STAFF **NEWS**

INTERNATIONAL MONETARY FUND

NOVEMBER 1981

A MILESTONE IN THE CONSTRUCTION OF PHASE IIa was reached on November 17, when workmen poured the final quadrant of the ground floor slab, according to James B. Kaiser, of the Administrative Services Division of the Administration Department. From now on, below-ground-level work will concentrate on the installation of duct work and the beginnings of the plumbing and electrical networks that will extend upwards throughout the building. Mr. Kaiser notes that "an opening--extending to the lowest level--has been left along the H Street side of Phase IIa to permit the lowering of heavy electrical equipment, large ventilating fans, and other building materials into the underground levels. This opening also will allow the tower crane to lift bundles of wooden shoring material and pallets of forming pans from the lower levels to the upper slabs." Our photo above shows the preparation of the final slab. Visible in the picture are the square molds for the ceiling coffers, which are designed to permit air conditioning and lighting conduits to be contained within the structural slabs--a method which avoids wasting space in the construction.

Mr. Kaiser projects that through the Spring of 1982 the construction workers will "concentrate on pouring the concrete structure of the building and installing electrical, mechanical, and plumbing systems. Enclosing the structural frame with limestone and windows is expected to begin around end-February, and the new building should be watertight by end-September 1982." Assuming the work continues on schedule, the building should be completed and occupied by mid-1983, although some organizational units will be able to move into their new quarters before the end of 1982.

"In a concurrent effort," Mr. Kaiser informs us, "a great deal of work has been devoted to preparing space plans to provide a logical occupancy scheme for departments and Executive Directors when Phase IIa is completed. Preliminary meetings with departments to determine space requirements are nearly complete. Armed with inform-

ation gained from these meetings, the space planners in the Administration Department are now preparing large-scale block diagram overlays which fit various departments and their components, like a jigsaw puzzle, into available space on the floor plans of the combined Phase I and Phase IIa buildings." Mr. Kaiser tells us that "once agreement is reached on departmental allocations en bloc, discussions will again be held with departments to further refine departmental office layouts. When completed and approved, these layouts will culminate in 'tenant layout drawings' for the contractor. The work on block diagrams is expected to be completed in early-spring 1982, while the preparation of tenant layouts will be coordinated so as to permit occupancy into the new building--and the concurrent alteration of existing space--with minimum disruption to Fund work." The photograph above shows Mr. Kaiser discussing preliminary space plans with Alvin B. Harper and Katherine L. Lorenn, also from the Administrative Services Division.

ANDREW J. BEITH HAS BEEN APPOINTED DIRECTOR of the Bureau of Language Services, succeeding Bernardo T. Rutgers, of the Netherlands, who resigned from after six years in the Fund.

A national of the United Kingdom, Mr. Beith joined the Fund in 1963 as economist in the Western Hemisphere Department, where he was promoted to Assistant Division Chief in 1970 and Division Chief in 1973. In 1978 Mr. Beith transferred to the Fund's Office in Europe, where he served as Assistant Director until his present appointment. Mr. Beith was educated at Oxford University, where he received his B.A. Honors (Politics, Philosophy, and Economics) in 1962.

In his new position, Mr. Beith will direct the activities of the Bureau, which include translating material into various languages --including Arabic, Chinese, English, French, German, Portuguese, and Spanish--at the request of the Fund's Executive Directors and departments; providing interpretation in some of these languages; preparing Fund publications in French and Spanish; and providing translation, interpretation, and other services during Board of Governors' meetings.

THE FUND'S HISTORY FOR 1966-71 CONTINUES TO RECEIVE FAVORABLE REVIEWS, even though several years have passed since it was published, and a new History--which will analyze the developments that occurred since 1971--is already in the works. Written by Fund Historian Margaret Garritsen de Vries, who is also authoring the next volumes, the History for 1966-71 has received wide acclaim through the years, but the latest review is of particular interest because it is by a former member of the Fund staff. Professor A.K. Das Gupta, who in the early 1950s was Chief of the South Asia Division in the Asian Department, and who is now a faculty member of of Jawaharlal Nehru University in New Delhi, wrote a glowing review of Mrs. de Vries' work in a recent issue of the India Quarterly.

Professor Das Gupta notes that the approach and presentation of the previous Fund History (for 1945-65) are carried through in the latest volumes, which show "the same regard for detailed analysis of facts and events that characterized the earlier volumes." He considers the History for 1966-71 to be "a mine of information, indispensable to students of international monetary economics," while he considers "the fact that the account is presented by one who had been for so long intimately associated with the workings of the Fund," to give the History "a stamp of authority."

In his review, Professor Das Gupta gives an explanation of why and how SDRs were introduced, as narrated in the History, and provides an overview of the subsequent collapse of the par value system. He concludes that one cannot but "wait eagerly for the coming volumes...to get the story of these later happenings," and he hopes that they will provide "as clear a picture of the Fund's reaction to [these events] as one gets for the period covered by the present volumes."

THE MANAGING DIRECTOR'S FIRST VISIT TO CHINA took place from October 21 to November 1 and was designed, Mr. de Larosiere later reported to the Executive Board, to enable him "to get acquainted with the Chinese economy, the Chinese world, and Chinese personalities." The trip was organized efficiently by the People's Bank of China. "It was not," he stressed, "a trip for talking about finance. Rather," he said, "particularly in view of the size and significance of the People's Republic of China, it was extremely interesting and important for me to obtain a better understanding of the complexities of an economy and a civilization which is very different in the way it is organized--in the way people react, in the way people think--from the models we are accustomed to here and in Europe."

Mr. de Larosiere was accompanied throughout by Mrs. de Larosiere and by Mr. Zhang Zicun, Executive Director for China, and Mrs. Zhang. The Managing Director and his party arrived in Beijing, the Chinese capital, on October 22. During his stay in Beijing he paid a visit to the Vice Chairman of the Central Committee of the Chinese Communist Party, Mr. Deng Xiaoping (photo above) and the Vice Premier, Mr. Yao Yilin. He reported later that with both these leaders he had "most interesting talks on the Chinese economy, on Chinese policies--the thrust of the action pursued by the Government--and on more general international economic developments both over the past years and in prospect." He also held talks with the President of the People's Bank of China and Fund Governor, Mr. Li Baohua Baohua, the Bank's Vice-President, Mr. Sheng Ming, and the Minister of Finance, Mr. Wang Bingquian. Our photograph on the left shows the Managing Director and Mrs. de Larosiere with a group of senior Chinese officials, including, from the right, Mr. Zhang Zicun; Mr. Wang Weicai, Deputy General Director of State and Alternate Governor of the Fund; Mr. Deng Xiaoping; Mr. Li Baohua; and Mrs. Zhang.

On October 28, the Managing Director and Mrs. de Larosiere left Beijing for Xian, with its famous archeological remains. They then traveled to Shanghai, the large industrial and port city on the east coast of China. During their stay in Shanghai, the party made a side-trip to Souchou, before departing on their return flight to Paris and Washington on November 2.

SITUATED HIGH IN THE EASTERN HIMALAYAS, the Kingdom of Bhutan, a land of rugged and mountainous terrain that hampers both internal and external transportation and communications, has always been, to a large extent, isolated from the rest of the world. But not too long ago, it was decided that the country would benefit substantially from opening its doors to the outside world and playing a more active role in the international community. In this spirit, the Kingdom of Bhutan applied for membership in the Fund--among other organizations--and, as is customary with prospective members, a fact-finding mission was soon on its way to meet with the authorities. The mission consisted of Willem Evers, John Kay, Aarno Liuksila, Sukhdev Shah, and Michael Martin, and what follows is a first-hand account of their experience, as narrated by Mr. Kay. The photographs, which show some of the sights that greeted our colleagues, were (with the exception of the one directly above) taken by Mr. Shah.

"One does not yet normally fly to Bhutan," Mr. Kay tells us. However, one can fly to India and then proceed by car to Bhutan. In the case of our mission, "we were met at the airport and driven--in two cars--to a government hotel in the border town of Phuntsholing (about 450 feet above sea level)" for a night's rest before continuing the journey. The next morning, the mission members embarked on the second leg of their trip which consisted of "a 100-mile drive to the capital--Thimphu--some 7,200 feet above sea level. There are two rest houses along the way"--probably to allow travelers to recuperate from the shock of driving on a vertical rather than on a horizontal road--"one for lunch and one where we had tea and juice, which is either apple or mango, both local and both excellent."

"As there are few people to be seen on the first part of the drive because the country is too steep and tropical," Mr. Kay continues, "and few toward the end because the terrain is too steep and arid, one begins to wonder where the million or so Bhutanese--who are primarily of Tibetan descent--can live." It seems that they are to be found in those areas where "the valleys widen out enough to accommodate both houses and foodcrops," and the road leading to the capital was obviously not one of these.

Although trip may have seemed long to the mission members, it was probably nothing compared to what it would have been before 1965, when the journey took six days of rough riding on a mule! Be that as it may, our colleagues finally

arrived in Thimphu. "There is almost no traffic in town, but there are three intersections and these are manned by policemen who make violent gestures whenever a vehicle appears. The largest building in town is the dzong, a fortress which also contains the legislative chamber, a monastery, and many ministerial offices. The trading center is one long street (one of only two straight roads we saw in the country) sloping steeply up a vast hillside, and although there are plenty of shops, the most interesting for visitors is the Government Emporium, which sells handicrafts. Nightlife in Thimphu is only for the keenest searchers, as most stores are closed by 8 p.m. and the town is quite dark thereafter. Nor is there a 'diplomatic set', since the embassies of India and Bangladesh--one on each side of the valley--represent the only official contact with the outside world, although UNDP has an office in a government building in the middle of town."

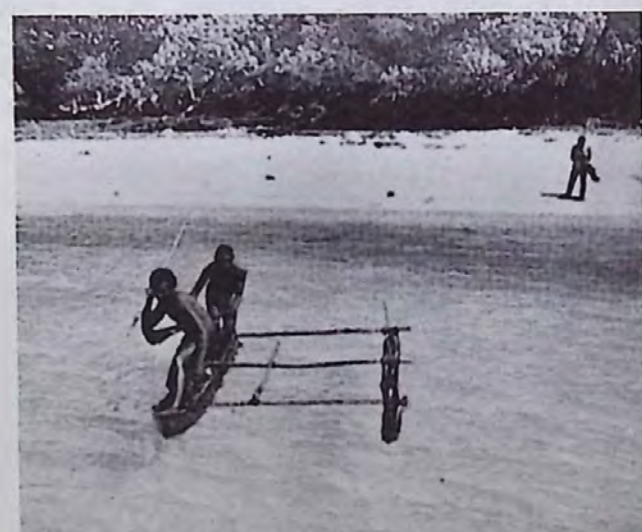
Getting down to the business at hand, "our first official function was to visit a session of the legislature where part of the next Five Year Plan, district by district, was being discussed. The King presided over the session, and we later were granted an audience with him. Thereafter, we began a number of discussions, conducted on the Bhutanese side with a directness, attention to business, and completeness of explanation that made the meetings a pleasure. The first was with the Minister of Foreign Affairs, in a black robe, the Secretary of Finance, in a red robe, and lesser officials in black robes with white cuffs. Later meetings sometimes took place in our hotel because, as the officials explained, they could dispense with some of the robes that were de rigueur in the dzong."

"In the intervals of these discussions, we were encouraged--or more accurately, invited with precise timetables--to see some of the nearby countryside." One of the points of interest our mission members were invited to see was the National Museum, "perched on one of the most astonishing sites we visited." The Museum is located very high up a mountain and the whole journey was made completely on horseback. Reaching the Museum entailed passing in front of a dzong, and it is the custom that all riders-- except the King-- dismount when passing a dzong. However, our mission members were given special dispensation exempting them from compliance with the custom. "On the same occasion as the visit to the National Museum," Mr. Kay explains, "we were taken to the head of the Paro Valley. At one point, the road comes to a stop and the way is blocked by a fabulous fortress", which lies 10 or 12 miles beyond the frontier with China. "The Paro Valley contains

other attractions. One is a cottage-style hotel--where we spent the night--set on a knoll in an apple orchard, each cottage being surrounded by flowers which included gladioli mixed with huge yellow madonna lilies. Another feature of the Paro Valley is its airstrip," which was built several years ago but has not been used for some time. The national airline--Druk (Dragon) Airways--plans to offer direct service from Calcutta, and Mr. Kay notes that at that time, "Fund staff will certainly wish to run to their travel agent."

SAILING SOUTHWEST FROM HAWAII ON THE BLUE WATERS OF THE PACIFIC, a travel enthusiast will eventually reach the first of some 80 tropical islands that, together, form the Republic of Vanuatu, our 142nd member country. The islands, which include Banks, Espiritu Santo (the largest),Oba, Pentecost, Malekula, Ambrim, Efate, and Eromango are characterized by diverse topography, a relaxed atmosphere, and a friendly population.

With rugged mountains, rolling hills, coastal terraces, offshore coral reefs, underwater gardens, deep jungles, and an active volcano, the Republic of Vanuatu seems to offer something for everyone interested in visiting a remote yet fascinating place. The islands are strung in a Y-shaped double chain located about 1,750 kilometers east of Australia and 800 kilometers west of Fiji. Its people are primarily of Melanesian origin, but also count among their ranks a number of Polynesians, Chinese, Vietnamese, Fijians, French, British, Australians, and Tongans. It is obvious that such a wide mixture of cultures would exert a strong influence on the language of a country, and Vanuatu is no exception. A visitor to any of the 70 or so inhabited islands can be greeted in Bislama --the national language--English or French--the two official languages--or any of 100 indigenous dialects spoken by the 113,000 or so ni-Vanuatus [indigenous inhabitants].



The main natural resources of Vanuatu are copra, fish, cocoa, and some minerals, and the population is actively involved in subsistence agriculture. However, a small monetized sector based primarily on plantations, manufacturing, banking, shipping, and tourism is expanding rapidly.

TWO EAST EUROPEAN COUNTRIES applied to join the Fund in November. On the fourth the Fund announced that Hungary had applied to become a member, and on the tenth a similar announcement was issued stating that Poland had applied for readmission to the Fund.

Both applications will, in accordance with normal procedures, have to be considered by the Executive Board and then referred in the form of Membership Resolutions to the Board of Governors for their adoption. These resolutions will include recommendations regarding quotas, payment of subscriptions, and the other terms of membership. The admission of Hungary and Poland would bring the number of East European non-market economies represented in the Fund to four, the other two being Yugoslavia and Romania. Poland resigned its membership from the Fund on March 14, 1950, after alleging that the Fund had failed to fulfill the expectations of its founders.

THE LARGEST SINGLE ARRANGEMENT IN THE FUND'S HISTORY was approved on November 9, when the Executive Board took its decision on India's request for an extended arrangement authorizing purchases up to the equivalent of SDR 5 billion over the next three years. Previously the largest arrangement with a member country had been the stand-by arrangement for the United Kingdom, which authorized purchases up to SDR 3.36 billion over a two-year period and which was approved by the Board on January 3, 1977.

Under the conditions of the loan, India can draw up to SDR 600 million in the period ending March 24, 1982, and the remaining SDR 4.4 billion will be available in phased amounts upon satisfactory completion of reviews of progress under the Indian program. In announcing approval of the arrangement, the Fund's press release noted that although the Indian economy has made considerable progress during the 1970s, the balance of payments had been weakened by the rise in oil prices at the end of the decade. The program supports an adjustment program aimed at strengthening the Indian balance of payments by careful demand management policies to promote domestic financial stability as well as through policies aimed at enhancing domestic savings and investment, and by reforms in the industrial and trade sectors.

There was widespread interest in the Indian arrangement throughout the period since news of the Indian Government's intention to approach the Fund first surfaced in the weeks prior to the Annual Meetings. There was considerable press reportage and speculation concerning both the size of the arrangement and the conditions to be agreed with the Indian authorities. These reports appeared in the press in industrial countries and also in a large number of papers in the sub-continent. In response to the considerable number of demands for information on the loan, a very detailed press release of almost four pages was prepared by the External Relations and Asian Departments describing the goals of the Indian program, and on the day the arrangement was announced the Information Division of EXR fielded some 225 telephone calls replying to inquiries from the press.

PARTICIPANTS IN THE STAFF RETIREMENT PLAN voted on October 28 to reelect C. Douglas Walker (photo near right) to a second term as their representative in the Pension Committee, while Hans W. Gerhard (photo far right), who received the second highest number of votes, was elected to be Mr. Walker's alternate. Their term of office runs from November 1, 1981 through October 31, 1982.

The Pension Committee has overall responsibility for carrying out the provisions of the Staff Retirement Plan, and this includes controlling and supervising the Administration Committee and the Investment Committee, as well as appointing its members. The Pension Committee is composed of seven members: the Managing Director (ex officio), four Executive Directors elected annually by the Executive Board, one staff member appointed by the Managing Director, and one staff member elected annually by the Participants.

A CHANCE TO RENEW FRIENDSHIPS AND INITIATE NEW ONES was provided to retired staff members at a party held in the Atrium on November 18 from 6:00 to 7:30 p.m. The gathering, which was organized by and for retirees drew about 105 former staff, wives, and husbands. Nearly all departments and functions were represented, and the international character of the staff was reflected in the group, showing the tendency of many non-U.S. nationals to remain in the Washington area. Charles Merwin, President of the IMF Retirees Association, made a brief announcement regarding the election of officers, to be held next spring. With no other business up for discussion, the rest of the evening was devoted to seeking out old friends and talking about their leisure occupations.

Among those attending the party were former staff members who took part in the the Savannah organizational meeting of 1946. These included Dr. Pieter Lieftinck, who headed the Dutch delegation and later became a Fund (and Bank) Executive Director; E.M. Bernstein, a member of the U.S. delegation who joined the Fund staff as Director of the Research Department; Jay H. Reid, who reported the proceedings for the former New York Herald-Tribune and was Director of the Information Office when he retired in 1980; and Roman L. Horne, who was in charge of conference arrangements at the meeting and later became Secretary of the Fund.

Veteran staff from the Fund's earliest days were Phil Thorson, former Director of Administration, and Polly Thompson, who headed the Documents Preparation Unit in the Secretary's Department. Another popular figure was Henry Waddell, who spent many years serving the Executive Board. The younger generation included Diana Scott, of Australia, who just retired from the External Relations Department, and Ruben L. Azocar, of the same Department, who will soon return to Chile following his retirement at the end of November. Frank Hogan, the Fund's Pension Officer was also in evidence, as was Ronald Tenconi, Director of Administration. The Managing Director addressed the group briefly, commenting on how well and cheerful they looked, and on the strength of ties that bind them to each other.

[This article was contributed by Jay Reid, and the photographs that so vividly depict the party were taken by Gladys Mott, former Personnel Officer.]

THE TRADITIONAL CHRISTMAS TREE will be placed in the main lobby during the week of December 7. The Children's Hospital welcomes new toys or other items suitable for use as Christmas gifts, since it does not have funds for purchasing such gifts for its patients. If you wish to donate a present, please put your contribution under the tree. The Hospital asks that gifts be unwrapped so that hospital personnel can decide on appropriate gifts for each recipient. However, it will welcome donations of wrapping paper, ribbons, and tape, which can be placed under the tree.

THE FUND'S CHRISTMAS PARTY will be held on Saturday, December 12 from 8:00 p.m. to 1:00 a.m. in the Interior Court of the Fund building.

New Members of Fund Staff

Mr. H. Alaoui-Abdallaoui
Morocco - OED

Mrs. Gina Avvakoum
South Africa - EUR

Mr. Soon H. Choi
Korea - TRE

Mr. Daniel Douez-Smith
France - BUR

Mr. Philippe G. Duvaux
France - CBD

Mrs. Anamaria Handford
Uruguay - INS

Mr. Lloyd R. Kenward
Canada - RES

Mrs. Sheila A. Odell
U.K. - FAD

Mr. Yoshio Okubo
Japan - OED

Miss Gloria O. Parker
Ivory Coast - OED

Mr. Gier J. Pedersen
Denmark - OED

Mrs. C. Pelissier-Wynns
U.S.A. - BUR

Mr. Josep
Perejoan-Mustaros
Spain - EP

Mr. Christopher N. Pinfield
New Zealand - OED

Mr. Alwyn Pritchard
U.K. - BUR

Mrs. Dorothy W. Quelch
U.K. - WHD

Ms. Maria C. Spinola
Venezuela - WHD

Jozef S. Van 't dack
Belgium - WHD

Mr. Luc A. van der Veken
Belgium - ADM

Mr. Edward E. Walden
Ghana - TRE

Mr. Michael A. Wattleworth
U.S.A. - FAD

Mrs. Carolyn A. Worth
U.S.A. - TRE

Mr. Yi Sheng Wu
China - OED

Mr. Ali Yasseri
Iran - OED

Mr. Hideaki Suzuki
Japan - OED

TWENTY-FIVE YEAR STAFF. Mr. Aldo Guetta, Office in Europe, commemorated twenty-five years of service with the Fund on August 21, 1981.

MARRIAGES. Mr. Frederick Boguet, of the Office in Europe, was married on October 17 to Ms. Michele Baldet; Ms. Deborah K. Gordon, of the Administration Department, was married on July 31 to Mr. Abderrahmane Drissi; Mr. Michael T. Hadjimichael, of the Exchange and Trade Relations Department, was married on August 13 to Ms. Bita Shakibi; Mr. Abdinor Mursal, of the Administration Department, was married on September 11 to Ms. Dora Nelly Romero.

BABIES. A daughter, Jeanne Eugenie, was born on September 9 to Mr. and Mrs. Paul Chabrier; a son, Matthew Clayton, was born on October 28 to Mr. and Mrs. Michael Wattleworth; a son, Guillaume, was born on October 19 to Mr. and Mrs. Vincent Marie; a son, Khalid, was born on September 18 to Mr. and Mrs. Abdelali Jbili; a son, Neal Andrew, was born to Mr. and Mrs. Alfred Mathuran on September 12, 1981.

RESIGNATIONS. Mr. C. Maxwell Watson and Mrs. Ginette R. Elkind resigned in October.

AHMED ZAKI SAAD, former Executive Director in the Fund, died on November 21 at age 81 in Geneva, Switzerland. Mr. Saad had a long association with both the Fund and the World Bank. He attended the Inaugural Meeting of the Board of Governors in Savannah, in March 1946. In May of that year he joined the Board as an elected Executive Director, a position he held until October 1970. Mr. Saad served as Governor of the Fund for Egypt during two different periods for a total of seven years. From 1958 until 1977 he also served as Governor of the Fund and Bank for Saudi Arabia. In 1962, Mr. Saad presided as Chairman of the Boards of Governors of the Fund and Bank. He is survived by his widow, Mrs. Hoda Zaki Saad.

STAFF TRANSFERS. In September, the following staff members transferred: Ms. Kathleen Delauder from the Exchange and Trade Relations Department to the Office of an Executive Director; Miss Anna Maria De Leva from the Office of an Executive Director to the Office in Europe; Mrs. Ginette R. Elkind from the Office of an Executive Director to the Support Group; Mr. Laszlo Garamfalvi from the Fiscal Affairs Department to the Administration Department; Mr. Per L. Hedfors from the European Department to the position of Resident Representative in Sudan; Mr. Sadikiel N. Kimaro from his position as Resident Representative in Sierra Leone to the African Department; Miss Paulette M. Korkegi from the Support Group to the Office of an Executive Director; Ms. Amalia L. Kriegsmann from the Treasurer's Department to the Fiscal Affairs Department; Mrs. Evelyn McClung from the Office of an Executive Director to the Support Group; Mrs. Alison K. Mitchell from the Exchange and Trade Relations Department to the position of Resident Representative in Nepal; Mr. Hernan Puentes from the Western Hemisphere Department to the External Relations Department; Miss Alicia Roca from the Support Group to the IMF Institute; Ms. Janice M. Smart from the Office of an Executive Director to the Support Group; and Miss Talat Usmani from the Central Banking Department to the Administration Department. In October, the following staff members transferred: Mr. Andrew J. Beith from the Office in Europe to the Bureau of Language Services; Ms. Ellen K. Bell from the European Department to the Research Department; Mr. William Bier from the Fiscal Affairs Department to the Administration Department; Mr. Regis F. Blin from the African Department to the Office in Europe; Mr. Warren L. Coats, Jr. from the Central Banking Department to the Treasurer's Department; Mrs. Keila S. Mohran from the Office of an Executive Director to the Support Group; Ms. Janet L. Murray from the Bureau of Statistics to the External Relations Department; and Mrs. Karin H. Sturgill from the Exchange and Trade Relations Department to the Secretary's Department.

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