STAFF **NEWS**

October 1979

THE MANAGING DIRECTOR PRESENTED A SOMBRE APPRAISAL of the world economic situation to the Annual Meetings of the Boards of Governors of the Fund and the Bank in Belgrade. But, in telling delegates that the current situation was "gloomy," Mr. de Larosière also pointed out that there were fewer uncertainties than there were in 1974, which was, in many respects, a similar year. "Today, the world can at least benefit from the lesson of experience. The difficulties are better seen for what they are, and the broad course of events seems less unpredictable."

Despite the deep concern shown over the world economic outlook, the Managing Director said at the conclusion of the meetings that they had been "interesting... (and) very valuable for us in the Fund for three main reasons. First of all, there has been a central theme throughout...the necessity of combatting inflationary pressures wherever they appear. I have never heard this theme stressed as much and as unanimously in previous Annual Meetings. It appears now that Ministers and officials are decisive on this subject which is, I think, important and encouraging."

Secondly, Mr. de Larosière said, as far as the role of the Fund is concerned, he had heard "a lot of encouraging things. It seems that many countries want an active and strong International Monetary Fund, not only to finance balance of payments needs, but also to exercise in a firmer way our surveillance functions over the exchange policies of our member countries. That is an important indication for our institution."

The third reason, he said, is more technical. There has been progress on a number of issues which are under consideration at the Fund, and "I feel that this is important because they are matters that we are going to handle in Washington soon. I have made some proposals of a technical nature for ameliorating the conditions or terms of some of our lending for countries in difficult positions. I asked the Development Committee and the Interim Committee to request the Executive Board to consider an extension of the Extended Fund Facility from eight to ten years. I also asked them to request that consideration be given to some form of subsidization of...the Supplementary Financing Facility, the one which was originated by Mr. Witteveen. These are very important methods of augmenting the resources normally available from the Fund and make it possible for countries to go far beyond the usual quota limits. They are perhaps of a technical nature, but they will be significant and important for the countries which will benefit from them."

The Managing Director noted that the other project which the Fund has underway, and which is more ambitious, is the substitution account. He said that the Interim Committee reached an important conclusion whereby the Ministers agreed that, if well designed, a substitution account could improve the functioning of the international monetary system. Noting that the Interim Committee has directed the Fund's Board to devise a plan, and to report progress at the Committee's next meeting, Mr. de Larosière said, "For these different reasons I feel that the meeting has been interesting and its outcome has corresponded to my optimistic assumptions."

The plenary sessions of the Annual Meetings were opened by Yugoslavia's President Josip Broz Tito (photo top left, front page), who told delegates that clearly, there could be no stable and just peace or universal progress without the solution of pressing economic problems affecting the vital interests of numerous countries. "At present, the inequitable international economic relations are, increasingly, becoming a source of dangerous hotbeds of crises and conflicts. The world economy is in serious difficulty," the independent-minded Communist leader told the meeting. "The establishment of the New International Economic Order is the only way to achieve speedier progress and prosperity for all....However, we must note with regret that the process of transforming the existing economic relations is proceeding at a snail's pace. Far greater efforts, political readinesss, and farsightedness are therefore called for in negotiations on the reform of the international monetary and financial system, in order to make it more responsive to the needs of developing countries and the world economy as a whole.... Meeting these requirements is one of the fundamental prerequisites of the new international division of labor, and of the more equitable distribution of the achievements of economic and social progress," President Tito said.

The Chairman of the Boards of Governors, New Zealand's Prime Minister and Finance Minister Robert D. Muldoon, told the opening session that it was reassuring to note that, as the world economy enters a new period of uncertainty and a deterioration in the pattern of external payments, "the Fund has been active in developing its policies on the use of its resources by members and in strengthening those resources."

A number of meetings held in advance of the Annual Meetings concentrated on the problems of the developing countries. The Development Committee, which met on September 30, discussed the problem of medium-term balance of payments financing, and, at the Managing Director's request, asked the Fund's board to increase the maximum period for the EFF from eight to ten years and to give attention to developing ways and means of lowering the interest costs on the SFF. Both decisions were endorsed by the Interim Committee, which met October 1.

The Group of 24, meeting at Deputies level on September 26 and 27, and at Ministerial level on September 28, completed action on an Outline for a Program of action on International Monetary Reform. G-24 Chairman, Mexican Secretary of Finance David Ibarra Muñoz, later presenting the document to the plenary sessions, commented that the program was "pertinent and valid not because of the originality of its individual elements, but rather because it brings together for the first time, in a consistent and structured way, the principles, objectives, and actions that will have to be embodied in the reform of the international monetary system. (The program) sets forth the principles of an international monetary system that will be acceptable to the developing countries...It is hoped that its contents will afford a framework for the formulation of specific actions aimed at the improvement of the international monetary system."

The morning session of the Interim Committee, after electing Italian Treasury Minister Filippo Pandolfi (right)

as Chairman, concentrated on the world economic outlook and on policies which would be appropriate in the present situation. In the afternoon there was a thorough discussion of the proposed substitution account in the Fund, and the committee concluded that "such an account, if properly designed, could contribute to an improvement of the international monetary system and could constitute a step towards making the SDR the principal reserve asset in the system. In order for the account to achieve widespread participation on a voluntary basis and on a large scale, among other things it should satisfy the needs of depositing members, both developed and developing; its costs and benefits should be fairly shared among all parties concerned; and it should contain satisfactory provisions with respect to the liquidity of the claims, the rate of interest, and the preservation of the capital value," the committee said.

At its meeting on October 1, the Group of 10 endorsed the renewal of the General Arrangements to borrow - without major change - for a further five-year period beginning October 24, 1980. The GAB were initiated in 1962 between the Fund and the G-10, which was later joined by Switzerland. Under the GAB, these countries undertake to lend their currencies, at present up to a maximum of SDR 6.8 billion equivalent, to the Fund to help finance drawings by participants.

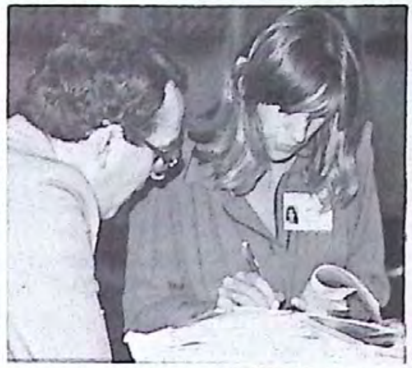
The plenary sessions of the Annual Meetings were addressed on Fund issues by 44 Governors, and others submitted written statements. The speeches touched on many subjects, but the dominating topic was, by far, the troubling world economic outlook, and how countries could best formulate policies domestically, and coordinate those policies internationally so that stable, sustainable economic growth could be restored. Concern about inflation was reiterated by a number of speakers. For the U.S., Treasury Secretary Miller said that his remarks were addressed to one central theme. Restoring balanced growth to the world economy will require purposeful domestic adjustment on the part of all nations - large and small.

Germany's Finance Minister Hans Matthoefer told delegates that it worries the Federal Republic extremely "that, after four years of relative success in fighting inflation, prices are rising more rapidly again in many parts of the world. We must make sure that these price pressures do not lead to an escalation of worldwide inflationary expectations." British Chancellor of the Exchequer, Sir Geoffrey Howe, said that if we are to have any prospect of resuming steady, sustainable growth, inflation needs to be tackled "with the firmest possible resolve." And René Monory, France's Minister of the Economy, stated that "many of us are dubious, wondering whether the international community is capable of rising to the new challenge. (However,) the results for 1978 and the early months of 1979 should reassure us as to our capacity for action. They demonstrate that a policy judiciously chosen, implemented by concerted effort, can effectively redress economic trends."

<u>THE INTERNATIONAL FAMILIES OF THE FUND ORGANIZATION</u> tells us that the "International Cookbook" is now completed. Eighty-nine staff members and wives contributed 194 recipes to make this a truly international and cooperative book. It will be on sale at cost, $2.00, in front of the Fund Cafeteria on November 8, 9, 29, and 30 from 11:30 a.m. to 2:00 p.m. Checks should be made payable to InFFO. Copies will <u>not</u> be sold through the InFFO office, but after the above dates you may still purchase copies as long as they last by sending your PRINTED NAME, a Fund office number where order can be delivered, the number of copies requested, and a personal check payable as above (<u>no cash</u>) to: Kay Lueje, c/o Fund Room L-980K; Jenna Blalock, c/o Fund Room 3-300; or Debby Dale, c/o Room 12-300F.

<u>PHOTOGRAPHS</u> and photomontage (following pages) are by Susan Jaquet.

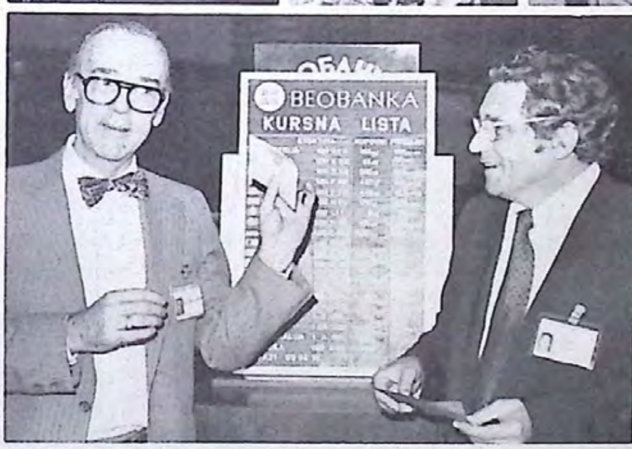

WB-IMF
SHUTTLE BUS
STOP
TO
OFFICE


PRESS REGISTRATION
DECLARE
WEAPONS









BEOBANKA
KURSNA LISTA




THE IMF BRIDGE CLUB has announced the winners of its summer competition: Philippe Nouvel of the Bank won first place; Mr. and Mrs. Dana were second, Mr. Malloy and Mr. Marmorstone were third, Ms. Elizabeth Howe of the Asian Department was fourth, and Mr. Sung of the Bank and his son were fifth. The club meets every other Tuesday night; the duplicate tournaments now count toward the winter cup, the results of which are based on the best 8 out of 12 games. Anyone interested in playing should call ext. 76028.

POLITICS, SO OFTEN AN UNDERCURRENT AT ANNUAL MEETINGS, came to the forefront recently when the Group of 77 Developing Countries endorsed a request by the Palestine Liberation Organization (PLO) that it be granted observer status at the Annual Meetings in Belgrade. After a meeting of the Joint Procedures Committee, held on the eve of the opening of the plenary sessions, it was decided that Chairman Muldoon appoint an informal working party of eight Governors to consider all aspects of the PLO's request. The group appointed by Mr. Muldoon comprises of France, Belgium, Germany, Indonesia, New Zealand, Nigeria, Pakistan, and Yugoslavia. New Zealand will serve as chairman, and the working party will report in about three months to the new Chairman of the Boards of Governors, Tanzania, who will then make a decision about PLO status for 1980.

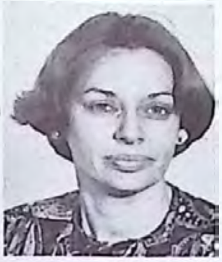
IN AN EFFORT TO IMPROVE THE QUALITY of service at the American Security Bank branch in the World Bank building, a number of changes have recently, or will soon, be instituted. Banking hours have been extended, and are now from 8:30 a.m. to 5:00 p.m., and more staff have been added. The Travel Advance window will now be open from 9:45 a.m. until 2:45 p.m., and two new automatic teller machines will be installed by the end of the year to replace the existing single machine. The branch will open a new Customer Service Department by the end of November which will be able to provide information by phone regarding the status of checking, savings, Ready Reserve and all other accounts. This department will also take orders to stop payments on checks, handle address changes, and provide information on regular installment loans. In addition, a qualified officer of the bank has been assigned to the branch temporarily to observe and evaluate its day-to-day operations and identify areas where changes might be made to improve service and efficiency. Spot checks (no pun intended) have been carried out by Staff News since the changes went into effect on October 1. Thus far, we have found no difference in the service offered, which remains terribly slow. The most striking feature of the branch - its extremely long lines - is still there. Perhaps it's a little too early to tell whether the changes will be effective.

THE IMF ART SOCIETY presents an exhibition of Contemporary Portuguese Graphics in the Fund Atrium, Tuesday, November 6 through November 30. The exhibition, which is under the patronage of the Embassy of Portugal and the newly-founded Portuguese Cultural Foundation, will be opened by the Portuguese Ambassador to the United States. Works by the artist Helena de Almeida, Alberto Carneiro, Lourdes Castro, Bartolomeu Cid, Victor Fortes, Gil Teixeira Lopes, Costa Pinheiro, Julio Pomar and Antonio Sena will be on view. The Art Society cordially invites staff members and Executive Directors, whether or not they are members of the Society, to the opening reception on November 6 between 5:45 p.m. and 7:30 p.m.

THIS YEAR'S UNITED WAY DRIVE in the Fund will be from November 7 - 28. It is the only charity drive which the Fund joins. The money collected is used for many charitable purposes - to rehabilitate the handicapped, to strengthen family life, to assist children, the ill, and the elderly, and to provide other human care services. Ninety per cent of the amount collected is distributed to participating agencies; 7% is needed for fund-raising, and the remaining 3% covers administrative costs. The American Cancer Society is a campaign participant this year for the first time. Anyone wishing to lend a "helping hand" should phone Staff Relations, ext. 73025, for campaign material and a pledge card for collecting donations.

C. A. YANDLE AND PIERRE GSCHWINDT de GYOR have been elected Staff Member and Alternate, respectively, to serve on the Pension Committee for the year beginning November 1, 1979.

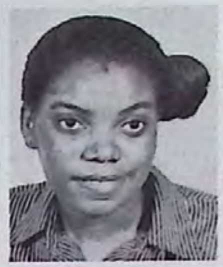
New Members of Fund Staff



Mrs. Isabel P. Almeida
Brazil - BLS

Mr. Kenneth B. Bercuson
Canada - EP

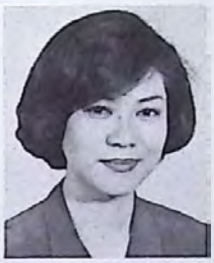
Mr. Thanos Catsambas
Greece - FAD



Mrs. Joan M. Hewitt
Jamaica - WHD

Mr. Menachem Katz
Israel - EP

Mr. John T. McDonald
Canada - TRE



Miss Wakana Morioka
Japan - OED

Mr. Michael Nowak
U.K. - EP

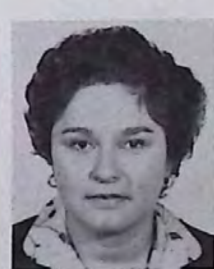
Miss Madeleine Paris
France - AFR

Ms. Aini Sami
Indonesia - ETR

Mr. Rusdu Saracoglu
Turkey - EP

Miss Lina A. Turnbull
Australia - RES

Ms. Miranda Xafa
Greece - EP



Mrs. Martha Zuppas
U.S.A. - OMD

CORRECTION: Ms. Françoise Le Gall, ASD, should have been identified in last month's issue as a citizen of France, not of Canada.

JOSEPH GOLD retired from his position as the General Counsel and Director of the Legal Department of the Fund on July 31, 1979, after serving in that capacity since March 1960. He joined the Legal Department in October 1946. In September 1979, he undertook the part-time position of Senior Consultant, with duties that include advising on matters at the request of Management or of the Director of the Legal Department, as well as conducting research on the development of monetary law. Mr. Gold will continue to publish his work mainly under the auspices of the Fund. Mr. Gold's office is Room 8-400.

GEORGE NICOLETOPOULOS succeeded Mr. Gold as Director of the Legal Department. Educated at the University of Athens, Mr. Nicoletopoulos obtained degrees in Law and in Political and Economic Sciences. He practiced law in Greece and later continued his law studies at the Columbia University of New York, where in 1948 he received an M.A. in International Law. After working briefly in the Legal Department of the United Nations, he joined the Fund's Legal Department in 1949. Here, he held successively the positions of Assistant Counsellor, Counsellor, Assistant General Counsel, and Deputy General Counsel. In 1977, Mr. Nicoletopoulos was appointed Associate General Counsel, a position which he held until his present appointment as the Fund's principal legal officer.

THE IMF/BANK SKI CLUB is sponsoring a New Year's Ski Trip to Waterville Valley, New Hampshire, December 28 through January 1. The cost, including deluxe accomodations, is $255 for adults and $159 for children. For reservations, send a $50 deposit, payable to the IMF/Bank Ski Club, to Jeanette Nasem, Room D-361, ext. 72060.

TWENTY-YEAR STAFF. In September, Mr. Francis d'A. Collings, of the African Department, and Mr. Rudolf R. Rhomberg, of the Research Department, commemorated twenty years of service with the Fund.

TWENTY-FIVE-YEAR STAFF. In September, Mrs. Welmoet V. White, of the Office of Executive Directors, commemorated twenty-five years of service with the Fund.

THIRTY-YEAR STAFF. In October, Mrs. Elizabeth J. Cook, of the Administration Department, commemorated thirty years of service with the Fund.

MARRIAGES. Ms. Pura C. Idea, of the Secretary's Department, was married on September 2 to Mr. Vishaw Kumar Mohan.

BABIES. A daughter, Sherine Manoli, was born on May 8 to Mr. and Mrs. Cecil Perera (Theresa); a daughter, Maria Eleni, was born on May 12 to Mr. and Mrs. Pete Pahigiannis (Rosario); a son, Maximilien, was born on May 20 to Mr. and Mrs. Julius Rosenblatt; a son, Stefano Aldo, was born on July 1 to Mr. and Mrs. Pietro Polles (Rosemary); a son, Arnaud, was born on July 4 to Mr. and Mrs. Paul Mentré de Loye; a son, Anshuman, was born on July 16 to Mr. and Mrs. Dev Kar; a son, Leo Báez, was born on July 27 to Mr. and Mrs. John Waterston (Fina); a daughter, Leonor Olga, was born on July 30 to Mr. and Mrs. Adolph F. Limarzi; a daughter, Ayako, was born on September 10 to Mr. and Mrs. Masanori Ishizuku; and a daughter, Catarina Sofia Svensdotter, was born on September 11 to Mr. and Mrs. S.E. Cronquist.

RESIGNATIONS. Mr. Michael Coates, Miss Digna N.E. Mansveld, Mr. Pouemi Tchundjang, Mrs. G. Patricia Tadjdeh, Mr. W. Temple-Seminario, Mr. Habib El Hadj Said, Mr. Carlos J. Emmanuel, Mr. Wilfrid L.M. Gratz, Mr. Joseph D. Harrington, Mr. Ahmad Smith, Mrs. Nancy D. Smith, Miss Marie C. Stark, Miss Gloria M. Stringer, Mr. Anne Van't Veer, and Mr. R.G. Ware.

RETIREES. Rev. Ralph E. White, Miss Gerda Virks, and Mr. Joseph D. Harrington, of the Administration Department; Ms. Marie C. Stark and Miss Gloria M. Stringer, of the Secretary's Department; and Mrs. Nancy D. Smith, of the Bureau of Statistics.

IT WAS WITH GREAT SADNESS that we heard of the untimely death of Fred Nossal of the Bank's Information and Public Affairs Department, following a fall at his hotel in Belgrade. Fred joined the Bank in 1971 after a distinguished career in journalism, and he will be greatly missed by his friends and colleagues in both the Fund and the Bank.

CAMERA CLUB MEMBERS WATCHED Andy Keech, husband of IMF's Marie Keech, present his slides and a movie on skydiving on October 10. The pictures made its all look so simple.... Mr. Keech then judged the slide competiton, with the following results. Competition on the Theme of "Movement": 1st prize, Michael Wishart, "The Football Game;" 2nd, Ulla Stier, "The Breakfast on the Run;" 3rd, Ghazali Raheem, "The Lilypons." Open Format Competition: (Class AA) 1st, Maurice Asseo, "A Moment on the Beach No. 6;" 2nd, Colette Leroy, "Assateague - Study VI." (Class A) 1st, Martin King, "Still Life - Elora, Ontario;" 2nd, Klaus Walter Riechel, "Sables d'Or des Pins;" 3rd, Alain Barbu, "Boat at Dusk;" 4th, Janusz Krasowski, "Expression;" 5th, Curt Carnemark, "Grand Canyon." (Class B) 1st, Hans Gerhard, "Snake Charm;" 2nd, Carl Dahlman, "Facade."

The next meeting of the Club will be Wednesday, November 14 at 5:45 p.m. George Suzuki, a prominent member of the North Bethesda Camera Club, will present "Creative Photography," dealing with montages, double exposures, and solarization. Entries (total limit of 5) for the regular and the thematic contest, "Doors, Windows and Staircases," should be sent to Dolores Harrison, Bank E-410, by November 12.

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