, by which time the staff included 441, the Executive Directors approved a major reorganization. The Annual Report said it was intended to achieve "a more logical distribution of responsibilities between the functional and area departments". This brought a division of the staff into six departments and three offices, listed alphabetically in the report as: the European and North American Department, the Exchange Restrictions Department, Latin American, Middle Eastern and Far Eastern Department; Legal Department; Research Department; Treasurer's Department; Office of Administration; Office of Public Relations; and Office of the Secretary. These changes greatly reduced the responsibilities of the Research Department and eliminated one of the Fund's oldest establishments, the Operations Department.

The number of staff remained fairly stable through the 1950's. The total hovered around 450, and declined somewhat in 1956 despite a continuing growth of membership.

The major reorganization of 1950, which created the area departments, was broadened in 1953 when their number was increased to four: the Middle East Department, the Asian Department, the European Department and the Western Hemisphere Department. The African Department was added in 1961.

Emphasis on the Fund's regional or-

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Roman L. Horne


Phillip Thorson

Some of the Staff Veterans


Joseph Gold


Rudolf Kroc


E. Walter Robicheck


Paul J. Brand


Jorge Del Canto


Charles L. Merwin


Eduardo Laso


Jacob Saper


Edison Zayas


William A. Avery


Ernest Sturc


Poul Host-Madsen


Gordon Williams


Walter H. Windsor

Hotel Home Preceded Fund's New Headquarters

After a series of transfers over twenty years, the Fund's headquarters have moved only a four-block distance from 15th St. to 19th St. in Washington. In other respects, however, the changes in its housing arrangements well reflect the organization's growth and progress.

The Fund's first home in this city, as for so many of its new staff members, was in a hotel—the venerable Washington, at the corner of Pennsylvania Avenue and 15th St. Two floors and a small committee room were rented immediately after the March, 1946 inaugural meeting of the Governors, and this space was retained until the following June 10. On that day the Executive Directors and staff moved into what was then the city's newest and most modern office building.

Located at 1818 H St., it had been planned as an apartment building with special features for residents including a hand-ball court on the top floor. But construction had to be completed in accord with priorities established in a national emergency. The building was streamlined and assigned first to the Surgeon General's Office, later to the Department of State.

Preferred office space was hard to find in postwar Washington, but the Fund and Bank were here at the invitation of the United States Government. They could count on its support in such matters. A long-term lease was obtained on the property at 1818 H St.—but with one complication that was to play an important part in the Fund's later housing arrangements. The private owners insisted that the document be signed by the IBRD, as the better risk of the two institutions. They had picked up the idea that the Fund enjoyed a complete immunity from suit that did not apply to the Bank.

Thus, although the Fund shared the use of 1818 H St. with the Bank, it subleased its space from that institution. And when the expanding Bank subsequently required more room, the Fund was to find the answer to its own requirements in the construction of a new headquarters.

There were other initiatives which, had they been carried out, would have placed the organizations on different sites from those they now occupy.

In the early years of their existence, a special Fund and Bank committee was appointed to survey possible locations for the construction of a new joint building. The committee's final choice fell upon the site in "Foggy Bottom" which is now occupied by the Watergate Apartments complex and the Kennedy Memorial Project. Plans were drawn by U.S. Government architects for presentation to the two Boards of Executive Directors, but the Korean conflict, bringing financial uncertainties and material shortages, caused the idea to be dropped.

Later, in 1954, it was proposed that the Bank and Fund should move into a large new office building located on the other side of the Roger Smith Hotel, on H St. between 17th and 18th St. But this idea was relinquished in favor of the Fund's preference for acquiring enough property alongside 1818 H St. to construct its own headquarters.

The Washington Hotel, 1946

IMF Headquarters, before the new Addition

GROWTH OF STAFF—cont. from page 7

ganization in the Fifties was followed in 1964 and later by an expansion of its service activities in the fields of central banking, fiscal affairs, technical assistance and technical training. This led to the establishment of the Department of Fiscal Affairs, the Central Banking Service now a full department, and the IMF Institute. More recently the Exchange Restrictions Departments has been re-named the Exchange and Trade Relations Department and its activities have broadened. The advent of convertibility especially among the industrialized countries has enabled that department to concern itself more with stabilization policies, standy-by arrangements and debt renegotiation, while maintaining its earlier interest in exchange controls and restrictive practices.

These changes, which have helped the Fund to meet its responsibilities in respect of a larger membership, have brought an increase in the number of staff. It was 450 in 1960, up to 521 in 1963, and reached 750 in April of this year with 68 nationalities at the latest date. In addition, the Fund annually accommodates as many as 85 participants in programs of the IMF Institute.

To maintain the quality of its staff and attract additional personnel, the Fund has introduced many improvements over the years in its terms of service. The organization's reputation for high calibre staff work also provides an attraction. But high standards, and the relative scarcity of people prepared for its work continue to lend a high priority to the efforts of recruitment.

It was a bold decision for those days, when the Fund's own finances were in deficit, and it even led to explorations with private insurance companies about the possibility of a building loan. Not long after the project was undertaken, however, a number of larger drawings took place and the Fund's income soared. The Fund's improved financial position must have been heartening to its Management, particularly in these circumstances; at any rate, Managing Director Per Jacobsson performed his cornerstone-laying chores with a flourish, adding to his other distinctions an honorary membership in a local Bricklayers' and Stonemasons' Union. The move into the new headquarters was completed early in March, 1958.

There was one other difficulty, added to the financial picture. Assembling the land required the purchase of a number of small lots, some of which were not readily available. The most difficult negotiations of all took place over a rectangular area at the 19th St. corner, on which there stood an old, long un-used (for the purpose) firehouse. Title rested with the United States Government. But for many years the old brick structure had served as the meeting place for an organization of senior citizens called the "Oldest Inhabitants Association of the District of Columbia." Although the firehouse bell had been silent for many years, the Oldest Inhabitants found many other ways of raising the alarm against the destruction of their affectionately-regarded landmark and clubhouse. Eventually, an arrangement was agreed by which the Fund undertook to dis-assemble the building with care and contribute to its restoration or to another meeting facility, somewhere else. Recent reports indicate the Oldest Inhabitants are now proceeding with the purchase and remodeling of a building on 16th St.

Uncertainty at the outset as to whether the firehouse property would become available caused the Fund to plan at first to build around it. The capitulation of the Oldest Inhabitants came so late that the building design was still affected, although the curved facade could then be brought a little forward.

There have been other real estate casualties on the city block occupied by the Fund and Bank. In the name of progress and international cooperation, the neighborhood lost eight or ten brown-stone homes, three apartment houses, a Whelan's Drug Store, a dry-cleaning branch, a homey little delicatessen, and a convenient bar and social center called the Key-hole Cafe. In purchasing and remodeling the old Hurley-Wright building at the corner of 18th and H St., the Bank displaced a Hot Shoppe whose large exterior sign, in the form of a tremendous frying pan, provided quaint symbolism for a center of international finance. A White Tower hamburger establishment remains on the 18th st. side.

The Fund's building at 19th and H st. soon proved inadequate to accommodate its expanded staff, and on June 30, 1963 the Executive Directors agreed to the purchase of more land for an addition. Excavation began in August of the same year, and the new building is now almost completely finished. It adds 182,070 square feet, accommodating offices for about 630 people, to 105,280 square feet for 440 persons. The contractor for both buildings was the firm of Chas. H. Tompkins. The architects were Clas & Riggs for the first building, Clas, Riggs, Owens and Ramos for the second, with Vincent G. Kling as consulting architects on the new addition.

As of April 30 there were 318 staff in the first building and 435 in the new one, plus some of the Executive Directors. The Bank is to use some of the space in the addition until its next building on G st. is completed. Meanwhile the older building will receive extensive re-decoration. But it now appears that the Fund's housing needs have been satisfactorily met for any likely increase in staff over many years to come.

Keynes at Savannah Warned of Politics

Lord Keynes had led the British delegation at Bretton Woods, and he was Governor of the Fund and Bank for the United Kingdom when he attended the Inaugural Meeting of the Governors at Savannah. It was at the opening joint session of the Governors that he made the following remarks, which seem to have lost none of their significance in the meantime.

"Mr. Chairman, Governors, Alternates, Advisers, and Observers, like several others here present, I have been intimately concerned with what will, I think, always be known as the Bretton Woods plans. The gestation has been long; the lusty twins are seriously overdue; they will have put on, I hope, as a result, a weight and strength which will do credit to their mixed and collective parentage. At any rate it is a privilege I would not have readily foregone to be present at the hour of birth, in some capacity whether as Governor or Governess, along with the midwives, nurses, doctors, and persons ready to christen (and, personally, I shall always hold to the view that the christening has been badly done and that the names of the twins should have been reversed).


Lord John Maynard Keynes

"Hidden behind veils or beards of Spanish moss, I do not doubt that the usual fairies will be putting in an appearance at the christening, carrying appropriate gifts. What gifts and blessings are likely to be most serviceable to the twins, whom (rightly or wrongly) we have decided to call 'Master Fund' and 'Miss Bank'?

"The first fairy should bring, I suggest, a Joseph's coat, a many-colored raiment to be worn by these children as a perpetual reminder that they belong to the whole world and that their sole allegiance is to the general good, without fear or favor to any particular interest. Pious words exceedingly difficult to fulfill! There is scarcely any enduringly successful experience yet of an international body which has fulfilled the hopes of its progenitors. Either an institution has become diverted to be the instrument of a limited group, or it has been a puppet of sawdust through which the breath of life does not blow. Every incident and adjunct of our new-born institutions must be best calculated to emphasize and maintain their truly international character and purpose.

"Now, the second fairy, being up-to-date, will bring perhaps a box of mixed vitamins, A, B, C, D and all the rest of the alphabet. For the children may faithfully wear their many-colored raiment, yet themselves show pale, delicate faces. Energy and fearless spirit, which does not shelve and avoid difficult issues, but welcomes them and is determined to solve them, is what we must demand from our nurslings.

"The third fairy perhaps, much older and not nearly so up-to-date, may, like the Pope with his cardinals, close the lips of the children with her hand and then open them again, invoking a spirit of wisdom, patience, and grave discretion, so that, as they grow up, they will be the respected and safe recipient of confidences, of troubles, and of perplexities, a reliable and prudent support to those

(Continued on page 10)

Schweitzer Travel

April and May of this year seem to be fairly busy months for the Managing Director. From his point of view, the period shapes up about as follows.

During the four-day period from April 19 through April 22 Mr. Schweitzer was involved in the Group of Ten meetings on international liquidity which took place in Washington. That took him up to a weekend and on the following Monday he was in Frankfort, Germany giving a speech in German before an industrial association on *Developments in the World Monetary System.*

From April 27 through April 29 Mr. Schweitzer attended a meeting of the Administrative Committee for Coordination (UN Secretary General and chiefs of specialized international agencies) in London. He addressed the UN Association of Great Britain and Northern Ireland on April 29. On May 5, he was back in Washington for a press conference and other special observances related to the twentieth anniversary of the first meeting of the Fund's Executive Directors.

By May 9 it will be time for Mr. Schweitzer to make another speech, this time over in Minneapolis, at a morning session of the Society of American Business Writers. He won't make any more until May 19, when he moves out to Los Angeles to address a meeting of the Committee for Economic Development.

By May 24 and through the 27th Mr. Schweitzer is to be in Madrid for the Annual Monetary Conference of the American Bankers Association, with probably still another speech to give. He might find a little rest on the following weekend, if it leaves him any time after his travel out of Spain. Back in Washington on the 30th.

The popular new cafeteria

Staff Adds Skier, Bibliophile, Voyageur

The IMF Ski Club has already attracted one of our brand new staff arrivals. He is Mr. John Surr, who has just come to the Legal Department from San Bernardino, California, with stops at Yale and Harvard and a three-year stint as a regular officer in the U. S. Navy. The new legal counselor, who is 39, has also worked with a Washington law firm.

Mr. Surr was particularly intrigued by the recent *Staff News* account of the Ski Club's "intensely pleasant" blizzard weekend, and says he can scarcely wait for the return of winter weather. This is likely also the case for his Finnish wife, Rauna, who is studying for an M.A. in audiology, the teaching of the deaf. They have a one-year old daughter.

California (Oakland) has also sent us Richard R. Selby, who has been in less peaceful areas, such as Saigon, and Budapest at the time of the Hungarian uprising. Mr. Selby is a graduate of Tufts College, the Fletcher School of Law and Diplomacy and the University of California, where he specialized in Modern European History and Economics. He served most recently with the State Department's Executive Secretariat. Earlier he saw foreign service in Stuttgart, Saigon, Budapest and Warsaw. In Budapest, he arrived at the time of the Hungarian uprising and, besides his economic work at the embassy there, spent two nights a week for two years as a duty officer with that eminent embassy guest, Cardinal Mindzenty. Later Mr. Selby headed the economic section of the U. S. embassy in Warsaw. "I'm mostly specialized in the economies of countries that are not Fund members," he says. Mr. Selby, who is 40, married and has three children, joined the ETR Department as an economist.

Mr. R. G. Nayak, who joined Mr. Anjaria's office as a technical assistant, combines business with pleasure in the collection and reading of books on economics and central banking. He now has eight thousand of them, and will undoubtedly have a great time comparing his collection with that of the Fund Librarian. Mr. Nayak, married and 42 this month, is a graduate of Holkar College, Indore, Agra University and Bombay University, taking a Ph.D. there in Economics. He was secretary to an Indian Member of Parliament and later joined the Government Planning Commission where he rose to Senior Research Officer in the Economic Division — Foreign Exchange Unit. Last year he was a member of the Indian Government Delegation that visited Tanzania and Zambia to conduct an economic survey of these countries and to study the possibility of Indian technical assistance.

Mr. Antonio Medrano, from Saragossa, Spain, confesses he doesn't really miss the toros. He has always preferred Bach and Mozart to the dramatic fanfares that begin a program in the bull ring. Good music has helped him to relax from his work as a translator and interpreter for the Spanish Government, the Spanish Embassy in Washington and AID and this will also be his assignment in the Fund. Mr. Medrano, who is 36 and studied accounting and languages

LORD KEYNES—continued from page 9

who need them in all times of difficulty. For if these institutions are to win the full confidence of the suspicious world, it must not only be, but appear, that their approach to every problem is ablutely objective and ecumenical, without prejudice or favor.

"I am asking and hoping, you will see, a great deal.

"I hope that Mr. Kelchner (Secretary General of the Conference) has not made any mistake and that there is no malicious fairy; no Carabosse, whom he has overlooked and forgotten to ask to the party. For if so, the curses which that bad fairy will pronounce will, I feel sure, run as follows: 'You two brats shall grow up politicians; your every thought and act shall have an arriere-pensee; everything you determine shall not be for its own sake or on its own merits but because of something else.'

"If this should happen, then the best that could befall—and that is how it might turn out—would be for the children to fall into an eternal slumber, never to waken or be heard of again in the courts and markets of mankind.

"Well, Ladies and Gentlemen, fairies or no fairies, this looks like being a very pleasant party and a happy christening, and let the omens be good."

New Members of Fund Staff


Miss Irene K. Osterlund
Sweden—SEC


Miss Veronica P. Rochfort
U.K.—ADM


Mr. Antonio Medrano
Spain—SEC


Miss Evelyne V. Bonhomme
Haiti—ETR


Mrs. Janice L. Bhatia
U.K.—AFR


Miss Mary R. Savage
U.S.A.—R&S


Miss Raquel A. Sellner
U.S.A.—INST


Mr. R. G. Nayak
India—ED


Mr. Richard R. Selby
U.S.A.—ETR


Mr. Federico Arcangeli
Italy—ADM


Miss Maryse Garcon
Haiti—AFR


Miss Marina Scafidas
Greece—ADM


Miss Margaret D. Chase
U.S.A.—INST


Mr. John V. Surr
U.S.A.—LEG


Miss Luz Marina Mora-Monroy
Venezuela—WH


Mr. Stamatios Kiminas
Greece—ADM


Mrs. Rosa Anfruns
Chile—JT LIB


Miss Florence Jesuratnam
India—BU STAT


Mrs. Anne C. M. Salda
U.K.—JT LIB


Mr. Donald W. Townson
Canada—OMD

in Spain, Britain and the U. S., married a Cuban girl a few months ago.

Mr. Donald W. Townson of Toronto, Canada, 28, who describes himself as "just another colorless journalist" has been a columnist and staff writer for the *Toronto Star* and *Globe-Mail*, and a contributor to *Maclean's* and *Life Magazine*. He has written about Europe, Canada and the U. S. in stories ranging from crime to Quebec separatism. As a good Canadian should, perhaps, he proposed to his future wife in an Indian canoe retracing a voyageur's trail in the Canadian North. A graduate of Queen's University, Kingston, Ontario, and of Columbia University in political science and economics, Mr. Townson is joining the Managing Director's staff as assistant editor of the *Fund and Bank Review*. His wife, who's still teaching in Toronto, will join him here at the start of the summer holidays.

And then, finally, we have to confess to a slip in our last issue by making Mr. Duisenberg a graduate of the University of Goettingen in Germany. Much as he admires that ancient institution, Mr. Duisenberg feels he's even more at home at the University of Groningen in The Netherlands.

Social Activities

Bridge Club

In the 1965-1966 Duplicate Bridge Club competition Mrs. Dorothy Lyddane did even better than last year when she finished second. This time the Club's Trophy, a silver cup, was hers with the best score in nine out of twelve sessions. The Club is still meeting every other Tuesday at 7:45 p.m. with as many as ten to twelve tables. There are special prizes each Tuesday session that can't be bought anywhere, Mr. Charles L. Merwin reports. All bridge lovers are invited to find out what they are!

Art Club

The Art Club's Fourth Annual Prize Drawing was a big success. Some ninety art lovers gathered in the staff lounge on March 28 to try their luck. The winners could have their pick out of 43 works by Washington artists, ranging from David Adickes to Andrea Zerega. First name to come out of the hat was that of Mrs. Frances G. Wichin, who chose one of the show's favorites, an oil by Samuel Bookatz. Second prize went to Mrs. Matilda Hamilton who preferred Lee Weiss' "Early Autumn," third was for Mrs. Jean Cornier, and fourth for Miss Marie J. Lalonde. Mrs. Cornier and Miss Lalonde both chose the work of one of our own, staff artist Hördur Karlsson. The doorprize, a woodcut by Jacques Hnizdovsky, went to Mrs. W. John Woodley.

Fund and Bank Chorus

Those beautiful Fund and Bank voices will be heard again on May 25 when the Chorus gives its Annual Spring Concert. The Bank's Mr. Jack Upper will conduct the concert which features Folk Songs from different countries and a Bach motet.

Staff Circulating Library

After what the Library Committee describes as "long tribulations" the Staff Library has found new quarters in the Personnel Department, room 784. Since the foundation the number of titles has risen to 300. At a rental charge of 5 cents a day the best in fiction and non-fiction can be had. Another real bargain are the sales, held approximately every six months, of the books that have not circulated recently.

Camera Club

The Camera Club has taken off with a flying start. The Club members had their first workshop, they started a series of lectures, joined the Greater Washington Council of Camera Clubs, prepared a field trip and a showing of the best amateur movies, all this within weeks after having elected their officers. They will suspend their activities in June until next fall.

Tennis Club

The Bank-Fund-IFC Tennis Club which with one hundred members is now one of our largest organizations, elected its new committee last March 31. Chairman is Mr. Bilsel Alisbah, Treasurer remains Mr. Luis Azócar, Joint Secretaries are Miss Olive Vaughn and Miss Denise Pegoix, while Mr. Walter Ewing and Mr. David Grenier make up the rest of the Committee. During the coming season the Club will hold its two main tournaments, for the George Woods Cup and the Thailand Cup.

Ski Club

Our Ski club has just closed a season that, at times, could be described as "hectic," but the members can barely wait for winter to come again. In view of the planned charter flight to Europe the Club has started a big membership drive and has mailed out no less than 2,500 applications! The club has also elected its officers. These are: President, Bill Escoubé; Vice President, Rudi Rhomberg, Vice President, Anna-Karin Josephson; Secretary, Ann Hardwick; Treasurer, Marc Gosselin.

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Mrs. Marjorie Antonoff of the Research and Statistics Department had been with the Fund for ten years on April 2.

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Miss Mary H. Gumbart resigned on February 25 as Assistant Historian on the Historian's staff.

Personals

There are two marriages to report this time, one of these between two staff members, Miss Sarah Butterfield of the Administration Department and Mr. Hernán Mejía of the Western Hemisphere Department. The wedding took place on February 5.

On March 24 Miss Suad Qubain of Research and Statistics married Mr. Andrew P. Zimmer.

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There's a new crop of babies too — four of them girls, and two boys.

A daughter, Maie H., was born to Mr. and Mrs. Hussein Badr on March 4. Mr. Badr is with the Research and Statistics Department.

A daughter, Priti, was born to Mr. and Mrs. P. D. Ojha on February 3. Mr. Ojha is with the Fiscal Affairs Department.

A daughter, Abiola Apinke, was born to Mr. and Mrs. Edward Arowolo on February 14. Mr. Arowolo is with the African Department.

A daughter, Nadine Adrienne, was born to Mr. and Mrs. Mel Pinto on February 16. Mrs. Pinto is with the Secretary's Department.

A son, Rodney Gerald, was born to Mr. and Mrs. Robert Carter on February 9. Mr. Carter is with the Secretary's Department.

A son, Frans Laurens, was born to Mr. and Mrs. P. van de Ven on March 1. Mr. van de Ven is with the African Department.

The Old Firehouse, as it used to look at 19th and H