

A MAJOR U.S. DRAWING ON THE FUND, amounting to \$3 billion, as well as the sale by the United States of \$2 billion in special drawing rights, were among the important components of President Carter's measures to strengthen the dollar which were announced on November 1. The U.S. drawing on its reserve tranche position was not only the United States' largest transaction with the Fund but also the largest such drawing any country has made on the Fund. The drawing was made in two parts--a purchase of the equivalent of \$2 billion was made on November 6, and the balance equivalent to \$1 billion in Deutsche Mark and yen was made available after the Fund activated the General Arrangements to Borrow on November 7.

The other components of the U.S. measures included the expansion of swap lines with Germany, Japan, and Switzerland, the projected issuance of foreign-currency-denominated securities by the U.S. Treasury, an increase in the N.Y. Reserve Bank discount rate, and a substantial increase in Treasury gold sales, beginning in December. The impact of the package of measures on the foreign exchange markets was (continued on page 3..)

THE MANAGING DIRECTOR'S FIRST EXTENSIVE OVERSEAS TRIP took him to the Middle East in late October to pay official visits to Saudi Arabia, Iran, and Egypt. Mr. de Larosière, who was accompanied throughout the tour by Mrs. de Larosière, the Director of the Middle Eastern Department and Mrs. Shaalan, and the M.D.'s Personal Assistant, Dick Ware, left Washington on October 16. After a brief stop in London, the party flew on to Jeddah in Saudi Arabia where, during the following two days, the Managing Director had extremely wide-ranging talks with the Minister of Finance and Economy, Mohamed Abalkhail, and the Governor of the Saudi Arabian Monetary Agency, Abdul Aziz Al Quraishi. In the evenings dinners were given in his honor by the two officials.

On October 20, the party proceeded in a private Saudi aircraft to Tehran. That afternoon Mr. de Larosière had a meeting with the then-Minister of Economic Affairs and Finance, Mohammed Yeganeh, and the Governor of the Central Bank (the Bank Markazi Iran), Youssef Khoshkish. Jahangir Amuzegar, Iranian Executive Director at the Fund, also participated in the official meetings. The next morning, the Managing Director had a meeting with the then-Prime Minister, Djaafar Charif-Emami, following which he and Mr. Shaalan had an audience with the Shah. They proceeded to the Bank Markazi for lunch and were entertained that evening at a reception given by the Governor.

On October 22, the Managing Director's group flew to the historic city of Isfahan, where they stayed in the Shah Abbas Hotel, a magnificently appointed former caravanserai. Their stay in Isfahan afforded them an opportunity to visit some of that city's beautiful buildings, including the immense Shah Mosque (photo right), and other ornately decorated mosques and palaces. On the 23rd they flew to Shiraz and from there drove to Persepolis to see what remains of the great audience palace built by Darius and Xerxes, which was destroyed by Alexander the Great more than 2,300 years ago. After viewing the ruins so redolent of past glories, the party flew back to the bustling city of Tehran for the





night. During the morning of the following day, the Managing Director returned to the Bank Markazi to see the crown jewels of the Iranian monarchy, which are counted as part of the country's reserves, and then flew to Cairo in the evening.

The next morning, Mr. de Larosière called on the Governor of the Egyptian Central Bank, Mohamed Abdel Fattah Ibrahim, and later in the day went out to visit the pyramids and see the sphinx (photo upper left). Dinner that evening was hosted by the Minister of Economy and Economic Cooperation, Hamed El-Sayeh, and this was followed by a performance of traditional Middle Eastern dancing. On

October 27, the Managing Director and his party flew up the valley of the Nile to the colossal temple of Abu Simbel (photo right), which was moved by means of an international relief effort to a higher elevation in order to protect it from the waters of Lake Nasser. Coming back to Aswan for lunch, the group then took a boat ride on the Nile and visited several places of interest, including Kitchener's Island. The next day they traveled to Luxor where they saw the ruins of the palace of Ramses II, and also those of Karnak (photo lower left) - the two temples were formerly connected by a one-and-a-half-mile avenue of sphinxes. After spending the night at Luxor, they crossed over to the West Bank of the Nile, to tour the Valley of the Kings and the Valley of the Queens, visiting a large number of tombs, including that of Tutankh'amun. Finally they saw the Colossi of Memnon before flying back to Cairo for the night.

On October 30, the Managing Director left Cairo for Paris, where he stayed until returning to Washington on November 1. (Our photographs were taken by Dick Ware.)



"THE FUND AND SURVEILLANCE"

was the topical subject of an address delivered by the Managing Director to the Chicago Committee on November 14. The Chicago meeting, which was sponsored by the Chicago Council on Foreign Relations, was the first outside forum Mr. de Larosière had addressed since he took office.

In his speech the Managing Director began by tracing the background of the Fund's new Article IV, which establishes the obligation of members regarding exchange arrangements, in the light of the breakdown of the post-war Bretton Woods system and the exchange market crises of recent years. He emphasized the important role in the exercise of surveillance played by annual consultations on the economic situation and policies of members, which have been a major feature of the Fund's work for a number of years. He also traced the recent broadening of the world economic outlook exercise to include the elaboration

of a coordinated strategy of noninflationary growth and balance of payments adjustment.

U.S. DRAWING (continued from front page) immediate. The dollar gained some 8 per cent against other major currencies in the first week, although some of these gains were subsequently reduced. For the Fund, the announcement of the measures to halt the dollar's decline was the signal for work to begin in preparation for the U.S. drawing and for the activation of the General Arrangements to Borrow. Our photo (right) shows David Armour, Aldo Zanzi, and Jorge Ordenes of the Information Office keeping track of the fast-breaking events in the exchange markets.



MANAGING DIRECTOR'S SPEECH (continued from second page)

However, the Managing Director stressed: "It is not possible to understand or assess exchange rate developments without looking at the policies which create the underlying conditions." Exchange rate stability, he said, can best be achieved through stable and compatible domestic policies adopted by all countries. "Exchange market interventions alone cannot be counted upon to attain such stability, and exchange and trade restrictions are almost always undesirable," he said. "Successful pursuit of surveillance would mean that exchange rate changes that are necessary for adjustment would not be delayed very long, as unfortunately occurred too often in the past... The new approach to exchange rates recognizes that there can be substantial differences among countries in their economic priorities and policies, and the behavior of exchange rates must necessarily reflect such differences. Exchange rate flexibility is one of the means of accomodating divergences in circumstances and policies without resort to exchange restrictions or similar direct restraints that are damaging to economic prosperity." Symmetry in the adjustment process is, he said, another important objective to be sought through surveillance. "It is not unreasonable that there should be some connection between conditionality in the use of the Fund's resources and surveillance," he explained. "More generally, however, whether market asymmetries can be avoided will depend in large measure on whether the domestic policies followed by member countries furnish a reasonably stable environment in which adjustments may be made."

AN INTERIM SALARY ADJUSTMENT of 3.5 per cent, retroactive to March 1, was agreed by the Executive Board at a meeting on October 27, an action which finally brought to a close the 1977/78 compensation review. The Board's decision involved a reconsideration of an earlier Board meeting on Monday, October 23, which had failed to adopt in its entirety the Managing Director's proposal for a 3.5 per cent adjustment, but which had agreed on one of 2.5 per cent, subject to reconsideration in the light of action taken by the World Bank's Executive Board. Following the first Board meeting, at an open meeting on the 24th, the Staff Association adopted a resolution calling for a two-day work stoppage on October 30 and 31, if the Board had not reconsidered its decision before then. At a ballot of the Staff Association membership the next day the resolution was adopted by an 85 per cent majority. On the 27th, following the Board's acceptance of the Managing Director's proposal, the planned work stoppage was cancelled.

On October 19 an oral submission was made to the Joint Fund/Bank Committee on Staff Compensation Issues by the Staff Association Committee. A presentation on the major issues of Fund compensation was delivered to the Joint Committee and questions on these issues answered by members of the SAC. Those representing the SAC in the meeting were the Acting Chairman, Ian S. McDonald, Mark Rosseel, Peter Engstrom, and Burke Dillon. In addition, written submissions prepared by the SAC were forwarded to the Joint Committee on October 16. These submissions concerned the compensation surveys for "support" (ranges A-E) staff and staff in "Ranges F and above" which were prepared for the Joint

Committee by Hewitt Associates, Consultants, The SAC submission criticized the Hewitt surveys on the grounds that the comparators chosen were not relevant to the great majority of Fund staff, that insufficient job matches were found, and that insufficient attention was paid to the quality of the Fund staff, to the problems of expatriation, and to the issues of career development in the Fund. Copies of these submissions were subsequently distributed to Staff Association members.

The draft report of the Joint Committee has been transmitted to the members of the Committee.



THE BUREAU OF LANGUAGE SERVICES MOVES. It took thirteen hours, 18 Fund employees, and some 60 movers of the Colonial Storage Company to move furniture, office machines, books and papers of the 87 staff members of the Fund's Bureau of Language Services to their new offices on the ninth floor of The Esplanade, a new and still unfinished building located at 1990 K Street, N.W. Some 29,362 square feet of the Esplanade's ninth floor have been leased by the Fund to provide badly needed office space. Most of the third and fourth floors have been leased by the World Bank to provide office space for their language and administrative services. Apart from the inconvenience of having the Fund's cafeteria, banking and parking facilities three blocks



away, most of BLS's staff members are slowly getting used to their new working quarters. A handful of translators remain in the main building for the time being to provide assistance with some urgent translations. Other translators and support staff will have to commute frequently to help with work on the IMF Survey. "It will take some time to completely adjust to the change and smooth out the work flow between buildings," Bernardo Rutgers, Director of BLS, said. Eventually The Esplanade will have its first and second floors completed with boutiques, specialty stores, and restaurants. Plans call for the Joint Library to move to space vacated on the third floor of the Fund's main building as soon as arrangements for the move can be completed.



GREATER INTERDEPARTMENTAL MOBILITY should result from a new scheme of planned transfers which is to be introduced in the Fund in the coming months. For practical reasons, the system of planned mobility will begin with a relatively homogeneous group and initially will be confined to those staff members in Ranges F-I who are trained as economists and who have worked in the Fund for at least five years, and in any one department for at least three years. Under the scheme, which will be administered by the Administration Department assisted by an Advisory

Committee, all eligible staff members will receive a note asking them whether they wish to be considered for a move. Those who are interested in changing departments will be invited to discuss their interest with the Recruiting and Training Division of the Administration Department. Staff members will be asked to indicate any departmental preferences they may have and whether they wish to be considered for a temporary or a permanent move. If none of the preferences can be met, a staff member may withdraw his request for a change in assignment. The number of staff moving out of each department will be subject to a maximum annual quota of 10 per cent of total staff in that department in Ranges F-I who are economists by training.

Letters will be sent to eligible staff members by the end of the year with a view to completing the reassignments by May 1, 1979. Following the completion of this first round, a review of experience with the new system will be made to determine what, if any, changes should be made for the next round.

EDUCATION ALLOWANCE POLICIES have been revised to take account of the problems created in some countries whose currencies have appreciated relative to the U.S. dollar. Under the new policies, which were announced in a staff Bulletin on November 13, staff who would be in receipt of the maximum grant or a flat boarding grant, and whose children are being educated in a country whose currency has appreciated against the U.S. dollar between September 1976 and the time education allowances are claimed for the current scholastic year, will be paid U.S. dollars equivalent at present exchange rates to the same amount of local currency as would have been payable using September 1976 exchange rates. The necessary adjustments will be made automatically by the Treasurer's Dept.

THE SKI CLUB INVITES ALL FUND AND BANK STAFF MEMBERS to a wine and cheese party/membership drive in the Fund Cafeteria on Thursday, November 30, from 6:00 to 7:30 p.m. Lots of exciting trips are planned for this season, and an individual or a family membership still costs only \$5. The 1978/79 schedule of events is as follows: New Year's Trip - December 28-January 1, Sugar Bush, Vermont; Sunday, January 7, Round Top, Pennsylvania; January 13-14, Elk Mountain; Sunday, January 21, Massanutten, Virginia; January 27-28, Seven Springs, Pennsylvania; Sunday, February 4, Blue Knob, Pennsylvania; George Washington's Birthday weekend - February 16-19, Hunter Mountain, New York; March 3-4, Snowshoe, West Virginia; and March 13-20, Park City, Utah. The names and phone numbers of the trip leaders for each outing are posted on the bulletin board outside the cafeteria entrance. For further information call Frona Hall, Ext. 78105.

THE BANK-FUND MUSIC GROUP featured Meenakshi Bové, Soprano, accompanied by Mario Salerno, piano, in its noon-time presentation of "Songs and Arias" by Bizet, Delibes, Fauré, and Rimsky-Korsakoff. The performance was given in the Eugene Black Auditorium on November 16. Mrs. Bové, a native of India who has performed with local opera companies including the Washington Opera, was poised and elegant as she sang in impeccable French. Maestro Salerno played with an extremely delicate touch. He has completed a career with La Scala Opera as principal coach and assistant conductor, and is currently the principal coach and chorus master of the Washington Opera.

On December 7, works of Bach, Fasch, Quantz, and Telemann will be performed by Tobias Asser, violin; James Bernstein, cello; Patrick Heininger, recorder; Jan McCandless, flute; and Maria Siebeck, soprano, harpsichord, piano.

THE LARGE AND COLORFUL GEOMETRIC PAINTINGS of Julian Stanczak were on view in the Atrium from November 1st through November 22nd, sponsored by the Art Society in cooperation with Washington's Jane Haslem Gallery and the Washington Committee for CARE-MEDICO. Mr. Stanczak, who attended the opening reception with his family, was born in Poland and came to the United States in 1950, earning degrees from the Cleveland Institute of Art, where he has taught since 1964, and Yale University, where he studied with Josef Albers. He has exhibited widely in the United States and Canada, and his works are represented in many prominent collections.

Staff members and other guests who were present at the opening had the opportunity to participate in a "silent auction" -- bids were listed, with the highest bidder by the

end of the evening taking the item -- and a "blind auction" -- sealed bids were opened at the end of the evening -- for the benefit of CARE. The items available in the silent auction, which had been contributed by embassies as well as private persons, ranged from a ski week in Aspen, Colorado, to an autographed copy of Anwar El-Sadat's autobiography, while the blind auction featured prints, paintings and photographs by local artists. Seen in our photo (right) are those responsible for the show, including Mr. and Mrs. Stanczak (far right) with CARE representatives and Art Society President Ernst Conrad, who recalled that he was first introduced to CARE by the renowned "CARE packages" sent to post-war Europe.

The Art Society's current show, on view in the Atrium through December 28th, includes sculptures, drawings, paintings and prints which take as their theme "The Human Form." Four local artists are represented -- Lila Asher, Joan Root, Sharon Wolpoff, and Mark Oxman -- along with the Chilean sculptress Francisca Cerda.



THE INTERNATIONAL CAMERA CLUB had its first workshop of the new season on October 28. It was held in Rock Creek Park, by the old art barn, and was attended by a large group of club members. Selwin Powers, well known for his "wild life" photography, gave all present a talk on the finer points of Nature Photography. Later, the group meandered off "doing their thing," photographing leaves, trees, etc.



Mr. Powers also gave a slide show on November 21 entitled "Wild Life." He has had a very interesting career and is now retired from the Montgomery County Highways Department where he was an engineer. He has also won six gold medals in photo competitions and is a member of the Photographic Society of America.

ICC members are reminded that there is a GWCC competition on December 16. Slides should be sent to Carlos Gavino, World Bank, Room E 1039, by December 10. In order to participate, the \$5 membership fee must be paid. Please send cheques

to the Treasurer, Keith Thomas, World Bank, Room A-736. (Photo left by Diana Scott)

The winners of the October 12th monthly competition were:

Class AA

1st place
2nd place
3rd place

Maurice Asseo
Peter Nelson
Gladys Mott

"Doll Street"
"Thistle"
"End of Night"

Class A

1st place
2nd place
3rd place
4th place
5th place

Louis Forget
Louis Forget
Jack Mott
Carlos Gavino
Janos Somogyi

"Two boys, Vietnam, 1978"
"Sunset on the Village"
"Vermont Landscape"
"Talking Trees"
"Reflections/Steeple"

New Members of Fund Staff



Mr. Julian Berengaut
U.S.A. - ASD



Mr. Robin M. Broadway
U.K. - ADM



Miss Stella J. Brown
U.K. - FAD



Miss Cathryn Hanger
U.S.A. - TRE



Ms. Susan H. Lay
U.S.A. - ADM



Miss Ana Cristina Machado
Brazil - OED



Mr. George A. MacKenzie
Canada - EP



Ms. Terry L. Müllenburg
U.S.A. - FAD



Mr. Peter Praet
Belgium - AFR



Miss Mildred A. Sierke
Netherlands - WHD



Mr. Avraham van der Hal
Israel - OED

October 12 PHOTO COMPETITION RESULTS (continued)

Class B

1st place
2nd place
3rd place
4th place

Susan Becker
Peter Gisle
K.W. Riechel
Dolores Harrison

"Shoeshine in Jerusalem"
"Pattern - Gold/Brown"
"Highway"
"Cheers"

NEW VACANCY LIST PROCEDURES have been issued by the Administration Department in order to make the vacancy list more useful and effective.

Under the new procedures, the Recruiting and Training Division will prepare twice monthly a list of all vacancies with details of these, which will be distributed to all immediate offices, divisions, and Administrative Officers, and also displayed on the Concourse Level bulletin board. Requirements for standard positions will also be displayed on the bulletin board. Any staff member wishing to be considered for an advertised position in Ranges A-F should apply directly to the Recruiting and Training Division, indicating the position for which he or she wishes to be considered. Where there is a strong candidate for a vacancy from within the department concerned, the vacancy will be footnoted. The Recruiting and Training Division will send to the department concerned a list of all applicants, but only the personnel files of those it considers best qualified for the advertised position. All qualified candidates will be interviewed by the advertising department and then, when a selection has been made, the department will forward to the Recruiting and Training Division the reasons why the successful candidate was chosen. The Recruiting and Training Division will inform all candidates of the outcome, arrange for the release of the successful candidate, and announce the selection.

THE UNITED WAY CAMPAIGN has now officially closed. However, those staff members who have not contributed and may still wish to do so may send their donations to either the Staff Relations Office (Room 6-320), or to Departmental Collectors.

30 YEAR STAFF. In November, Mrs. Rachael L. Dillon, Administrative Officer, Fiscal Affairs Department, commemorated thirty years of service with the Fund.

MARRIAGES. Ms. Pakinee Sribhoga, Treasurer's Department, was married on September 20 to Mr. Thanuthai Maphungphong; and Ms. Stella Suissa, Office of Executive Directors, was married on October 13 to Mr. Samuel Ymar.

BABIES. A daughter, Deborah Maria, was born on September 16 to Mr. and Mrs. Saul L. Rothman; a son, Trevor Hugh, was born on September 20 to Mr. and Mrs. Jeffrey Davis; a daughter, Abigail Ruth, was born on September 22 to Mr. and Mrs. John Whiteman; a daughter, Laurence, was born on September 29 to Mr. and Mrs. Thierry J. Rommel; a son, William Shahram, was born on September 29 to Mr. and Mrs. Michael Moore (Shahnaz); a daughter, Isabel Anne, was born on October 10 to Mr. and Mrs. Emiliano Garcia Gomez; a son, Marco, was born on October 30 to Mr. and Mrs. I. Bruno Valentini (Doris); a son, Husam, was born on October 31 to Mr. and Mrs. Shaban N. Ismail; a daughter, Sophia Miriam, was born on November 1 to Mr. and Mrs. Anne van't Veer; and a daughter, Seema Patel, was born on November 8 to Mr. and Mrs. N. S. Arya.

RESIGNATIONS. Mr. Miguel Acevedo, Mr. Valéry D. Amiel, Mr. Claudio De Blois, Mr. Trond M. Johansen, and Mrs. Dominique Phung.

THE 2ND ANNUAL CRICKET MATCH, organized by Caroline Cumming of the World Bank, brought a small but enthusiastic gathering to BWRC on Sunday, October 15. In last year's game, the Fund was pitted against the Bank; this time, however, the two groups combined forces under the banner of "The International Concorde Set" to accept a challenge by "The Jetsetting Outsiders," a team composed of Australians, South Africans, Rhodesians, New Zealanders, and even Americans. The "I.C.S." included Wilfred Gratz, Les Manison, Dick Hides, Bob Franklin, and John Craig (all of the Fund), and Ian Hume, Ian Glendau, Bob Hyde, Zamar Ahmad, and Tamburai N'danganingi Phu-Phu (of the Bank).

Ian Hume, captain of the Fund/Bank team, won the toss and elected to bat first; his team members were all out in the first innings for 96 runs, a respectable total. At one stage, they had only 50 runs after 6 wickets, but an inspired last wicket stand between Dick Hides and Les Manison contributed to the team's impressive first innings total. At this point, there was a pause in the play for a leisurely luncheon.

In the afternoon, "The Jetsetting Outsiders" went on to bat, but quickly lost 7 wickets for only 36 runs, due to some fast-paced and accurate bowling from Dick Hides and two magnificent catches by Wilfred Gratz (with one hand in his pocket!). Not bad for someone who had never played the game before. Captain Geoffrey Hawkins batted aggressively to bring the "Outsiders" close, but the effort fell short at 72 runs.

The "International Concorde Set" were declared winners and celebrated their glory over the traditional tea and cucumber sandwiches. Afterwards, each member of the winning team received a trophy. The fervor and sportsmanship displayed by players and spectators alike promises larger crowds in succeeding years.



STAFF NEWS

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THE BANK-FUND CHORAL SOCIETY'S CHRISTMAS PROGRAM will comprise Vivaldi's "Gloria" and music from Sweden -- "Gaudete." Performances will be on Tuesday, December 12, from 1-2 p.m., and on Thursday, the 14th, from 1-2 p.m. in the Eugene Black Auditorium, Room C-1114.