Annual Meetings 1974

FROM GAVEL TO GAVEL the troublesome dilemmas created by world inflation and the increased price of oil and other major commodities dominated the deliberations of the Governors at this year's Annual Meetings, which were held at the Sheraton Park Hotel September 30 to October 4. The Governors agreed to the establishment of two significant new institutions - the Interim Committee of the Board of Governors and the Joint Fund/Bank Committee on the Transfer of Real Resources to Developing Countries (Development Committee).

Altogether 204 Governors, 303 Alternate Governors and 832 Advisers and other officials representing the member countries of the Fund and the World Bank participated in the meetings. In addition 115 observers and some 500 special guests attended the sessions, while every last detail of the debate was scrutinized by a battalion of more than 600 representatives of the news media (see following story). Interestingly, 101 of the delegates, including 6 Governors and 26 Alternate Governors, were former participants in the IMF Institute, more than at any previous Annual Meetings. There were also more women delegates than previously.

The note of concern that was to mark the plenary sessions was expressed at the very beginning by President Ford on September 30 in his opening address welcoming the delegates. "The problems that confront us today", he said, "are serious and complex - a world-wide inflation at a rate far in excess of what we can tolerate; unparalleled disruptions in the supply of the world's major commodities; and severe hindrances to the real growth and progress of many nations".

Mr. Ford's brief statement was followed by the opening address of Henri Konan Bédié, Chairman of the Boards of Governors, and the opening addresses of Mr. Witteveen and World Bank President Robert McNamara. In his speech, the Managing

Director stressed the urgent need to develop new channels of finance to help nations meet the balance of payments deficits caused by higher oil prices and emphasized that governments and international financial institutions would have to play a larger role in channeling funds from surplus countries to deficit countries than they have until now.

Many of the speakers from industrial countries paid tribute to Mr. Witteveen's work in promoting the concept of the oil facility to assist countries in meeting balance of payments problems resulting from sharp increases in the cost of imports of petroleum and petroleum products. There was also substantial endorsement of the Managing Director's proposal for an expanded oil facility next year, and he had discussions during the week with a number of Governors on its financing. Norway promised that it would contribute to the oil facility an amount up to the equivalent of SDR 50 million next year and would be prepared to increase this amount in succeeding years.

The Development Committee held its first meeting on Wednesday, October 2, at which Mr. Konan Bédié was chosen as Chairman. Henry Costanzo of the United States was selected to be Executive Secretary the next day. The first meeting of the Interim Committee was held Thursday, October 3, at which John Turner, the Canadian Finance Minister, was elected Chairman. The Committee announced it would hold its next meeting in Washington on January 15-16, 1975. Mr. Turner told a news conference that the Committee had set the recycling issue as its "number one priority" and called on the Fund staff to prepare proposals for dealing with the recycling problem by January 15. He added that the Interim Committee's work would also include such matters as amendments to the Articles of Agreement and a quota increase. The establishment of the two committees will inevitably add to the work load of many Fund staff members and Departments because of the need to prepare papers and provide services for their important work.

The recycling issue also dominated the Managing Director's concluding address on Friday, October 4. He said the discussions had confirmed the serious concern felt about current rates of inflation and the general apprehensions over the huge disequilibrium in international payments. The Governors who spoke on recycling appeared to agree on two central points, he said. "First, it would be neither realistic nor prudent to expect the private short-term money markets to continue playing as large a role in the recycling process as they have in the past. And second, the problem of recycling thus requires a bigger role for various forms of official financing, with the IMF having a primary responsibility in this field."

The Governors selected Venezuela to provide the Chairman for next year's Annual Meetings and picked Manila in the Philippines to be the setting of the 1976 meetings. They also approved the application for membership of Papua New Guinea, which is expected to become eligible to join the Fund on attainment of independence.

The Annual Meetings meant a considerable amount of extra work for virtually every Department of the Fund and for staff members at all levels. The corridors and rooms of the Sheraton-Park were humming with activity at all hours from before 8 in the morning until far into the night. Despite the heavy volume of business and the constant demands of the many delegations for services ranging from copies of speeches and documents to limousines and additional hotel rooms, the whole operation went forward with its customary efficiency.

A number of special events were prepared for the Governors, their alternates and other officials. A reception was given at the Shoreham-Americana Hotel on the evening of Sunday, September 29, by the Chairman and Mrs. Bédié, which was attended by 4,000 people. On Tuesday evening Mr. and Mrs. Witteveen and Mr. and Mrs. McNamara held a reception and buffet for Governors and their wives in the Fund atrium, followed by a night at the Kennedy Center, where some 2,000 Governors and delegates enjoyed two short Italian operas - "Il maestro di capella" and "La cambiale di matrimonio".

A number of national delegations had their own receptions, the largest of which was given by the U.S. Treasury Secretary, William Simon, in the marble halls of the Smithsonian's Museum of History and Technology on Wednesday, October 2.

A varied program was also laid on for the wives of Governors and delegates. Mrs. Witteveen and Mrs. McNamara gave a luncheon on Monday, September 30, at the Witteveen home in Potomac. During the week the Staff Relations Office arranged a wide variety of tours in and around Washington, ranging from visits to Planned Parenthood, Georgetown and the Hirschhorn Museum to excursions to Annapolis and Alexandria. Anywhere from 30 to more than 200 of the wives participated in these activities.

HARD WORKING NEWS AGENCY MAN AND PRESTIGIOUS COLUMNIST ALIKE, the members of the press all crammed into the cavernous but practical press room buried two floors down in the bowels of the Sheraton-Park Hotel. They came from Moscow and from Johannesburg, from Seoul and from San Francisco to cover the Annual Meetings, met old friends from previous years and exchanged gossip about their own and each other's national economies. This year the interest was as high as ever since three important economic events coincided within the space of a week. In quick succession the U.S. Economic Summit was followed by the meeting of the "Big Five" to discuss oil policies and then by the Fund/Bank meeting.

Besides the Americans, the largest contingent of journalists consisted of almost 50 German journalists and radio and television correspondents. Latin America sent a substantial force of about 30 journalists, as did the British, with about 30, and the Japanese, numbering more than 20.

At times during the first few days the press room was cooled by the hotel's air conditioning system to within a few degrees of freezing and there were mutterings

that the Fund might be trying to induce a collective pneumonia in the world's press. But temperatures rose later and the flow of copy through the steadily humming telex machines of ITT, RCA and Western Union to the waiting newspapers never halted. Stories covering the meetings were carried each day on the front pages of many of the world's major papers.

As always, there was a heavy demand from delegations and press alike for the Morning Press, which appeared in two editions each day of the Annual Meetings.

The IMF Survey carried a preview of the meeting in its issue of Monday, September 30. In its French and Spanish editions of Monday, October 7, it printed the text of Mr. Witteveen's opening address and extracts from the speech of Mr. Konan Bédié, together with other material on the first days of the meetings. These were repeated in the English edition of Monday, October 14, along with substantial reports on the speeches of the Governors, information on the election of the new Fund Executive Directors, the various communiques and, in a special supplement, the entire text of the Composite Resolution.

JOHN N. TURNER, the Canadian Finance Minister, who has been selected to be Chairman of the Interim Committee, was born in England in 1929, but left for Canada at an early age where he attended school and then the University of British Columbia. He returned to England as a Rhodes Scholar and received from Oxford University the degrees of bachelor of arts in jurisprudence, bachelor of civil law and master of arts.

He was elected to the Canadian House of Commons in June 1962. In April 1963 he was appointed Parliamentary Secretary to the Minister of Northern Affairs and Natural Resources and, after occupying several other positions, became Minister of Finance in January 1972. Mr. Turner was named a member of the bar at Gray's Inn, London, in 1953 and was called to the bar of Quebec the following year. He has lectured on commerce at George Williams University and is the author of "Politics of Purpose", published in 1968. Mr. Turner (photo left) is married and has a daughter and two sons.

HENRY J. COSTANZO of the United States (photo right), the Executive Secretary of the Development Committee, comes to his new position from the post of Executive Vice-President of the Inter-American Development Bank. Mr. Costanzo, who is 49, was born in Birmingham, Alabama, and completed graduate training in international finance at Columbia University, New York. He served in the Marshall Plan mission in Italy, and subsequently served in a number of posts in Washington, both in the U.S. Treasury and the Fund. While at the Fund he held the position of an Advisor in the Middle Eastern Department from 1962 to

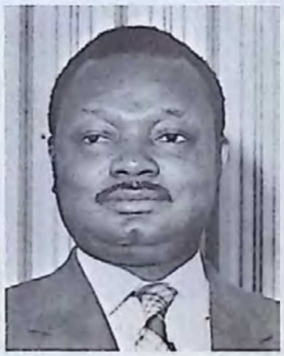
1967. From 1969 to the end of 1971 he was U.S. Executive Director at the World Bank, before taking up his position at the IADB on January 1, 1972. He is married and has two children.

FOUR NEW EXECUTIVE DIRECTORS will take their seats on the new Executive Board when its term of office begins on November 1. In addition, Germany has appointed Eckard Pieske to succeed Guenther Schleiminger on January 1, 1975. The four newly elected Executive Directors are Bernard J. Drabble of Canada, who succeeds Robert Bryce, also of Canada; Roberto Gavaldá of Argentina, who succeeds Carlos Massad of Chile; Horace R. Monday, Jr., of The Gambia, who succeeds S. B. Nicol-Cole of Sierra Leone; and Francisco Suarez of México, who succeeds Guillermo Bueso of Honduras. Mr. Monday and Mr. Suarez are of course already familiar figures in the Fund, having been Alternate Executive Directors on the present board.

South Africa was not a participant in the elections; Robert van S. Smit will, however, represent his country as a principal resident representative to the Fund with the rank of Ambassador. The new Executive Directors are as follows:

Mr. Pieske (photo left), who is 46, will come to the Fund from the German Finance Ministry, where he was a Division Chief and participated in the work of the C-20 as a member of the Technical Group on Global Liquidity and Consolidation. He holds a masters degree from Western Reserve University and an economics doctorate from Tuebingen University. He has worked in the Bundesbank, in private industry and in the Ministry of Economics, where he directed the International Monetary Affairs Section of the ministry before this section was transferred to the Finance Ministry in 1972. He is married and has one son.

Mr. Drabble (photo above right) is 49 and has made his career with the Bank of Canada, where he was appointed Deputy Governor on September 1. He took first class honors in economics and political science at McGill University and later did graduate work and lecturing there. He worked in the Bank of Canada's Research Department, being appointed Assistant Chief in 1955 and Deputy Chief in 1964. Later, as an associate advisor and advisor of the Bank of Canada he developed his experience in the field of international economics. He has served on the Technical Group on Disequilibrating Capital Flows of the C-20.



An Executive Director of the World Bank since April, Mr. Gavaldá (photo left) is 36 and was educated at the University of Buenos Aires, where he received a master's degree in political economy and taught in the School of Economic Sciences. He has served as an advisor to the Argentine National Development Council Secretariat and has worked on numerous development projects in his country. He is married and has four children.

Mr. Monday (photo right), who is 40, is a former Governor of the Central Bank of The Gambia and has been an Alternate Executive Director since 1972. He was educated at Cardiff College of Technology and Commerce, Wales, and at the University of Exeter, where he received a bachelor's degree in economics and a

Diploma in Public Administration. On returning to The Gambia he served as an Administrative Officer and District Commissioner, and then joined the Ministry of Finance. He is married and has two children.

Mr. Suarez (photo right) is 31 and came to the Fund in 1972 and was a Technical Assistant before he was appointed Alternate Executive Director last year. He has a master of law degree from the National University of Mexico, and an M.A. from Cambridge University. He has done post-graduate work in economics at the University of Paris and the University of Chicago and has been an assistant professor at the School of Economics of the National University of Mexico. In 1970 he joined the Bank of Mexico. He is married and has two children.

THE MANAGING DIRECTOR flew to Tokyo to attend the Per Jacobsson Lecture on October 11. The hosts for the lecture, entitled "Steps Toward International Monetary Order", were the Federation of Bankers Association of Japan. Papers were presented by Dr. Conrad Oort, Treasurer-General of the Netherlands, and by Dr. Puey Ungphakorn, former Governor of the Bank of Thailand and currently Professor of Economics at Thannasat University. The comentators were Dr. Saburo Okita, President, the Overseas Economic Cooperation Fund, and Mr. William McChesney Martin, former Chairman of the U.S. Federal Reserve Board.

When Mr. Witteveen arrived in Tokyo on October 10, he was met at the airport by Kaichi Kawaguchi, Executive Director for Japan, and Tun Thin, Director, Asian Department. He was accompanied by Mrs. Witteveen and his Personal Assistant, David Green. After a weekend at Kyoto, Mr. Witteveen returned to Tokyo, where he had a meeting on Monday, October 14, with Masayoshi Ohira, the Finance Minister, and then attended a dinner given by Toshio Kimura, the Foreign Minister. On Tuesday he met Prime Minister Kakuei Tanaka and Tadashi Sasaki, the Governor of the Bank of Japan, and later attended a dinner given in his honor by Mr. Ohira. He also had interviews during his stay in Tokyo with the Japan Economic Journal and Asahi Shimbun and held a press conference at the Japan Press Club.

On Wednesday, October 16, Mr. and Mrs. Witteveen and their party flew to Delhi. They were later to visit Indonesia, before returning to Washington via Frankfurt at the end of the month. The press arrangements for their visits to Tokyo and Delhi were coordinated by David Armour of the Information Office.

ENERGY CONSERVATION in the Fund is a matter of continuing concern for all Staff members. The efforts last November to reduce lighting intensity in the building and adjust machinery operating schedules produced an average of a 13 per cent monthly reduction in electrical consumption. The adjustment of thermostat settings higher in the summer has also helped.

These savings, however, are far more than offset by tremendous increases in costs, the Administrative Services Division reports. For August 1974, the electric bill alone was over $52,000. The sharply rising costs for fuel used in producing electricity are passed on to consumers. As a result, even though electrical consumption has been reduced by up to 20 per cent per month over last year, monthly electric bills have almost doubled because of the fuel cost supplements.

During the winter months it is intended to continue the policy instituted last year of not heating the building on Sundays or holidays and only part of the day on Saturdays. In addition, the program of reducing thermostat settings to those temperatures suggested for U.S. Government buildings will be continued.

TWENTY-YEAR STAFF. In October, Mr. W. Lawrence Hebbard, Secretary of the Fund, Secretary's Department, commemorated twenty years of service with the Fund.

MARRIAGES. Mr. John P. Lipsky, Fiscal Affairs, was married to Ms. Zsuzsanna Karasz on September 6; Mr. Ronald F. Pearson, Bureau of Statistics, was married to Miss Carmen Alicia Giron on September 6; and Miss Maureen Adams, European Department, was married to Mr. Masakatsu Kato on September 7.

BABIES. A daughter, Polly Mi-Sook, was born on August 26, to Mr. and Mrs. Kyung Mo Huh; a son, Gregory John, was born on September 3, to Mr. and Mrs. Phil Smith; a son, Michael Gerard, was born on September 9, to Mr. and Mrs. Alfredo Antezana; a daughter, Natalie Pascale, was born on September 12, to Mr. and Mrs. Grant B. Taplin; and a daughter, Bethany Kara, was born on September 21, to Mr. and Mrs. Stephen Altheim.

CHAMBER CONCERTS. The first in a new series of IMF/IBRD chamber concerts took place on 27 September. The artists taking part were Meenakshi Bove who sang songs by Osma and Michael Head accompanied by Paula Browning, and a piano quartet (in which Jean Tarnawiecki played the cello) which performed Brahms Piano Quartet Opus 26.

The next concert in the series will be on 6 December at 1 p.m. in the Eugene Black Auditorium. A piano quartet including two Bank members, Manfred Beutgen (viola) and Hans Hittmair (cello) will play Mozart's G Minor piano quartet and Beethoven's own arrangement for piano quartet of his Opus 16 quintet for piano and wind.

PAUL EHRLICH, the well-known Washington photographer presented his "Impressions of Spain" to an enthusiastic audience at the September meeting of the International Camera Club, the first of the 1974-75 season. Winners in the slide competition were: Class AA : Dee Dee Lum (Fund); Robert Dunn (Fund); Fred Dirks (Fund) and Hugh Chambers (Fund). Class A: Charles Goor (Bank); Larry Berlin (Bank); Dave Beach (Fund). Class B: José Rodriguez (Bank) Mariene Lehwing (Bank); Carole Devillers (Bank); Helmut Billenstein (Bank); Baydar Gürgen (Fund) and Juliet Teoh (Fund). Mr. Ehrlich is a former member of the Treasurer's Department.

BANK/FUND CHORUS: Rehearsal is under way for the Christmas concerts to take place during the week of December 16, and the program planned is Mozart's Coronation Mass. This large symphonic choral work requires instrumentalists in addition to singers. Interested musicians contact Guy Potvin, Ext. 3357.

Evening rehearsals are scheduled for the first Mondays of November and December at 5:30 p.m., in the Bank's Eugene R. Black Auditorium, C-1114. The regular weekly rehearsals have been changed to a Thursday, 12:45 p.m. - 1:45 p.m., Bank's Room E-436.

CALLITHEA STABLES have reopened and lessons and trail rides are again available. For information call Mr. Boone 926-4653.

STAFF **NEWS**

Published monthly by the Information Office of the International Monetary Fund Washington, D.C. 20431