STAFF NEWS

MAY/JUNE 1979

THE MANAGING DIRECTOR addressed the Fifth Session of the United Nations Conference on Trade and Development (Unctad) on May 11 in Manila. Unctad, which comprises all Members of the UN as well as members of UN specialized agencies, was established as a permanent organ of the General Assembly in 1964, and first convened in Geneva that year. The second session was held in New Delhi in 1968; the third in Santiago in 1972; and the fourth in Nairobi in 1976.

Unctad is concerned with promoting the trade expansion of developing countries, so that the development process can continue and self-sustained growth can be maintained. The assurance of fair, equitable, and stable prices for the primary products of developing nations and improved access of these products to markets in industrialized nations are foremost among Unctad's objectives. In an effort to increase the net flow of financial resources to developing countries, Unctad makes recommendations towards improving the terms and conditions of aid, reducing the rising burden of debt service, and tailoring an international monetary system better suited to the needs of developing countries.

Unctad's executive body is the 55-member Trade and Development Board, which has responsibility for the continuity of the Conference's work. The Board has four main committees and several other subsidiary bodies, including intergovernmental groups devoted to specific problems. Under the UN's Development Programme, Unctad oversees technical assistance projects in all matters related to trade. Unctad's permanent secretariat, headed by a Secretary General, is located in Geneva, and a liaison office is maintained in New York. (Unctad V Chairman Carlos Romulo is pictured above.)

In his speech, the Managing Director said that the world is faced with an alarming and paradoxical combination of three factors: a generalized surge in inflation; a deep-rooted unemployment in most industrialized economies, except in that of the United States; and a slackening of growth in the Third World. Mr. de Larosière commented on the monetary aspects of the problems faced today by developing countries and on ways in which the Fund can respond to these problems. He also referred to some nonmonetary aspects vital to the prospects for an overall solution. His analysis covered the persistence of large current account payments deficits, the increase in the debt burden, uncertainties in the foreign exchange markets, and balance of payments financing.

With regard to conditionality, Mr. de Larosière said that its application by the Fund is based on the premise that "it is not in the interest of any country--and ultimately not feasible--to incur over a protracted period payments deficits which cannot be sustained by capital inflows." Through the Fund's requirement of corrective policy action, he continued, conditionality serves as "a complement to the provision of financial assistance and helps ensure that credits are used to redress dangerous situations.... Conditionality must take into account the domestic, political, and social objectives of the Fund's members, as well as their economic priorities...and must allow for varying speeds of adjustment." Mr. de Larosière called attention to the fact that the duration of programs supported by the Fund has been lengthening in recent years, citing the supplementary financing and extended Fund facilities, the extended repayment periods for stand-by arrangements, and the long-term repayment period for loans drawn from the Trust Fund.

A 9.5% SALARY ADJUSTMENT, retroactive to March 1, 1979, and a termination allowance were agreed by the Executive Directors during the third week of May. The Board's decision also prescribed a method for setting staff salaries by reference to "comparators" in United States private enterprise and the Federal Civil Service, and an "average deduction procedure for calculating tax allowances paid to U.S. staff members. These latter provisions are to be applied from January 1, 1980. Full details in writing of the package decision had not been circulated to the staff at the time this issue went to press. Board action in the World Bank reportedly was identical to that taken in the Fund.

The Fund agreement reflected recommendations by the Managing Director, made during Board discussions of a report on compensation policy produced by a special committee under the chairmanship of Alexandre Kafka, Executive Director for a group of Latin American countries.

Prior to the Executive Directors' decision, the Fund staff had voted heavily in favor of a referendum that would call for a major strike, if acceptable action was not taken providing for a real increase in income for all staff. The strike, however, was not held, as the Staff Association Committee concluded that a real increase in salaries could be seen in the 9.5% adjustment, when combined with eventual benefits from the termination allowance. In relinquishing the strike proposal, Massimo Russo, Chairman of the SAC, told an open meeting of the staff that this did not mean the SAC was happy with the solution. He added that most of the compensation problems remain to be dealt with next year.

SPEAKING OF COMPARATORS.......... His job is riskier, but the average Japanese gangster is living four times better than the typical office worker in Japan, according to an Asian Wall Street Journal report from Tokyo. Japanese crime organizations pay their top executives an average of $150,000 a year, the report says; middle-management executives earn $100,000. According to the National Police Agency, the average annual income for the estimated 108,000 gangsters is $46,000. This is tax-free, of course, but with no pensions, probably.

WILLIAM B. DALE, the Deputy Managing Director, has been appointed by the Managing Director to serve a second five-year term in the position, effective from June 1, 1979. Mr. Dale, a United States national, was the U.S. Executive Director on the Fund's Board from 1962--1973, and had previously served in the U.S. Treasury and Commerce Departments.

JOHN H. YOUNG of Canada has been appointed by the Managing Director to the position of Deputy Director, African Department. Mr. Young, who was formerly Deputy Director, Research Department, was preceded in his new position by Jack D. Guenther, who recently resigned. Mr. Young's appointed to the African Department became effective June 1, 1979

MARGARET GARRITSEN de VRIES, the first woman staff member to be included in the Marquis Who's Who series, is a biographee in the 1979-80 edition of Who's Who in American Women. The biographical sketch cites Mrs. de Vries' more than 30-year career with the International Monetary Fund; her authorship of several volumes of the history of the Fund and of a number of other publications; her association, as professor, research associate and advisor to graduate students, at the George Washington University since 1946; and severa academic honors.

BURKE DILLON of the Exchange and Trade Relations Department was mentioned in a New York Times article entitled "Economic Advisers' New Role" (Business Day Section, May 10, 1979 Ms. Dillon, who is on a one-year leave of absence from the Fund, is currently the Senior Staff Economist in charge of Money, Finance, and Housing on the President's Council of Economic Advisers.

"THE MONETARY EXPERT'S MONETARY EXPERT," so read the citation from the University of Chicago Alumni Association to Edward M. Bernstein, Director of the Fund's Research Department from 1946-1958. The Washington Post, Business and Finance Section, May 21, 197 said that Mr. Bernstein was one of the U.S. "brain trust" that devised the IMF and the World Bank after World War II, adding that his advice is currently sought by governments and central banks all over the world. The paper quoted another portion of the citation, that "no other American economist has had a greater continuing impact on U.S. foreign economic policy than Edward M. Bernstein, an impact that has been felt over a 35-year period."

EXOTIC GOLD AND SILVER JEWELRY is designed and made by Sigrid Vollerthun, an accomplished, self-taught artist who works in the office of the German Executive Director. Miss Vollerthun's interest in jewelry designing was first developed in 1970 during a 6-month weekend course in creative drawing at the Art School of the Corcoran Gallery. Shortly thereafter, she began making one-of-a-kind pieces with a local artisan, and acquired experience in basic techniques such as "repousse," "sweating," and "inlay" at weekly sessions in a non-professional workshop. In 1975 and in 1977, she studied for several weeks under a goldsmith-designer in Berlin, Germany, and during those years began executing a number of individually commissioned rings and necklaces. Ms. Vollerthun is shown at work in her studio (photo right).

"Ever since I can remember," Ms. Vollerthun told Staff News, "I have been interested in creating things with my hands. When I took up jewelry making in 1972, it soon became a very important part of my life, but out of necessity it still remains a hobby... I am especially interested in creating 'versatile' jewelry...that can be worn in different ways, or can be changed by taking off or adding parts." Our photo (left) shows an abstract sterling silver pendant/brooch which Ms. Vollerthun affectionately refers to as "my little island." The design was inspired by a view of rocks coming out of the ocean at low tide, observed by her in the summer of 1978 when she studied at the Haystack Mountain School of Crafts in Deer Isle, Maine. The piece was formed from a flat, sterling silver sheet hammered on a wooden block, a technique known as "chasing." Moonstone and silver balls were fused or soldered on to create the barnacle-type decorations. The item is approximately two-and-a-half by one-and-a-half inches. The neckpiece (photo below) is also of sterling silver combined with ivory hand-carved by Ms. Vollerthun. The shape was inspired by a type of yellow mushroom found in Europe, "pfifferlinge" or "chanterelle."

The latest highlight in Ms. Vollerthun's artistic career took place at the International Gem Show, a once-a-year event held at the Sheraton Park Hotel. A New York gem dealer approached her and insisted on buying a neckpiece she had made and happened to be wearing that evening. She reluctantly parted with the piece, nonetheless thilled at the opportunity to be able to buy more stones for use in future creations.

Extremely active in the IMF Art Society since 1972, Ms. Vollerthun has exhibited her own fine work at several places in the area, including the Maryland Crafts Council Exhibition in Columbia, Maryland, and, in November 1978, at the Plum Gallery in Kensington, Maryland.

THE FUND'S ADMINISTRATIVE BUDGET, which covers staff salaries and benefits, among other things, has been set at $98.9 million for the IMF's financial year which started on May 1 this year, compared with an estimated $91.2 million of actual spending in the 1979 financial year. The 1980 budget total, approved by the Executive Board in April, does not include the cost of any general salary adjustment, while the 1979 total does. The Managing Director's statement to the Board on the 1980 financial year administrative budget noted, however, that each 1% increase in staff salaries would add $0.5 million to the budget total. Breaking the budget down, 45.3% goes for Executive Director and staff salaries, 29.3% for other personnel expenses, 7.2% for business travel, 5% for other travel, 2.9% for communications, 3.5% for building occupancy, 1.5% for books and printing, 1.8% for supplies and equipment, 1.8% for data processing services, and 1.7% for miscellaneous expenses. Looked at another way, by budget money per program, activities of the Board of Governors, including the Annual Meeting and the Interim Committee meetings, take 3.9% of the Fund's budget, and activities of the Executive Board 9.3%. General policy development and research will eat up 10.4%, and operations and relations with member countries 28.9%. Special services to member countries will take 17.6% of the budget, data and information services 12.4%, relations with international organizations 2.6%, and general support services 14.9%.

The process of putting the budget together starts in the previous November, when the Budget and Planning Division of the Administration Department starts preparing the Managing Director's mid-year statement to the Board, which covers the Fund's activities thus far in the current year and projections for the next one. Division Chief John Huddleston and staff members of the Administration Department meet with heads of other Departments, Bureaus, and offices to collect ideas and to try to determine how changes in work programs will affect resource requirements, including staffing needs, in the coming year. The mid-year budget is then discussed with the Managing Director and Deputy Managing Director before it goes to the Executive Board and the desired changes are incorporated. The Managing Director's mid-year statement to the Board usually results in a very general discussion on the proposals, focusing perhaps on where the emphasis should fall.

After this mid-year discussion, the Administration Department sends budget instructions to Departments, Bureaus, and offices, asking for information of their requirements for the coming year along with the justification for them. After that, Fund units are asked to prepare a statement on work done in the past year and on the likely burden in the coming financial year. During the first week in January, Administration reviews the budget statement and tries to make an objective assessment of requests for increased resources, taking into account such factors as staff productivity and likely work load demands, and compares the requirements of Departments and other units. As a result of these two-way discussions, the Budget and Planning Division writes up a review of the budget, which goes to the front office of the Administration Department and, if approved, to the Managing Director and Deputy Managing Director by mid-February. This review is also circulated to Department heads for their views and any possible appeals against Administration's recommendations.

By the first week in March, an outline of the new financial year's budget is sent by the Deputy Managing Director to each Executive Director, and a series of individual discussions is initiated. At the same time, the Budget and Planning Division is preparing the official budget document, which under Fund rules must be ready by April 1. Several copies of the official budget are distributed to each Executive Director's office and the outline is sent to Departments and other units for their comments. This "lead time" in sending the budget to the Directors allows them time to consult with their home authorities if they wish. Formal Board discussions on the budget proposals take place shortly after mid April, and if approved, it becomes effective May 1. During last year's budget preparation there was an innovation in a three-way analysis of costs, which the Budget and Planning Division is trying to expand and analyze more fully this year and in subsequent years. This three-way breakdown comprises an analysis of the budget by object of expenditure, by the cost per Department, and by the cost per program.

THE FUND STAFF ASSOCIATION HELD ITS ELECTION for the 1979/1980 Staff Association Committee on June 7, in which 755 members of the Association, or 61% of the membership, participated. The seven successful candidates were Ian McDonald, OMD, with 570 votes, Judith York, AFR, with 450 votes, Christine Bindert, AFR, with 425 votes, Anthony Lanyi, RES, with 416 votes, Sven Cronquist, AFR and David Morgan, FAD, each with 415 votes, and Peter Heller, FAD, with 332 votes. The new committee will take office on June 18, 1979.

<u>IF YOU SQUARE THE NUMBER OF FUND STAFF MEMBERS--1,400--WHAT DO YOU GET?</u> The answer is the annual volume of their mail, nearly two-million pieces, handled each year by the staff of the Fund's Mail Room. This works out to 400,000 per man for Chief Mail Clerk Robert Carter (top center), his assistant, Ronald Miles (top left), and three co-workers, João Morais (top right), José Delgado (lower right), and José Basurco (lower left). They affix postage, wrap, register, sort and sack all outgoing mail, and receive and sort all incoming mail. In addition, they assemble and dispatch all orders for Fund publications. In the course of a year, they mail <u>IFS</u> copies amounting to 44 tons, the <u>Annual Report on Exchange Restrictions</u> amounting to twelve tons, and the <u>Annual Report</u> amounting to eleven tons. With so much weight-lifting involved, the staff do not need to bother going to the exercise facilities down the hall--they get their workout on the job!

Robert Carter has been with the Fund since 1947 when, as he told <u>Staff News</u>, postage for postcards was 1¢, first-class mail 3¢, special delivery 20¢, and registered mail 30¢. These services now cost 10¢, 15¢, \$2.00, and \$3.00, respectively. All in all, the Fund will spend in excess of three-quarters of a million dollars on postage during 1979. However, inflation is not limited to costs alone. In the early post-war years when the Fund first opened, our city code was a single digit (6). In the 1950s this was expanded to two digits (25). Introduction of electronic sorting brought us to the present five-digit zip code (20431), which designates exclusively the Fund. Now a nine-digit zip code is being considered.

From the arrival of the first U.S. Postal Service delivery in the morning until the final pick-up in the evening, the Mail Room's work is constant. Even though there are machines that affix postage, weigh, calculate, and tie, much of the job requires the human touch. Books, documents, and computer tapes all have to be wrapped and packed manually. In addition, the Mail Room staff must know geography to comply with postal and other pertinent regulations. The Fund's worldwide business often requires the staff to locate such exotic spots as Tuvalu, Niue, Parcale, Navassa, Bouvet, Spratley, and the Canton and Enderbury Islands.

In view of the enormous volume of mail, all letters prepared in the Fund must be classified and weighed with a high degree of accuracy. After processing, mail is placed in properly labeled sacks and taken to the G Street loading bay, where it is picked up by the U.S. Postal Service.

The sale of stamps unfortunately is not permitted in the Mail Room; however, there is a vending machine in the snack bar on the Concourse Level which dispenses postage stamps. The Mail Room staff, when their duties permit, assist staff members in interpreting postal regulations and give advice on rate schedules and postal service.

CLARENCE BIRDSEYE, WHERE WERE YOU WHEN WE NEEDED YOU. "This man came in, I remember, and demonstrated a copying machine he called a 'Xerox,' and was told it would never work." So much for intuition in the U.S. Government. That happened before William "Bill" Walsh joined the Fund in January of 1947, but it's one of the little anecdotes he is fond of when recalling his time with the War Production Board, and then with the Office of Price Administration, before he joined the Fund's Treasurer's Department. Bill Walsh, who retired very quietly at the end of April, was one of the Fund's longest-serving staff members. During the course of his 32 years' service, he saw the staff grow from 250, mostly Americans, to the broadly-based international staff of 1,250 the Fund now employs. During his career at the Fund, Bill worked in 10 separate buildings, although never at the Hotel Washington, the Fund's first home, where the Western Union telegraph boys were never able to quite get their tongues around the Gallic pronunciation of the then Managing Director's name, Camille Gutt.

The first major crisis at the Fund, he remembers, was the 1949 devaluation of the pound sterling, when the staff had to cope with numerous devaluations triggered by the British action. "We were working through the whole weekend on that one," he told Staff News. Then there was the first billion-dollar drawing, made by Britain in 1956, which sticks in his mind from the early days of Fund operations. Bill Walsh is also more than a little nostalgic about the very informal atmosphere of the Fund in its formative years, fondly recalling staff picnics in Rock Creek Park and trips to the shore in buses crowded with staff members.

And how is Mr. Walsh enjoying his new-found freedom? Well, he is toying with the idea of going back to college again in the fall, but mainly he is taking stock now that he is away from the hustle and bustle of the Treasurer's Department. Referring obviously to the beautiful spring weather the Washington area enjoyed during the first part of May, Bill told Staff News, "You know, it has been rather nice not to come to work for the last couple of weeks..."

WATERCOLORS AND ETCHINGS by Elie Abrahami (photo left) are on view in the Atrium through July 6.. Mr. Abrahami was born in Iran in 1941, but did not learn to read and write until 1959, when his family settled in Israel, and only began painting fifteen years ago.

Mr. Abrahami is a gentle, charismatic person whose lack of pretention belies the fact that his work has been acquired by such renowned institutions as the Guggenheim Museum, the Museum of Modern Art, the National Foundation of Contemporary Art in Paris, and the Jerusalem Museum of Art. While he has had a number of one-man shows in Europe and the Middle East, the current show, which is being presented by the IMF Art Society in cooperation with H. H. Leonards, is his first exhibition in the United States. Mr. Abrahami told Staff News he was very happy to be here, and that he was touched by the warm reception he received from staff members and other guests at the vernissage. His water colors and etchings were very highly regarded, and Mr. Abrahami graciously signed and dedicated examples of his work, and personally greeted the many enthusiastic well-wishers who attended the opening (photo right). A woman who had bought one of his prints many years ago in Israel but had never met the artist had just arrived here on vacation. She came to the exhibition to find out if it could possibly be the same Abrahimi. As the two excitedly conversed in Hebrew, one of his seven languages, the woman's friend shared the dialogue with Staff News, and we found out that it was, indeed, the same artist. The vacationer told Mr. Abrahami she felt his technique had advanced a great deal, but that she treasures the early print, and never dreamt the young "unknown" artist would emerge as a great name in the world of modern art, much less that she would one day be able to meet him--in Washington, D.C., of all places.

New Members of Fund Staff

Mrs. Arlette A. Brandli
France - ADM

Mr. Wadea Ahmad F. Kabli
Saudi Arabia - OED

Mr. Eliot R. J. Kalter
U.S.A. - EP

Mr. In-Su Kim
Korea - ASD

Mr. Seung-Woo Kwon
Korea - OED

Mr. Mark A. Lumsden
New Zealand - EP

Mr. Graham P. Newman
U.K. - OMD

Miss Una S. Pritchard
U.K. - BUR

Mr. Okan Ucer
Turkey - OED

Mr. Emmanuel Zervoudakis
Greece - EP

THE G-4 CHILDREN'S COALITION IS HAPPY TO ANNOUNCE that "a bill to aid the G-4 Immigrant" was introduced to the U.S. Congress on June 4, 1979 by Representative Herb Harris, a Virginia Democrat. In introducing the bill (which seeks to normalize children's status after graduation) to the House of Representatives, Mr. Harris explained that while the present legislation bears particularly hard on children, the morale of the parents is also seriously affected. The bill would also confer special immigrant status on certain retired staff members and the surviving spouses of deceased staff members - a bill, in fact, that the Coalition has been working towards for so long. It is also hoped that the same bill will be introduced in the U.S. Senate by Maryland's Republican Senator "Mac" Mathias. The Coalition reports that the Deputy Managing Director has found time to arrange to speak with Senator Mathias and with State Department representatives on G-4 matters. Copies of Congressman Harris' remarks and of the bill are available from Coalition Chairman John Kay's office (12-416). It is suggested that interested staff members living in Fairfax County, Virginia and in Maryland write a brief note of thanks to the Congressman or the Senator, for as Mr. Kay points out, this is about the only encouragement which can be given.

THE FUND'S ANNUAL PICNIC WILL BE HELD AT BRETTON WOODS RECREATION CENTER on June 26, starting at 3:00 p.m. and continuing until dusk. Hot dogs, ice cream and beverages will be available from 3:00 p.m. onwards, and the buffet of barbequed chicken, baked beans and all the trimmings will be served from 4:00 p.m. until 7:00 p.m. Buses to Bretton Woods will be leaving the Fund building between 2:00 and 2:30 p.m. for those staff members needing transportation, and will be returning from the center at about 7:30 p.m. Staff members will be excused from work at 2:00 p.m. to attend the picnic, and those who will be required to work that afternoon will be given equivalent time off. A full afternoon's activities are planned, starting with swimming from 3:00 p.m. onwards, and a round robin tennis tournament from 3:00 until 5:30 p.m. There will be a diving exhibition and aquatic games between 5:00 and 5:45 p.m., as well as pony rides, moon bounce, horseshoes, badminton, volleyball, and basketball. An information table will be located near the entrance to the swimming pools where members of the Picnic Committee will be available to answer questions. In the even of bad weather, word will be circulated on the morning of June 26, and the picnic will be held at the same time on June 28.

TWENTY-FIVE YEAR STAFF. In May, Mrs. Liliana Rutter, Records Assistant, Secretary's Department, commemorated twenty-five years of service with the Fund.

MARRIAGES. Mr. Yuzuru Ozeki, Western Hemisphere Department, was married to Ms. Patricia Lucy Claydon on December 11, 1978; Ms. Pamela M. Curtis, Middle Eastern Department, was married to Mr. Ian Temple Roberts on April 12; Ms. Lyndsey B. Blackford, Fiscal Affairs Department, was married to Mr. Robert J. Livingstone on April 21; and Ms. Helen Despotides, European Department, was married to Mr. Cameron S. Jenkins on April 28.

BABIES. A son, André, was born on February 14 to Mr. and Mrs. Harry Shih-heng Liu (Peggy); and a daughter, Ulka Shailendra, was born on April 10 to Mr. and Mrs. Shailendra Anjaria.

RESIGNATIONS IN APRIL. Ms. Gail Fendley, Mr. Kyung Woo Kim, Mr. Sotirios Kollias, Miss Maria L.T. Pintoy, Miss Patricia A. White, and Mrs. Christina A. Zara.

WILLIAM F. WALSH (photo right) retired from his position as Operations Officer, Treasurer's Department, on April 30, 1979. (See story page 6.)

EILEEN M. OLIVAS, a Canadian citizen, retired from her position as secretary in the Legal Department on May 31, 1979.

DUMBARTON OAKS, the historic mansion in Georgetown, was the scene of another appearance by Mr. de Larosière, when, on the evening of May 31, he addressed the Washington chapter of the Harvard Business School Alumni Association. He talked about the Fund's efforts in the areas of conditionality, surveillance of exchange rates, and development of the SDR as a reserve asset, and then, with Mrs. de Larosière, attended a reception in their honor.

THE BANK/FUND CHORAL SOCIETY, under the direction of Jean Tarnawiecki, held its Spring Concerts on May 15 and 16 in the Bank's Eugene Black Memorial Auditorium. One of the performances was scheduled to have been held in the Fund's Atrium, but had to be relocated because of the Japanese Art Exhibition. Some members of the chorus were disappointed not to have performed in the Atrium, for while the acoustics are better in the auditorium, the setting in the Atrium is, somehow, more inspiring. And sadly, attendance by Fund staff members was very disappointing because of the inconvenience of the location. "When we sing at the Fund," one chorus member said, "the staff can't help but hear the melodious strains and gravitate, mesmerized, to the Atrium."

Mrs. Tarnawiecki, who is pictured (left) holding the flowers that were presented to her after the concert, told Staff News she was "especially happy" with the chorus' performance of "Forkladd Gut," a difficult work. She stressed that the chorus is made up of people with varying abilities and musical training, and wants to encourage more staff members to "give it a try, even if you have no choral experience." She said that more men were needed, and that she hopes to see a larger representation of Fund staff. At last year's Christmas presentation, 110 people performed, of whom only about 15 were from the Fund. Mrs. Tarnawiecki commented that she enjoys the opportunity of working with people from so many different countries, adding that she would welcome suggestions which will ensure program variety, such as musical compositions from the Middle East and Africa. For further information, please contact Mrs. Mireya C. Ahl, ext. 73803.

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