STAFF NEWS

September, 1980

THE 35th ANNUAL MEETINGS of the Boards of Governors of the Fund and the World Bank will be held in Washington from September 30 through October 3. The meetings will be preceded by the 15th meeting of the Interim Committee and the 14th meeting of the Development Committee. The Group of 24 and the Group of 10 will also meet in Washington ahead of the Annual Meetings.

Governors of the Fund and Bank are gathering at a time of extreme difficulty for the world economy. The main features of the global economic situation are a persistently high rate of inflation and slow growth in the industrial countries. There has been a massive shift in the pattern of international payments balances, with greatly enlarged deficits of non-oil developing countries.

The Governors are expected to discuss the global economic situation and outlook along with the appropriate policy responses within both individual countries and areas. Attention is bound to focus on the Fund's expanding role in adjustment and financing through lending greater amounts in relation to members' quotas, and by stretching adjustment over longer periods. This approach was discussed and endorsed by the Interim Committee at its meeting in Hamburg earlier this year, when Finance Ministers stressed that, because of the size and distribution of payments imbalances, it was neccessary to phase adjustment over a reasonable period of time, and encouraged the Managing Director to start discussions with potential lenders on the terms and conditions under which the Fund could borrow to increase its resources.

Addressing the UN Economic and Social Council in July, Mr. de Larosiere emphasized when structural problems are involved, a country's program should extend over longer periods than have been typical in the past, and that the Fund's adjustment policies should be designed and implemented with a view to enhancing the supply side of members' economies and their long term growth potential. The Managing Director said the Fund intends to collaborate closely with the IBRD and other agencies of the UN system in order to assure adequate coordination between the assistance they provide and the general macroeconomic framework of the Fund's operations.

The representative of the People's Republic of China, Li Baohua, the President of the People's Bank of China, will take his seat for the first time when the meetings are called to order on Tuesday, September 30. The Managing Director and IBRD President Robert S. McNamara will give their opening speeches and present the Annual Reports to the Governors. The Governors' discussions start that afternoon, and will continue until the morning of Friday, October 3. On Wednesday, October 1, the regular biennial election of Fund and Bank elected Executive Directors takes place. The Joint Procedures Committee meets on Thursday, October 2, and reports to the Governors on October 3. Mr. de Larosiere and Mr. McNamara will then present their concluding remarks, and the meetings will adjourn. The agenda for the Interim Committee, which meets September 28 under the Chairmanship of Italian Treasury Minister F.M. Pandolfi includes a discussion on the world economic outlook, consideration of a report by the MD on Fund policies regarding enlarged access to Fund resources, financing such access by Fund borrowing to support balance of payments adjustment, and subsidizing the cost of the use of the SFF.

The Committee will also consider a report prepared by the Board at the

Committee's request on the continuing examination of the SDR valuation and interest rate baskets with a view to simplifying and enhancing the attractiveness of the SDR. At its Hamburg meeting, the Committee expressed the view that it would be desirable for the interest and valuation baskets to be identical. Chairman Pandolfi (photo bottom right) told the joint press conference he held with Mr. de Larosiere following the Hamburg meeting that this change (approved by the Fund Board on September 17, see below) would contribute "to the development of a large private market for assets and liabilities denominated in SDRs."

The Interim Committee will also discuss the Board's study of the relevant recommendations in the Group of 24's Program of Immediate Action. The program urges, within the context of a fundamental reform of the monetary system, that priority be given to a series of specific measures related to transfer of real resources, balance of payments support and trade. The Chairman and the Managing Director will hold a press conference immediately after the Committee ends its deliberations on Sunday, September 28.

The joint Fund-Bank Development Committee meets on the following day, September 29, under the chairmanship of Philippines Finance Minister Cesar Virata. The agenda covers development policy issues and financial requirements in the 1980s, questions of structural adjustment, concessional and nonconcessional flows, and the private market. The strengthening of the international financial institutions is also expected to be discussed. The Committee will meet again on October 2 to elect a Chairman to succeed Mr. Virata and to select an Executive Secretary to replace Sir Richard King, who has resigned.

The Group of 24 will meet at Deputies level on Thursday September 25 and Friday, September 26 under the chairmanship of G.O. Nwankwo, Executive Director of the Central Bank of Nigeria, and at Ministerial level on Saturday, September 26 under the chairmanship of Nigerian Finance Minister S.M. Essang. The agendas of these two meetings are expected to cover all the topics which will be discussed by the Interim and Development Committees. The G-24 includes eight members each from Africa, Asia and Latin America, and seeks to ensure that the special interests and economic circumstances of the developing countries are taken into account in the evolutionary reform of the monetary system. The Group was established by the Group of 77 at a meeting in Lima, February 1972.

The Group of 10 will meet at Ministerial level on Saturday, September 27 under the chairmanship of Belgian Finance Minister Paul Hatry. It was preceded by a meeting of the G-10 Deputies in Paris on September 15 under the chairmanship of Manfred Lahnstein, Under Secretary of the Finance Ministry of the Federal Republic of Germany.

Other preparatory meetings being held prior to the Annual Meetings include the Governors and central bank officials of the Latin American countries, Spain and the Philippines, who caucused in Buenos Aires on September 22 and 23. The Commonwealth countries met in Bermuda September 24-25, and the franc area representatives gathered in Paris September 24-25.

THE FUND HAS DECIDED TO UNIFY AND SIMPLIFY the currency baskets which determine the value and the interest rate of the SDR. From January 1, 1981 the unifed basket will consist of the dollar, D-mark, French franc, Japanese yen and the pound sterling. Currently, the five currencies are used to determine the interest rate on the SDR, while 16 currencies have been used in its valuation.

AMIR H. JAMAL, THE FINANCE MINISTER of Tanzania is the Chairman of this year's Annual Meetings. Mr. Jamal was born in 1922 in Dar Es Salaam, and graduated in Economics from Calcutta University in 1942 after completing his secondary education in Tanganyika. Mr. Jamal also holds an Honorary Doctorate in Social Sciences from the University of Uppsala, which was awarded in 1973.

Mr. Jamal was elected Treasurer of the Tanganyika Elected Members Association in 1958, and served as Tanganyika's Minister for Urban Local Government and Works 1959-1960. He became Minister for Communications Power and Works in 1961, a position he held until 1964 when he was appointed Minister of State for Economic Planning, President's Office. In 1965, Mr. Jamal was appointed Finance Minister, a position he held until 1972.

Between 1972 and 1975, Mr. Jamal served as Minister for Commerce and Industry, and as Minister for Finance and Planning between 1975 and 1977. In 1977 he was appointed Minister for Communications and Transport, a position he held until 1979 when he was appointed Minister of Finance.

THREE DISTURBING FEATURES MARKED THE WORLD ECONOMY in 1979/80, continued high inflation in most countries, a marked slowing in growth in industrial countries raising the threat of an international recession, and large swings in external accounts among various groups of countries, raising doubts over the sustained ability of countries to continue financing external shortfalls, the Fund said in its Annual Report of the Executive Directors. But there were also some relatively bright spots - inflation and the effects of slower world growth on it, in the less-worrisome distribution of external deficits among industrial countries, and on the recycling of surplus funds from oil-exporting to oil-consuming countries.

The report cited the more-than-doubling of oil prices since the end of 1978 as a major factor - although in varying degrees - in all three of the disturbing elements in the global economic picture. The Report foresaw a continuation for the rest of 1980 and in 1981 of a low rate of output expansion, of perhaps 1% in the industrial countries, including outright declines for the United States and Britain this year and generally lower rates of expansion in the other industrial countries.

The Report offered no specific forecast on inflation but did cite "unduly expansionary" credit and tax policies over a period of years in the industrial countries for the prevailing high levels of inflation in these countries, adding that the effects of these factors were compounded by structural rigidities of an economic and social character, periodic external shocks and in general a very difficult economic environment for policy-makers. The Report said that broader measures of inflation in the industrial countries indicated a slower pace of price increases than consumer price indexes in the affected countries, while noting that this tended to reflect the lesser impact of higher prices for imported goods in the broader indexes. It added that the slowdown in economic activity worldwide, while far from welcome, did tend to relieve some of the upward pressure on prices.

On external positions, the Report said that the combined current account balance - the sum of trade and other essentially "cash" transactions with other countries - of the industrial countries is likely to show a negative shift of more than $80 billion from 1978 to 1980, to a deficit of $50 billion. The bulk of this shift, more than $60 billion, will probably be concentrated almost entirely in the accounts of the three industrial countries - Federal Republic of Germany, Italy and Japan - whose current account positions were the strongest in 1978. But the projected increase of $20 billion in the current deficit of the smaller industrial countries may present some of them with more serious problems than those facing the major industrial countries.

Developing countries which do not produce oil will probably have a current BOP deficit of nearly $70 billion this year, after deficits of $53 billion and $36 billion the two previous years and the deficit of this group is expected to rise further in 1981. The Report said that the ability of the non-oil developing countries to finance these deficits, while following appropriate policies to adjust their economies to cope with them, is one of the major issues confronting the Fund, as well as the countries themselves and the world economy. The Report noted various possible ways of recycling oil-countries' surpluses to the oil-importing countries and warned that without a satisfactory movement of funds to the oil importers, curtailment of import growth by these countries is all too likely. Such curtailment would be a depressive influence on world trade, as well as a hindrance to domestic investment and growth in many of the developing countries.

Noting the impact of past oil price increases as a "pervasive factor" in the world economy, the Report said that the recurrence of pressure on energy supplies and of substantial oil price rises in the last 18 months has underlined the need for a vigorous pursuit of more effective energy policies in oil-consuming countries. Progress on energy conservation since 1974, although significant, has been impeded in many countries by policies on taxation, regulatory issues and related matters which blunted the impact of higher oil prices on oil consumers and failed to provide appropriate price incentives for needed shifts in spending and resource allocation, the Report said.

Reviewing developments in the international monetary system, the Report said monetary authorities of a number of industrial countries maintained or increased efforts to influence exchange rate movements and there was some increase since 1978 in the level of official intervention in exchange markets. The variability of exchange rates among major currencies in 1979 appears to have declined somewhat from the average of the first several years of floating rates.

A GRIEVANCE COMMITTEE IN THE FUND HAS BEEN ESTABLISHED under Rule N-15, effective September 18, the Managing Director has informed the staff. The role of the committee will be to consider complaints and grievances brought by individual staff members and make recommendations to the Managing Director to enable disputes to be settled quickly. Rule N-15 provides that appropriate procedures be established for the consideration of complaints and grievances of staff on "matters involving the consistency of actions taken in their individual cases with the regulations governing personnel and conditions of service."

The first step in the implementation of these procedures was taken in July last year with the appointment of an ombudsman, whose role is to try to resolve individual complaints and grievances which are brought to the attention of the ombudsman by staff who request his services.

The Managing Director said that staff will be expected to have a disputed decision reconsidered through the normal administrative channels responsible for the decesion before requesting a hearing from the grievance committee, although the ombudsman has the authority, in exceptional circumstances, to recommend to the Director of Administration that a case should be referred to the committee without first exhausting all the normal administrative channels.

The Grievance Committee for the coming year consists of a chairperson selected from outside the Fund, Mr. Howard Gamser, one member and alternate from the staff, appointed by the Staff Association Committee; Michael Brimble and Paul Chabrier respectively, and one member and alternate appointed by the Managing Director; Muhammad Yaqub and Theresa Ter-Minassian.

Mr. Gamser, who was chosen by a Search Committee consisting of the Administration

New Members of Fund Staff

Mrs. My-Long Beuzelin
France - BLS

Ms. Benedicte Christensen
Denmark - EUR

Mr. Robert E. Cumby
U.S.A. - WHD

Mrs. Cecile Daniel
Barbados - ADM

Mrs. Mary A. De Luca
U.S.A. - ADM

Miss Carmen Diaz Zelaya
Honduras - BUR

Ms. Orasa-ang Kanchanadul
Thailand - AFD

Mr. R. Peter Short
U.K. - FAD

Miss Anne D. Yee
Australia - TRE

Department, the SAC and the ombudsman, has had a distinguished career, with consider- experience in the area of arbitration and grievance procedures. He received a masters in economics from Columbia University, a law degree from New York University and has taken a post-graduate course in labor law at the London School of Economics. Mr. Gamser has taught labor law at the City College of New York, Columbia, Cornell University, and is at present an Adjunct Professor of the Georgetown University Law Center. He has also served on the National Labor Relations Board, the Wage Stabilization Board, the National Mediation Board, and is now Chairman of the Federal Service Impasse Panel.

The SAC warmly welcomed the establishment of the committee, which has long been a major objective of the SAC, and believes it will serve as an essential complement to the work of the ombudsman, representing a further step towards the implementation of a formal system of the redress of grievances in the Fund. The SAC also welcomed the appointment of Mr. Gamser, as it held the view that the position of chairperson should go to someone with no past or present connection with the Fund. This provision means that the person appointed to chair the committee will be clearly perceived to be an impartial arbitrator of differences, and free of any suspicion of any conflict of interest.

CHILDREN OF STAFF MEMBERS from Bangladesh, India, Pakistan and Sri Lanka can now learn their respective languages, vocal and instrumental music, and dances. Classes for all ages are offered by the India School every Sunday on the premises of the Washington International School, 3100 Macomb Street NW, in Hindi, Urdu, Tamil, Malayam: Sitar, Tabla, Veena, Hindustani and Carnatac music; and Bharat Natyan, Kathak and folk dances.

Hindi students are coached in the two-year certificate course of the Central Hindi Directorate, Government of India. Some students under this program have been exempted from second language study requirements of various U.S. schools and colleges. Students enrolled in music at the University of Maryland who are interested in attending classes at the India School for credits should contact the Director. The fall semester starts October 5. For further information call 301-654-6915 or 244-2259.

TWENTY-FIVE YEAR STAFF. In September, Mr. Subimal Mookerjee, ETR, and Mr. Gabriel Morin, Office in Europe, commemorated twenty-five years service with the Fund.

MARRIAGES. On April 12, Wayne Lewis, EUR, married Ms. Laurie Murphy.

BABIES. Tamara Chaya, a daughter, was born on July 1, to Mr. and Mrs. Eliakim Katz; A son, Chukwuemeka Nnanyelugo, was born on July 26 to Mr. and Mrs. Ubadigbo Okonkwo; Ludovic, a son, was born on August 6, to Mr. and Mrs Henry Ghesquiere; a son, Christophe, was born on August 11 to Mr. and Mrs. Jean-Francois Bauer (Marie-Jose); and Benjamin, a son, was born on August 15 to Mrs. Annelise Auclair-Jones and her husband Mr. Hal Jones.

RESIGNATIONS. Ms. Elena O. Burbridge; Mr. Johannes M. Hannart; Mr. Sven B. Kjellstrom; Mr. Hanna E. Salah; Mr. L. Tuomas Sukselainen; Mr. Averham R. van der Hal; and Mr. Charles R. Woolridge

MS. GRACE HOUGHTON, Bureau of Statistics, retired from the Fund on August 31, taking early retirement. Ms. Houghton joined the Fund, in the Bureau, in 1954.

WILLIAM AVERY, Administration Department, retired from the Fund on August 31, taking early retirement. Mr. Avery joined the Fund in 1946, and held various positions in the Department before his retirement.

OIVA JUUSELA, Bureau of Statistics, died on August 21. Mr. Juusela, a native of Finland joined the Fund in 1957 as an economist in the Bureau. He worked in the European Department between 1959-62, before returning to the Bureau of Statistics in the Balance of Payments Division, where he was appointed Assistant Division Chief in 1966. Mr. Juusela is survived by his widow, Mrs. Lea Kaija Inkeri Juusela, his daughter Eva Kristina, and his son Karl Henrick.

STEPHEN WALLENSTEIN of the IFC's Legal Department won the IMF Bridge Club's 1980 Spring-Summer Competition. Malcolm Rowat of the Bank took second place and Mr. and Mrs. Charles Merwin shared the honors for third place. There were 25 members eligible for the competition, which was based on the average score for the best eight of 12 games played during the season. The IMF Bridge Club meets every other Tuesday in the Atrium. The next two sessions will be held September 30 and October 14. Interest players should call Robert Franklin, Ext. 76461 for a reservation.

THE IMF ART SOCIETY will present an exhibition of paintings, drawings and prints by Yuko Nii from October 9 through October 31 in the Atrium. All staff, Executive Directors and their guests are invited to the opening of the exhibition on October 9 from 5:45 to 8:00 p.m.

THE IMF/BANK SKI CLUB will hold its annual membership drive on October 9 from 6:00 to 8:00 p.m. in the Fund cafeteria. Wine and cheese will be served. The club invites all those interested to attend and get information on this season's schedule of trips. Brochures on weekend and holiday trips to ski resorts in Virginia, Pennsylvania and New York will be available, as well as on a one-week trip to Aspen, Colorado, and a two-week trip to Bad Hofgastein, Austria. For further information, contact Jurgen Reitmaier Ext. 76016 or Age Bakker Ext. 76093.

THE BANK/FUND CHORUS has resumed its program of weekly rehearsals on Wednesdays between 12:45 and 1:45 in the Bank's Eugene Black Memorial Auditorium. Staff interested in joining to participate in the Christmas concert are invited to come to the rehearsals.

THE BANK/FUND TM GROUP will hold a special introductory meeting October 14 at noon in Room E-855, IBRD.

STAFF NEWS

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