STAFF **NEWS**

AUGUST/
SEPTEMBER
1979

THE YEAR SINCE THE FUND'S LAST ANNUAL MEETING has been one of change, sometimes dramatic, but more generally a gradual evolution in the complex process of development of the new international monetary system. The Fund's access to resources has been enlarged and extended during the last 12 months, its conditionality has been further defined, and in some instances liberalized, further progress has been made in promoting the use of the SDR, and drawings and repurchases have been carried out on a major scale.

The most dramatic event since the 1978 Annual Meeting occurred on November 1 last, when the U.S. Government undertook a series of domestic and international measures to strengthen its currency and to combat inflationary pressures. An integral part of this program was a $3 billion drawing on the Fund and the sale by the U.S. of $2 billion in Special Drawing Rights. The American drawing on its reserve tranche with the Fund was the largest such drawing any country has made. It took place in two parts -- a purchase equivalent to $2 billion on November 6, and the balance, equivalent to $1 billion in Deutsche mark and Japanese yen, was made available after the Fund activated the General Arrangements to Borrow on November 7.

On the other side of the ledger, Great Britain has repurchased SDR 1.6 billion of its drawings since the last Annual Meeting, and Italy has repurchased SDR 516.8 million. These repurchases have been a major factor behind the reduction in outstanding credit tranche drawings from SDR 2.74 billion at the end of September last year to SDR 1.27 billion at the end of June.

Several major steps were taken during the year to enhance the Fund's capacity for assistance to its members. The Governors of the Fund approved two measures on December 11; one of these provided for a 50 per cent increase in members' quotas to SDR 58.6 billion, and the second allocated SDR 4 billion to members in each of the three years 1979, 1980 and 1981. On February 23, the Fund's supplementary financing facility entered into force when the National Bank of Austria joined 12 other members or institutions in making resources available for the facility. The SFF makes a total of SDR 7.754 billion available to the Fund over a five-year period to assist those members that, because of the seriousness of their payments problems, could be expected to need resources in larger amounts and for longer periods than would be available to them under the regular credit tranches.

The SFF was used for the first time by the Sudan when, on May 4, the Executive Board approved an SDR 200 million arrangement under the Fund's extended financing facil-

ity. Other users of the facility so far include Peru, Kenya, Turkey, Guyana, and Jamaica.

The Fund concluded stand-by arrangements with Turkey, Nicaragua and Zaire after protracted negotiations which caught newspaper headlines. In August, the Board also approved a purchase under the compensatory financing facility, as requested by the new Government of Nicaragua.

Also in August, the Fund's Executive Board approved an extension of the General Arrangements to Borrow for a further four years from October of 1980. The agreement has been modified somewhat to give the Fund more flexibility in repaying borrowings to participants ahead of schedule, but there has been no change in the overal amount available to the Fund, nor in the interest rate, although it was recognized that changes in these areas may be considered at a later date.

The soaring price of gold in recent months has substantially benefitted the Trust Fund under the Fund's public gold sales program, with the Fund distributing a further \$396 million of profits from the sales to 104 developing members under the third distribution, compared with \$363 million in the previous period, and making interim loan disbursements to 28 members totalling SDR 229 million.

On March 2, the Executive Board adopted new guidelines on Fund conditionality. While they include many of the conclusions reached in 1968, when last reviewed, they go considerably further, emphasizing that, in connection with Article IV consultations and on other occasions, the Fund will intensify its efforts to encourage members to adopt corrective measures which could be supported by the use of the Fund's general resources at an early stage of balance of payments difficulties. The new guidelines also formalize what had been the practice for the previous two years -- that for countries facing serious balance of payments problems, often of a structural nature, the period of adjustment should extend beyond the norm of one year, and stand-by arrangements may be extended for up to three years, in appropriate cases, to moderate the impact of corrective measures on real incomes and contribute to a distribution of the burden of adjustment. At the same time, they recognize that flexibility is necessary in those cases, including programs extending beyond one year, where a member is unable to set in advance one or more performance criteria.

On August 2, the Executive Board liberalized the compensatory financing facility, the third such liberalization since it was established in 1963. Under the new decision, the Fund may approve purchases under the CFF up to 100 per cent of a member's quota when the Fund is satisfied that the member has been cooperating with the Fund to find appropriate solutions to its balance of payments difficulties. Under the previous liberalization in 1975, a member was able to draw up to 75 per cent of quota under these conditions. The new liberalization also allows a member to include tourist recipts and workers' remittances in the calculation of its shortfall. Kenya was the first member to take advantage of the new policy, with the Executive Board authorizing purchases up to the equivalent of SDR 69 million, Kenya's full quota in the Fund.

Progress was also made toward the establishment of a substitution account in the Fund. Last March in Washington, the Interim Committee directed the Board to study the proposal further, and an outline will be presented at the Interim Committee's next meeting on October 1. While there are still many technical questions to be resolved, there is hope that the account may be in operation next year.

THE FUND'S BIRTHPLACE, AND IN SOME RESPECTS ITS SPIRITUAL HOME, the Mount Washington Hotel, at Bretton Woods, New Hampshire, (our front page photograph) is up for sale. Now 77 years old, Mount Washington was one of the premier resort hotels in the United States, but the passage of time has left its mark on the old hotel which has struggled, not entirely successfully, to cope with rising costs and reduced occupancy rates. It was to Mount Washington that the Fund's founding fathers went in July 1944, under the leadership of John Maynard Keynes and Harry Dexter White, to draw up a blueprint for the international monetary system -- a blueprint which was to last nearly 30 years until time overtook it, too, in the wake of the currency upheavals of the late 1960s and early 1970s.

The asking price for Mount Washington is $2.5 million, which the New York Times said in a recent article was a bargain for "one of the proudest dowagers among the nation's resorts...." When the delagates convened in 1944, the hotel had just been sold for 1.5 million. At that meeting, the price of gold was set at $35 an ounce. Now it is selling for almost 10 times that amount at well over $300 an ounce......

Although wicker chairs have now replaced the massive old rocking chairs on the huge veranda which runs for almost a quarter of a mile around the hotel, it looks much the same today as it did 35 years ago. The lobby, with its vaulted 35-ft. high ceiling, is still dominated by red-coated bellmen wheeling luggage carts across several thousand square feet of red and black carpet. But despite some recent modernization work on the hotel's facilities, there are still plenty of improvements which need to be made. Bad winters and years of inattention to plant mean stiff maintenance costs, which eat up about 12 per cent of the budget, or more than twice the average for a national resort hotel.

In its heyday, when there were two staff for every guest, Mount Washington was the largest resort spa in New Hampshire's White Mountains, and attracted pampered clients from Boston, New York, and Philadelphia. They paid a hefty $20 a day for their rooms and three meals, more than four times the standard rate in 1902. There was a constant stream of coaches leaving the hotel to meet the 57 traims a day which stopped at the local station, carrying guests to Mount Washington's 325 rooms.

A ticker tape machine carried the latest financial news from the country's financial centers to wealthy guests staying at the hotel, and communications were augmented through the hotel's own telephone company.

Today, the servants' rooms are used as economy rate rooms, and the ticker tape is gone. The average guest now stays for seven days, far shorter than his or her counterpart 77 years ago, and is outdoor-oriented, making use of the facilities which the Mount Washington offers, including golf, tennis, swimming and hiking. The top daily rate this year will be a modest $69, and about two-thirds of the visitors will be attending conventions being held at the hotel. The occupancy rate will be about 58%, the average for resort hotels in the Northeastern United States, and revenues will be around $2 million. Nearly half this will be eaten up by staff salaries and energy costs alone, although the operation is likely to turn in a small profit this year.

Why does its present owner, the Bretton Woods Corporation, want to sell? According to John Sylvester, president of the hotel's management company (Mountain Management), Bretton Woods Corp. is primarily an investment company, and wants to get out of the hotel business. Mr. Sylvester believes, according to the New York Times, that Mount Washington's future will depend very much on its new owners. Because of the constant need for new plant, Mount Washington cannot be run like the average hotel. It needs private ownership, someone who is willing to make a career of running it. If it is run as an absentee-operated business, he predicts, in five years it will be gone.

HANS MARTIN KOELLE has been appointed as the Deputy Director of Information and Public Affairs at the World Bank. Mr. Koelle, a German, joined the Bank in 1970 before transferring to the Fund's Information Office as Senior Information Officer in 1972. After also serving as the Fund's Chief Information Officer, Mr. Koelle rejoined the Bank in 1975 when he was appointed Deputy Director of the European Office.

THE STAFF ASSOCIATION OFFICE has moved to Room 2-120. To arrive there, proceed through the Staff Lounge from the 19th Street elevators, and then take a sharp right. The telephone extension remains the same -- 76493.

THE FOREIGN AFFAIRS RECREATION ASSOCIATION has scheduled a number of group tours during the remaining months of 1979, including trips to India and China in September, Romania in the latter part of September, Eastern Europe in October and Portugal in November. Trips to Barbados and St. Lucia will have fall and winter departures. For further information, see the Concourse Level notice board in the Fund building, or call the Association at 632-1610.

JAN-MAARTEN ZEGERS, the Fund's Special Representative to the United Nations, probably has been in more holding patterns over New York City than any other staff member. Mr. Zegers, who lives in suburban Washington, commutes by plane to New York nearly every week, sometimes making the round trip in a single day. His record time from Washington office to New York office is 1 hour 50 minutes, although on one occasion this year it took him three days to fight his way out of snowbound New York. While spending most of his New York time behind the IMF sign in innumberable and sometimes interminable meetings, he also receives about 150 invitations per year to official cocktails, luncheons, and dinners, of which he attends about half. His role at these affairs is, in his words, to "make friends and influence ambassadors," for much of the UN's diplomatic wheeling and dealing is done in this way. Because of this gruelling side of his work, he tries to avoid the social scene in Washington, and makes it a point never to accept invitations on weekends, which are spent with his family, if at all possible.

Mr. Zegers joined the Fund's Information Office in 1966, and left that office in 1972 as Chief Information Officer. In November 1973, after an interim period, he was named to his current position, succeeding Gordon Williams, who was Special Representative to the UN for 25 years. Mr. Zegers has an office on the 12th floor at Fund headquarters and on the 24th floor of the UN building in New York.

Mr. Zegers' operation is autonomous within the Office of Managing Director. He is assisted by Mrs. Esther Weber, who minds the Special Representative's "store" during his frequent absences. Mr. Zegers speaks English, French, and German, in addition to his native Dutch, and uses these languages "to make understood what the IMF does and can do, and, on occasion, what it cannot do." He told Staff News he must "educate, negotiate, and coordinate in and outside the Fund, all of which takes patience and energy." When at the Fund, Mr. Zegers is in charge of general correspondence from dozens of international organizations related or not to the UN, and handles requests for participation of IMF staff members in UN-related technical meetings and seminars, makes arrangements for appearances by the Managing Director, and assists in the preparation of contributions to reports and studies. Numerous cables, letters and invitations (about 1,500 per year) pass across his desk, and the majority require an acknowldegment or a follow-up. Most of this correspondence is addressed to the Managing Director, and Mr. Zegers acts on his behalf as appropriate, or signals those letters which require the Managing Director's direct attention.

Mr. Zegers has accompanied the MD on his trips to Geneva or New York to speak at the UN, and during meetings with Kurt Waldheim, Secretary-General of the UN, and with other top officials. On these occasions, Mr. Zegers provides required briefing. Representing the Fund in the UN General Assembly, he also participates in many of its subsidiary organs, such as the Economic and Social Council and a multitude of committees and commissions. He further attends, with the Managing Director or Deputy Managing Director -- or on thier behalf -- the sessions of the ACC (Administrative Committee on Coordination, which is composed of heads of all UN-related organizations, such as FAO, ILO, UNESCO, etc., and is chaired by Mr. Waldheim. A considerable number of Fund staff members become involved in other UN meetings on an ad hoc basis with the help of Mr. Zegers' coordinating efforts.

The work of the Special Representative provides the Fund with a listening post for following political developments and opinion trends within the international community, as well as representation in a major area of the Fund's official relations. While the Fund is an independent organization, it has the status of a specialized agency associated with the UN under an agreement of reciprocal cooperation in matters of mutual interest.

In recent years, the UN and its organizations have pursued an increasing involvement in economic problems, particularly those of the developing countries, which have an overwhelming voting majority in most UN organs. The harmonization -- of sometimes differing -- perspectives plays a major part in Mr. Zegers' activity.

THE NEW STAFF ASSOCIATION COMMITTEE has elected Ian McDonald as Chairman for the coming year. Anthony Lanyi was elected Vice-Chairman and David Morgan Secretary-Treasurer. For 1979/1980, the SAC has established a number of Subcommittees, with Ian McDonald chairing the Advisory Subcommittee, David Morgan the Career Development Subcommittee, Christine Bindert the Compensation Subcommittee, Sven Cronquist the G-IV Issues Subcommittee, Anthony Lanyi the Legal Issues Subcommittee, Peter Heller the Tax Issues Subcommittee, and Judith York the Welfare Subcommittee. Non-SAC member John Surr will look after G-IV Visas, John Kay the G-IV Children's Coalition and Margaret Kelly, Grievance Procedures. The SAC reminds ALL Association members that there is a great need for participants in the work of the Subcommittees. If any Association member has an interest in any of the areas covered by the Subcommittees, he or she is asked to contact the Subcommittee Chairman or the Staff Association Office on ext. 76493. In the coming year, Theresa Ter-Minassian will serve as alternate SAC member for Ms. Bindert, Ian McCarthy for Mr. Cronquist, Thomas Gibson for Mr. Heller, Russell Kincaid for Mr. Lanyi, Michael Brimble for Mr. McDonald, Massimo Russo for Mr. Morgan and Mai Stuart for Ms. York.

In its Annual Report for the 1978-79 year, the outgoing SAC noted that it was a difficult and frustrating year, as for most of its term the Committee had to focus on compensation matters encompassing the whole range of issues raised in the Joint Review Committee report as well as by the interim salary adjustment for 1978 and 1979. On the brighter side, the SAC's relations with the Managing Director, the Deputy Managing Director and the Director of Administration were frank and cordial, and on a number of issues the SAC was able to have some of its views reflected in the positions taken by Management. But, it pointed out, along with the outstanding compensation issues, including the question of tax reimbursement, there are two other important unresolved issues which have been brought to the attention of the MD . The first involves the need for a clarification of the legal status of the Fund staff and obligations vis-a-vis the Fund as an employer, and the second is relating to Fund employees and families holding G-IV visas. (Pictured are the new Staff Association Committee members.)

THE TRANSPORTATION SECTION AND THE THOMAS COOK OFFICES have been relocated in the Fund building; the Transportation Section is now installed in Room 2-200 (ext. 73145), while Thomas Cook's offices are presently in the Transportation Section's old office, Room 1-120 (ext. 74962). The moves were made to relieve cramped working conditions and to provide space for additional Thomas Cook personnel. Both offices will will continue to provide the same services as before.

Our photographs show, from the top: Mr. McDonald, Ms. Bindert, Mr. Cronquist, Mr. Heller, Mr. Lanyi, Mr. Morgan, and Ms. York

BILL DUFF of the Administration Department has been selected to play for the Northern Virginia Soccer League All Star team. Bill played soccer professionally in England and Scotland before joining the Fund.

THE INTERNATIONAL CAMERA CLUB'S 1979/80 SEASON opened on the 11th of September with the presentation of "Un Instant sur la Plage" (Just One Moment on the Beach), by Maurice Asseo, one of the club's most successful photographers in recent years. His ten-minute slide show tells of the simple but difficult life of fishermen in the small remote villages of the Brazilian "Nordeste." The soundtrack, a combination of harp and flute compositions adapted from old Japanese melodies, was created by Robert Miller of the FAO in Rome. Mr. Asseo's narration was read by Colette Progent, a member of the French Theatre Club of Washington.

Prior to the presentation, an election of new council members was held. The results are as follows: Maurice Asseo (Bank), President; Janos Somogyi (Fund) and Ulla Stier (Bank wife), Vice-Presidents in charge of Programs; Dolores Harrison (Bank), Vice-President in charge of Contests; Keith Thomas (Bank), Treasurer; Christina Hoedemaker (Bank), Special Events; Klaus-Walter Riechel (Fund) and Michael Wishart (Bank), Publicity; Susan Becker (Fund), Liaison with GWCCC; and Sven Cronquist (Fund), Ex Officio.

In response to a number of requests from members, the International Camera Club from time to time will hold slide contests with a specific theme. The September contest was divided into two sections - the regular competition, and one limited strictly to the theme "Washington, D.C." Here are the winners:

Class AA - Janos Somogyi

Class A - Curt Carnemark, Susan Becker, and Janusz Krasowski

Class B - Carl Dahlman, A. Temizer, Stewart Wallis, and Colin Warren

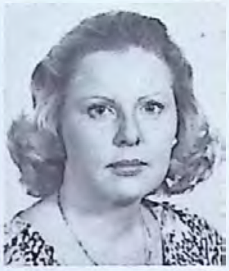
Theme - Hugh Chambers, Janusz Krasowski, and A. Temizer

Subscriptions for the 1979/80 ICC season are currently due. A $5 check, payable to the International Camera Club, should be sent to Keith Thomas (Bank A-736).

ALTHOUGH THE WORST OF THE GASOLINE CRUNCH should be behind us, it makes sense to ensure that your car is in peak running condition, especially now that gas has, for all practical purposes, crossed the $1 a gallon mark. Gas savings of up to 10 per cent can be achieved, says the AAA's American Motorist Magazine, if the following simple hints are taken. To keep your car working at maximum efficiency, check spark plugs, distributor points, the carburetor's air/fuel mixture, and balance and alignment. It also helps to replace oil and air filters at regular intervals, to change the engine's oil on schedule, and to maintain correct tire pressures. Good driving habits also play their part -- observe the 55mph speed limit, accelerate gently, drive smoothly, and minimize breaking. With a little planning, you can also cut down on your driving. Combine shopping trips, walk to the store, or ride your bike. Remember, every little bit helps.

THE IMF/WORLD BANK CHESS CLUB started its 1979/80 fall and winter activities on Tuesday, September 11, at 6 p.m. in the E cafeteria of the World Bank. Meetings are each Tuesday, same place, same time. For information please call Mr. Tommy Heintschel, ext. 60158. (Our photo shows Bernardo Rutgers of BLS, president of the club, at left, and Rudy Rhomberg of the Research Department.)

New Members of Fund Staff



Miss Margaret A. Balla
Australia - BUR

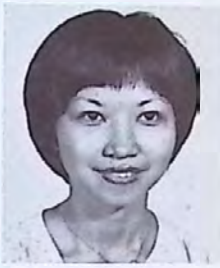
Mr. L. Benito-Cardenal
Spain - BLS

Mr. Jose M. F. Braz
Portugal - WHD

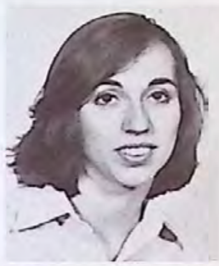
Mr. Aliou B. Diao
Senegal - OED

Mr. Luis Duran-Downing
Nicaragua - WHD

Mr. Ziaoddin Ebrahim-Zadeh
Iran - EP



Mrs. Lan Anh Le
France - FAD



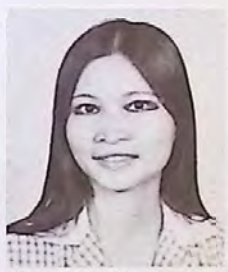
Ms. Francoise Le Gall
Canada - ASD

Mr. Bengt G. Lind
Sweden - OED

Mr. Paulo Neuhaus
Brazil - ETR

Ms. Monique P. Ridet
France - BLS

Miss Janet E. Tremewan
New Zealand - ETR



Mrs. Van Kieu Tran
Vietnam - BLS

UNDER THE NEW N-RULES GOVERNING STAFF CONDUCT, the Executive Board has granted official recognition to the right of staff members to associate and present their views to the Fund through representatives. The procedures under which relations between the Staff Association and the Fund will be conducted, as well as the present understanding concerning work stoppages and other staff action, have been outlined by the Managing Director in a statement to the staff. Under these procedures, the Managing Director will consult with the representatives of the Staff Association before proposing any decision to the Board on general personnel policies and conditions of service, and before issuing General Administrative Orders. In addition, the Board will adopt procedures under which Staff Association representatives will present the membership's views on personnel policies and conditions of service. The new N-Rules also provide explicitly for the establishment of grievance procedures in the Fund, while the appointment of an Ombudsman (see Staff News, July 1979 issue) is a significant first step towards the introduction of an impartial and independent system within the Fund for resolving grievances and mediating disputes.

ROCKY MOUNTAIN SPOTTED FEVER is especially prevalent at this time of year, and staff members and their families should be aware of the danger of contracting the disease. The illness is transmitted by ticks which can be found on both humans and animals. Every precaution should be taken to ensure against infection, especially after prolonged activity outdoors. The use of a tick repellant is advised, and where appropriate, protective clothing should be worn. Exposed skin areas and hair should be checked regularly for ticks. The main symptoms of Rocky Mountain Spotted Fever are a very high fever, severe frontal headaches, a rash and a general malaise. People with these symptoms should go immediately to their doctor or to the nearest hospital emergency room for treatment.

CHOLERA IMMUNIZATION. Staff members and their families are advised that valid vaccination certificates against cholera are required for all entering or leaving the Congo.

THIRTY-YEAR STAFF. In August, Mr. Albert A. Mattera, Asian Department, commemorated thirty years of service with the Fund.

MARRIAGES. Miss Janet A. Codner, Bureau of Statistics, was married on July 28 to Mr. Richard Bruss.

BABIES. A son, Arnaud, was born on July 4 to Mr. and Mrs. Paul Mentré de Loye; a son, Samakab, was born on July 28 to Mr. and Mrs. Ali Abdi; and a son, Dickon, was born on August 1 to Mr. and Mrs. R. G. Ware.

RESIGNATIONS IN JULY. Mrs. Inga K. N. Bjork-Klevby, Mr. K. L. Deshpande, Mr. Edgardo Holzman, Mr. Hisao Horie, Miss Lisa Anne Katzenstein, and Miss Patricia A. Parsons.

MRS. VIOLET JACOBSSON, WIDOW OF THE FUND'S THIRD MANAGING DIRECTOR, Per Jacobssen of Sweden, died recently at the age of 90 in Basel, Switzerland. Mrs. Jacobsson, who was British, had previously lived in Basel, where her husband was associated with the Bank for International Settlements for 25 years before coming to Washington in 1956 upon Mr. Jacobsson's appointment as Managing Director, succeeding Ivar Rooth. Mrs. Jacobsson will be fondly remembered for her interest in Fund staff and families.

THE FUND'S CARDIO-PULMONARY RESUSCITATION (CPR) TRAINING PROGRAM still has a few openings, and interested persons should contact the Staff Relations Office, ext. 73025. Participants are given two days training annually. This instruction, which is part of an American Red Cross program to teach CPR techniques to a substantial portion of the general population, has proven highly successful in reducing cardiac fatalities.

AN UNUSUALLY LARGE CROWD was on hand for the vernissage of paintings and sketches by Spiridon, the Parisian painter and poet. The artist is pictured in our photo (left), and with friends (photo lower left).

AMERICAN STAFF MEMBERS are reminded that it is no longer possible for U.S. citizens under the age of 18 to mail their applications for a Social Security number (form SS - 5). A parent or legal guardian may go to the Social Security Administration in place of the child and submit a birth certificate, or state certified copy with a raised seal, and another current proof of identification, such as a library card or school I.D. There are no changes in the requirements for U.S. citizens over the age of 18, who must go in person with a birth certificate and one other current proof of identification. Permanent residents and G-4 visa holders must also go in person, and should take their passports as well.

CONTEMPORARY GRAPHICS FROM BOSNIA AND HERZEGOVINA is the title of the exhibition currently being presented by the IMF Art Society, under the patronage of His Excellency the Ambassador of Yugoslavia and Mrs. Dimce Belovski. This show will be on view through September 25, 1979.

STAFF **NEWS**

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

THE FUND'S OMBUDSMAN, Professor Frank J. Dugan, is located in Room 1-200 A, next to the 19th Street entrance elevators. His office office extension is 77108, and his home telephone number is 424-6606.