staff news
SEPTEMBER 1988

OPERATING AT THE FRONTIER OF INTERNATIONAL ECONOMICS

An Interview with J. J. Polak

Given the extraordinary length and breadth of J. J. Polak's work in the Fund, it is a bit difficult to associate his name with other institutions. But he began his career, in 1937, as an economist with the League of Nations Secretariat and served on the Netherlands Delegation to the Bretton Woods Conference in 1943. Two years with the U.N. Relief and Rehabilitation Administration prefaced his decision to join the staff of the fledgling International Monetary Fund in 1947. For over twenty years (1958-79) he directed the work of the Fund's Research Department and after a brief hiatus returned in 1981 to serve almost six years as an Executive Director. He is currently President of the Per Jacobsson Foundation.

He retains an obvious and abiding interest in the Fund—both as a working institution and as a center for economic research. He speaks here about the institution—its past, future, and staff.

You served as Director of the Fund's Research Department from 1958 to 1980, what were the most challenging aspects of your work?

It's very nice for you to talk about me as the Director of Research from 1958, but what you must never forget is that Edward Bernstein headed that department from 1946 through 1958, and he put his stamp on this institution. He recruited the original staff of the Research Department, which in the early years included all the economists in the Fund, and quickly had it functioning as a working unit.

Throughout that early period the Fund continually had to deal with an evolving international monetary system and with the evolving economic policies of its members. The task of the Research Department was very much determined by the surroundings in which it functioned: the environment of the Fund, the environment in which the member countries found themselves, and the system itself. Both the theoretical and policy issues that we dealt with arose in that context.

And these policy issues could greatly differ from one period to another. Initially inflation was a matter of deep concern. Early exchange rates were also one of the very important problems that the Fund dealt with, as was the adjustment process and later the exchange rate system. In addition to the problems presented by the system and the problems of the member governments, there were the economic problems of the institution itself.

The Fund was a unique and, at the time, a very untried institution. What the Fund itself should do, including what it should do with its own assets, presented economic problems of the first order. The Fund's approach to the question of whether a member should be allowed to draw from it, and how the Fund should use the money entrusted to it to promote its policy objectives under the Articles of Agreement, resulted in the development of the early drawing policies, including the concept of the stand-by arrangement. Later refinements led to the compensatory financing policy, the oil facility, and a series of further policy adaptations of which the ESAF is the most recent.

One of the interesting things about the Fund was that it was so well thought out in advance. Gold and national currencies formed its capital structure. Although the policies for the use of its resources remained very controversial after Bretton Woods, the resources for such use were in place.

In the early years, the Fund used dollars almost exclusively, with a little bit of sterling. When the dollar shortage ended in the mid-1950s, the policy of determining what currency to use became a major policy issue, and a major intellectual issue for the Fund. Also, the Fund held a great deal of gold, and what to do with it became a big issue on many occasions. Could it be invested? That question arose when the Fund was low on income in the 1950s. Selling gold in connection with transactions became important in the 1960s. After the end of the par value system, using gold for the benefit of developing country members was another issue.

All these issues required decisions that were by no means easy or obvious. They took a lot of the time of the top people of the Research Department. The design of the SDR was perhaps the most complicated issue. I wouldn't say that our responses laid the intellectual basis for what's going on now, but the Fund did build some intellectual capital. Still, that kind of capital has a pretty high degree of obsolescence; one has to keep working at it all the time. Can't live off capital.

When did the idea of the SDR emerge?

In the early 1960s. There was then a rather general feeling among economists—even at an official level—for the idea that had been promoted by Robert Triffin in the late 1950s, that the supply of reserves wouldn't keep up with demand. Gold production wasn't going up very much and gold was being used up in arts and sciences. It was believed that not too many dollars ought to be created as reserves, because this would undermine the status of the dollar as a reserve currency. Something else seemed to be needed to keep the system going.

The creation of the SDR, or more generally, the creation of a synthetic reserve asset, was a quite fantastic response to a need that was perceived to be likely but had not yet become actual, let alone critical. Policymakers are not often that farsighted; remember that many central banks were created only in response to monetary crises. The SDR was created in response to an anticipated problem.

In the end, very shortly after the SDR was created, the system changed radically. The SDR was created too late to prevent the inconvertibility of gold and the increase in the price of gold in 1970-71—the two things that one didn't want to happen but that couldn't be stopped. When these shackles of the system—the fixed gold price and the convertibility of the dollar—had been loosened, there was a burst of new reserves, mostly in dollars, partly in other reserve currencies. There was also a very large increase in the monetary value of gold reserves; but that did little to increase reserve ease, as gold ceased to operate as a normal reserve asset. These fundamental changes in the system took away much of the rationale of the SDR, although not all of it.

How was policy made in the Research Department?

Is the question really how policy was made or how research was defined? Those are, in a sense, two different questions. Both of them very much originated in the Department; both of them involved primarily the staff at the top. The reason, I think, was that the senior officers of the Research Department had by far the most contact with the Board, with management, and with other departments. They were therefore better informed on the issues that required policy responses; they were also quite often better informed about issues that required new research activities.

In some cases policy and research weren't all that separate—for example, the work done on the SDR or the compensatory financing facility. Senior staff tended to pose the questions; the work of the staff then determined what came out of it. Since, again, the senior people very often had to be in negotiating sessions, for example with the Board, with management, and with outside bodies like the Group of Ten, they were deeply involved in defining the policy and research matters that required attention. Very little research was initiated by the Board, and not all that much came from management either. The research program, and also the policy issues that required an input from the Research Department, were mainly determined by the Director of the Research Department and the people around him.

Presumably some of those policy issues would have originated from the operational side.

Of course, the operational departments, especially ETR, engaged in their own research on the questions that arose in the course of their work. ETR has always had a strong research-minded attitude. Some of the problems that present themselves to the area departments, however, might develop into research projects through the Research Department's contact with area departments or member countries. The staff of the Research Department did a considerable amount of work on country missions—something that I always very much encouraged. In my time we tended to designate individuals to participate in missions to "interesting countries." I remember that Marcus Fleming was very keen at one stage to be part of—and I think he headed—a mission to Yugoslavia, which was one of the most interesting cases of a semi-controlled system. That became the basis for an article in *Staff Papers* by Fleming and Victor Sertic on the Yugoslav system. I myself was at one stage very anxious to participate in Fund missions where monetary questions were important, and I headed some missions to Colombia and one to Iceland, to work on those kind of things.

Staff Meeting of the Research Department, February 4, 1948. *Those seated are (left to right): Maurice Allen, Gyan Chand, Allan G. B. Fisher, Walter Gardner, Ali Gritly, C. C. Liang, Raymond Bertrand, H. M. H. A. van der Valk, and (at desk) E. M. Bernstein. Standing (left to right) are Ernest Sturc, J. J. Polak, and Irving S. Friedman.*

All this fed back into your work in the Research Department. Was that how the Polak model was developed?

It had already been developed, but that became one of its testing grounds. A lot of work has been done on that model since I developed it 30 years ago. I still think that much of the simple version of the model is quite useful in the Fund's work with relatively simple developing countries. It was these countries, in fact, for which it was originally designed. Nothing is more erroneous than the criticism sometimes made that the Fund designed something for industrial countries and then tried to apply this to developing countries. The Polak model was suitable for developing countries; it was never enormously suitable for developed countries. It was amended in various papers to apply it to countries with more complicated financial structures.

There are many examples of new ideas being developed in the Fund; we were operating at the frontier of international economics. It was very clear to us then, and now I'm speaking probably about the 1960s or perhaps the 1950s, that we were well ahead of the universities on many of these international economics matters. We had these famous professors talk to a Fund seminar. Everybody came, and when it was all over everyone said, 'do they think that's new? We've known this for a long time.'

Take the absorption theory, which in essence was current in the Fund since the inception of the institution, and was put on paper by Sidney Alexander, and elaborated in 1951 and 1952. It's now in all the textbooks as an important concept in international economics. The effective exchange rate, as a concept that combined the exchange rate for one currency with a variety of other currencies, was fully developed in the Fund by Rudolf Rhomberg, with the help of others. Work on assigning instruments to policy targets was also done here by Fleming and Robert Mundell, who at that time were both in the Fund. Their work was an important theoretical development. Jacob Frenkel has just written a 25-year memorial to it.

The compensatory financing facility was the first instance where a formula that made economic sense was developed for the general concept of helping countries that had disappointments with their exports. It was the first instance in which a rather large computer exercise was mounted (by Fleming, Rhomberg, and Gertrud Lovasy) to develop a reasonable formula. This turned out to be rather different from what everybody else was working on at the time.

The general approach then was to measure this year's exports against what happened one, two, or three years ago. The computer exercise, which tried this out against the past, showed that this made very little sense because it implied that what happened this year was of no relevance to what should be considered normal. A more sensible formula ought to give considerable weight to what happens this year. That produced the formula for measuring the difference of this year's exports from an average going back some years and looking forward some years. The computer exercise produced it.

Of course the SDR was a very important element of research, in two phases. The first challenge, in the 1960s, was to design a working mechanism for the SDR. This mechanism proved to be correct and has since stayed essentially unchanged. Then in the 1970s, after the gold base for the SDR disappeared, we had to redesign the SDR itself as a package of currencies. This was tremendously controversial at the time. Now it is copied, for example, in the ECU, as the obvious way to do it. Interestingly enough, this is one subject on which the staff had developed a view with which none of the five largest members of the Board agreed. Fortunately, they had *different* diverging views. The Managing Director didn't fully agree either. But we persisted, because we were convinced that this was the only way to do it; in the end, everyone came around to our view.

What's happening today that you find interesting?

There are two very interesting ideas. One is related to the debt question, and to what extent the Fund can help, without simply becoming the source of finance for countries to whom nobody else will lend. There are very considerable risks to the Fund; it will have to remain true to its Articles of Agreement and lend for temporary purposes and only if it can really see adjustment as the light at the end of the tunnel. The Fund doesn't deal in very long tunnels and that presents a great challenge, because obviously there are countries—some of the African countries are the most obvious examples—where financing cannot be the sole answer, and debt relief is a necessary element. The situation is less clear and more complicated with the middle-income countries, but there may be some among those, too, that will not be able to emerge from their difficulties solely by assistance from the Fund.

The other area is, of course, the new ideas for bringing more orderliness to the exchange rate system.

Simply through intervention?

Everybody agrees that intervention isn't the whole story; the fundamental cure must be the basic policies of the countries concerned. How much these policies can be improved and made consistent by policy coordination is, of course, a very big question.

There is a question not only of coordination but also of revamping the international monetary system—from floating rate system into one that might be more orderly. It may or may not happen. The EMS, for instance, has worked fine for European countries that were willing to bring inflation under control and adjust their exchange rate policy to it. But it's by no means obvious that that mechanism could be broadened to include countries such as Japan, let alone the United States.

On quite another note, you seem to have a high regard for the Fund's staff.

I do. We have in the Fund a very highly professional and dedicated staff, overwhelmingly composed of economists. One very important element is the homogeneity of the staff. It isn't too large a unit, but it is large enough to provide a critical mass.

The Fund is right to make every effort to get the best possible staff. That's partly recruitment, but it's also the promotion policy of the Fund, which is nationality-blind. The Fund is a meritocracy, and that's extremely important. Economists here also have the opportunity to apply their economics and learn a lot of new economics because they operate very often at the frontier of what is established economics. All this produces a staff that the institution can be proud of.

Incidentally *Staff Papers* is a very important component in attracting and keeping good staff. It's encouraging for staff hired from the outside to know that they don't sink into an anonymous bureaucracy—a reason cited by Professor Dennis Robertson when he recommended the creation of *Staff Papers*. It's important that Fund economists be appreciated as economists and be encouraged to cultivate their profession and write professionally.

Has the staff has changed very much over the years?

I have to be a bit careful to talk about the staff now. It's eight and a half years ago since I left the staff. While I've kept contact with the staff when I was on the Board and, easily as much since I've left the Board, I still don't see them day to day and I don't see so many of them as I did when I was on the staff. My guess would be, though, that in the fundamentals, the staff has not changed.

You mentioned the Fund's homogeneity; is that a strength?

By homogeneous I mean that the Fund primarily consists of economists. I don't mean that they all come from Chicago and have the same ideas. Fortunately they don't, but they have a sufficiently similar professional background to form an easy, homogeneous group. I don't think there's any advantage in everybody having been trained in the same schools. While the American schools are no doubt among the best, there are also very good schools in the United Kingdom, on the European continent, in India, and in many places. The Fund benefits from getting people with different backgrounds.

The fact that so many have come to us through American universities may be more a supply than a demand question. People who have already come to the United States have found out that they can live here; their wives may have found out that they can live here; and they may be more aware of the Fund and speak better English. All that may induce them to find a career in the Fund, more than people who are holed up somewhere at home and don't have such a wide vision. It isn't necessarily the particular training they get at the American universities that the Fund needs.

Is it a concern of yours that the staff remain open to ideas from outside the Fund?

It is very important. There are more consultants attached to the Fund these days, and that is a very good development. There is some risk—perhaps not so much in the Research, but in other departments—of people being too one-track minded and not absorbing enough from the outside. The Fund should be worried about it. Mobility, both inside and outside the Fund, helps too.

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STAFF ASSOCIATION REPORT EXAMINES THE PROGRESS OF WOMEN IN THE FUND

"I didn't think there was much to it initially," Alphecca Muttardy smiled, recalling the meeting of the Staff Association Committee in 1986 at which Charles Sisson, then Chairman, asked her to chair SAC's Working Group on the Status of Women. A great deal of work, however, would go into the research for and drafting of SAC's report on the career progression of both men and women in the Fund—a report released to staff in late July. "Staff have the 1987 and the 1986 SAC to thank for this report," Alphecca Muttardy acknowledges. "Julian Berengaut was especially supportive of the effort last year. Others pitched in too."

***Alphecca Muttardy** (right) and Margaret Kelly review SAC and Administration data on the progress women have made n the Fund.*

From her predecessor, K. Burke Dillon, she drew "lots of moral support" and several boxes of material, some of which dated from the mid-1970s, when the Fund changed its "N" rules to explicitly forbid discrimination on the basis of sex. It was from this juncture that both SAC and the Administration Department set about attempting to track the progress the institution was making on the issue.

SAC had collected data in 1979, 1980, 1983, and 1985, and Alphecca Muttardy, who is an Economist with the Research Department, decided to base her request for data on the format used in these earlier surveys. She did, however, add specific questions on starting and present grades and career ladders. The information, she hoped, would be particularly helpful in analyzing data on the Fund's professionals who were not economists—a group that represented a broad spectrum of career streams.

Alphecca Muttardy pored over the earlier data; spoke with Margaret de Vries, the former historian of the Fund, for a historical perspective; and plunged into the collection and analysis of current data. The technical work was a change of pace for her. "The type of regression analysis I needed to do was closer to that done for sociological or psychological studies. I had to do a bit of reading because it differed from the econometric work I was used to." She requested and got from Administration a dump of basic data, without names, for all 1,700 Fund staff. She brought this into RAL and wrote several programs to do her analysis.

In general the results of this analysis indicated that women at the Fund progress at the same rate as men, though they are often hired at a lower starting grade compared to men with the same qualifications (age was used as a proxy for previous work experience). Despite the similar rate of progress, however, women never effectively "caught up" with men, especially with regard to management positions.

The SAC study indicated that the professional non-economist group were particularly adversely affected. Their statistics indicate a 2.7 grade difference in starting grades between males and females with comparable education and experience. It was also this group that was most seriously affected by the job grading exercise. "Professionals in a female-dominated career ladder, such as accountants, librarians, and writers," Alphecca Muttardy observes, "were more likely to be downgraded than those in a male-dominated ladder, and within a ladder women were more likely to be downgraded than male counterparts. This could have contributed to the slower career progress observed in female-dominated ladders."

Secretaries and other support staff on the whole did well in the job grading exercise; their numbers were largely responsible for the overall figures that saw more women upgraded (44 percent) than men (30 percent). Alphecca Muttardy is concerned, however, that many of these positions are subsequently being downgraded as vacancies are filled. She is also concerned that the Fund has been slow to recognize changes in job content. "Secretaries' jobs have changed tremendously but there's still almost nothing in the job standards about word processing, desktop publishing, and general computer use. As Fund work and report writing become more integrated, secretaries will use computers more."

Among economists, the study found men and women advancing at the same rate, but the rate itself has slowed down dramatically in the last ten years. In the course of the 1967-77 period, economists advanced an average of 2.7 grades; for the most recent ten-year period an advance of 0.8 grades is average. In addition, during the recent period, many managers were hired from outside the Fund—and they were almost exclusively male.

A constant in all the studies over the past decade and a half is the paucity of women at the B level. Only 1 percent of women in the Fund are at the B level; 13 percent of men are. Likewise 35 percent of the male economists in the Fund have managerial responsibilities, while only 18 percent of the women do. And finally only 1 percent of female noneconomists are represented in B-level positions, compared with 3 percent for men.

In contrast women hold an overwhelming majority of the support positions—70 percent of the women in the Fund hold jobs in the A1-A8 range. Although women make up 17 percent of those obtaining doctorates in economics in the United States—the only country for which such statistics are readily available—and 37 percent of those awarded masters degrees, they number only 9 percent of the Fund's economists and only 9 percent of those recently hired in economist positions.

"Now that these findings are published," Alphecca Muttardy notes, "it's time to do some follow-up work." She will shortly be coordinating the drafting of SAC's policy recommendations, based on the report, and hopes to do some further research on the factors contributing to differentials in starting salaries. "Of course volunteers to help with this work would be most welcome," she adds. Anyone interested in helping with SAC's Working Group on the Status of Women should contact Alphecca Muttardy at X7732 or the SAC office at X7650. Copies of the Staff Association's synopsis of the report, as well as copies of the full report, are available from the SAC office at Room 1-536.

MARGARET DE VRIES PROVIDES HISTORICAL PERSPECTIVE ON WOMEN'S ISSUES IN FUND

Staff News *interviewed Margaret de Vries in early 1987, on the eve of her retirement from the Fund. It must have seemed odd to those who know Margaret de Vries well that the earlier interview never touched on women's issues—a topic very close to her heart. She did in fact discuss the particular problems of women in the Fund, but we were faced with space constraints and opted to hold that portion of the interview over and publish it when SAC's report on the status of women was published. SAC's report was released in July; here are Margaret de Vries' comments on some of the broad issues confronting women in the Fund.*

You have long had a strong interest in women's issues, haven't you?

There used to be a term called the "double standard" and my colleagues often commented that I was very conscious of the fact that one standard was imposed for women and another for men. As the women's movement became more popular, my early colleagues recalled that 'Margaret was always pointing out that an unfair double standard existed.'

I have also always been conscious of the minute number of women in international finance, not just in the IMF. Women haven't been appointed finance ministers, or even deputies, in any but one or two small countries. Our Annual Meetings are a clear reflection of this. I think it's because money is considered just too important and too powerful to be entrusted to a women. Men want to handle it.

In part, women's problems in the Fund are a reflection of the situation in the international financial world, which has been almost entirely a world of men. The entrance of women into the financial area—certainly in the higher and more powerful echelons—has lagged considerably behind their entrance into other traditionally male professions. There are now many more women doctors, lawyers, engineers, and scientists than there are women in the upper echelons of the financial field.

How much of that stems from lack of interest—perhaps culturally determined—and how much is the result of active discrimination?

I wouldn't say it is overt discrimination as much as it is men in this field finding it more comfortable to work with other men. I don't think men really think, 'well, I don't want a woman in this office....' They simply, and automatically, tend to think of other men when they are filling a vacancy. That is the reason for women's complaints about male networks. When he assumed the presidency of the United States, Jimmy Carter was said to have commented that it was very hard to find women who could take Cabinet posts. Juanita Kreps, who became Secretary of Commerce under Carter, said it depends on who's doing the looking. I think there's something to her observation. Men do feel more comfortable dealing with other men; they know what to expect of them; they're used to working with them. This attitude might be changing, though, as more women become professionals. Men whose wives are professionals also seem to be more at ease with women colleagues.

In the early days of the Fund, considering at the time few women had the requisite training, there was a relatively high percentage of women professionals—economists and lawyers. Women were clearly visible, even in relatively high posts. Nevertheless, they may have felt more self-conscious than do the young women of today. In the early days if you were making a presentation to the Executive Board, you knew you would be the only woman in the room. And that did make you feel self-conscious. What man goes to the Board wondering whether he'll be the only man there? Younger women might not feel this now, but at the time we even wondered how we should dress. We wondered what kind of suit we should wear so we would blend in.

What women in the Fund need most are men who are not only supportive but also eager to advance the role of women. They need men who take the position 'wouldn't it be the right thing to get a woman in this spot.' Wouldn't it be wonderful to have a department head who says 'I want a woman deputy because I'd like to be at the forefront of a more progressive attitude in this work place.' The Fund makes a conscious effort to have geographic or regional balance on its staff but it does not seem to make the same effort with regard to women.

In the most recent History of the Fund I included a section on the staff and when I had listed all the department heads as of the end of 1978, I explicitly pointed out that there were no women on this list, even though there had been women who'd been on the staff for twenty years or so and who had the requisite experience. I cited six women who'd been on the staff for 20 years or more who had not attained deputy director or director levels. Some of my male colleagues welcomed my making this point but interestingly enough they felt no personal responsibility for the situation. I understand that, in the World Bank, when McNamara was President he told his department heads that he wanted to see women as well as men at senior staff meetings. Maybe there was external pressure for affirmative action. There has to be some pressure somewhere. That's essential. Where can the change originate from? It can happen, and quickly, I think, when the issue is given priority.

What would you say to women now in the Fund?

If we are talking about women professionals, particularly those at the higher levels, I think it is important that they try to get their male colleagues to understand what is happening—to make them conscious of the need to hire and promote women. I tried to do this with the section on women in the History of the Fund. I wanted my male colleagues to become more aware of the relative absence of women in high positions. I wanted them to start asking themselves what the Fund can do, and what they personally can do.

On a more general level, women have to help each other. If they see an opening, they should encourage other women to apply. They should say, 'look, you can do that job.' That certainly helps, because women tend to lack confidence and undervalue their qualifications. Rarely do you find a man who lacks confidence. I've never seen a man who said, 'I can't do this' or 'I'm not qualified for that.' I dare say that if you approached a junior economist tomorrow and said, would you like to be Managing Director, a man would probably say, 'fine, let's go for it' whereas a woman would say, 'who, me?' It's up to women to encourage each other, to help assure each other that they are capable of doing a prospective job. I really do think, too, that we've got to get more women into the higher positions. It is incredible that 40 years after the Fund started we still don't have a woman department head.

Given the overall trends in hiring and mobility are you optimistic or pessimistic about the position of women in the Fund?

I remain concerned, although in recent years the Fund has done somewhat better than in the 1960s and 1970s. However, I would have hoped the Fund would have done still better. When we started back in 1946, the Fund was such a leader in so many respects—on international issues, on racial issues, and in regard to women. I would like to see the Fund become a leader again, paving the way for other international organizations.

WORK ON ADMINISTRATION COMMITTEE CONTINUES

Still to come is a study commissioned by the Administration Department on the advancement of women in the Fund. The committee, chaired by Margaret Kelly, is composed of Burke Dillon, Michael Gehringer, Moira Lavery, Claudio Loser, Alphecca Muttardy, Slawka Pylyshenko, and Wanda Tseng. It is charged with examining data, analyzing trends, and making policy recommendations to the Administration Department. It is studying the full range of Fund positions—economists, professional noneconomists, and support staff—as well as looking at external comparators for certain categories.

"The Fund's interest in the issue dates back at least to the early 1970s," Margaret Kelly, Chief of the Trade and Payments Division in ETR, notes. "The discussion was initially centered upon equal access to benefits, since some benefits were then being denied to the spouses of female employees. I think we were fairly successful in making benefits available to the spouses of both women and men. From there we moved on to the issues surrounding the advancement of women in the Fund." The committee hopes to report its findings to the Administration Department this fall.

WHILE YOU WERE AWAY THIS SUMMER...

If you were away for part or all of this record-shattering summer, you doubtlessly have few regrets about missing the extreme heat and humidity. There may, however, have been people or happenings at the Fund that you did miss and might regret not knowing about. Marta Araya prepared this collection of interviews from a random selection of the scholars and others here this summer. We include, too, an informal update, to let you know where certain issues stand and what might be happening in the near future.—The Editor

Guillermo Calvo

Two consecutive summer assignments with the Fund's Research Department have given Guillermo Calvo, a professor of economics at University of Pennsylvania and co-director of the International Economics Research Center, an opportunity to bridge the often considerable gap between academic and policy work.

He credits the Fund's visiting scholar program with establishing a valuable link between practice and theory, and with strengthening and promoting the type of research its very able staff and its visiting scholars have been undertaking. The contribution the program is making to the field of economics is becoming quite visible, he feels.

Professor Calvo finds being a visiting scholar very exciting. "I can see my ideas coming closer to practice," he says, "and the challenge now is to use what I know and translate it into something than can be understood by policymakers." He appreciates the highly concentrated effort that can be focused here on a single issue. The wide-ranging interests of his academic colleagues generally discourage this.

Although his principal work has been with Research, he has also developed a working relationship with Fiscal Affairs, notably with Vito Tanzi and Mario Blejer. These and other working relationships with Fund economists are likely to expand in the coming years. Professor Calvo will join the Fund in October for a two-year period; he will serve as a Senior Advisor for the Research Department, while on leave from the University of Pennsylvania.

Tadeo Castro

Each morning for the past six weeks Tadeo Castro, a painter from Peru, came to the atrium of the Fund and waited for the questions curious visitors might ask about the exhibit or about the Peruvian painters he represented. He had been one of the major forces behind the formation of this exhibit, which brought together ten Peruvian painters from diverse backgrounds around the central theme of the Andean woman. The painters whose works were exhibited were Dante Gabidia, Felipe Coronado, Julio Quispejo, Jose Aldana, Cleto Carpio, Julio Léon, Carlos Palma, Victor Salve, Hugo Alegre, and Tadeo Castro.

***Peruvian painter** Tadeo Castro, with one of his works.*

The colors of the Andean landscape and the solemn expressions of its culture provided a common bond. Individual painting styles differed, though, from rounded naive forms to stylized shapes composed of angular strokes, to the warm hues and mixed mediums that Tadeo Castro favors. He feels a great sense of responsibility for the group he represents here and is pleased that almost all his fellow painters have sold a painting at the Fund's exhibit.

Tadeo Castro left a job as a lighting technician for a television station to pursue his true vocation full time. It hasn't always been easy, and he is grateful to those in Washington who lent assistance. He arrived in Washington without a place to stay and spent his first night here in a shelter. He is particularly grateful to a Fund couple, who spontaneously extended an offer to stay with them when they learned of his lodging difficulties. He will now travel with the exhibit—to George Mason University and, if possible, to a gallery in New York. He hopes to travel again, to the United States and to Europe, but doubts that he will ever again be able to assemble the wide array of painting he brought with him this time.

Sebastian Edwards

Sebastian Edwards isn't a stranger to the Fund. He was a visiting scholar in 1984 and 1987, as well as this summer; he has also worked for the World Bank, served as an advisor to the governments of Indonesia and Costa Rica, and currently is a professor of economics at the University of California at Los Angeles.

Throughout his career he's kept in touch with policy-makers and the real world, so he appreciates the opportunity the Fund gives academics to gain a more immediate sense of world realities. He also feels the Fund benefits from the more theoretical perspective that academics can lend to policy work.

He has made it a practice, while undertaking his duties as a visiting scholar, to team with a Fund staff member to write papers; this mutal collaboration has been, he says, a valuable part of his experience here. He has worked closely with Mohsin Khan, Peter Montiel, and Jonathan Ostry. The more informal contacts with Fund staff have been rewarding, too, and he has fond memories of lively exchanges over lunch.

His current area of interest is exchange rate policy and capital controls. Specific topics are often influenced by developments in the field, but the one constant has been an enduring interest in macroeconomic policy and adjustment in developing countries. He has found mission work with the World Bank a very useful experience. "Some of my best papers," he says, "have come out of questions that have been addressed on mission work."

He was unable to have his family join him this summer in Washington. "They preferred to avoid the unbearable Washington heat." After this summer, he adds, any future stints here at the Fund "might be subject to an improvement in the weather."

Dale Henderson

Professor Henderson's career had already reflected extensive work in both practical and academic forums when he took leave from Georgetown to become a consultant in the Research Department. He also taught at the University of Pennsylvania before spending 14 years at the Board of Governors of the Federal Reserve System.

He found the work at the Fund very stimulating, mainly because of the high quality of the staff and other consultants; he also enjoyed the excellent seminars. "I was glad to see that the research work here is as good as that at any academic institution," he noted. A very positive characteristic he saw in Fund staff was their willingness to discuss their work with others.

When asked to compare his work here with that at the Federal Reserve, he cited many similarities but found the Fund had a wider scope of interest, paying much more attention to the developing countries. He has always been interested in the practical side of things, and values the opportunity to see which issues are of most concern to the Fund. His work is, of course, related to these issues. In July he gave a seminar on the feasibility and desirability of pegging nominal interest rates.

Jennifer Neal

Between productions playwrights have been known to welcome more steady sources of income. Jennifer Neal, whose play *Strawberries and Cream* took second prize at the Kennedy Center's annual American Theater Competition last year, has occasionally supplemented her income by working as a secretary. This year she worked for the Fund, in Administration, External Relations, and Treasurer's, and found being at home in her native Washington and working in a very different environment stimulating.

Jennifer Neal is a graduate of Trinity College (Hartford). She majored in writing but finds many of her analogies for the creative writing process come from another love, music. She plays keyboard for a local group, and will soon see her newest play, *Under the Covers* produced by a West Coast group. After the Fund she is looking forward to a two-year assignment with the Peace Corps in Africa, where she will be teaching English.

Assaf Razin

Leavening practical experience with teaching and research appeals to Professor Assaf Razin, who has spent his second consecutive summer at the Fund. He has taught at several universities, including Chicago, Princeton, and Pennsylvania; has been a visiting scholar at the World Bank; has published widely; and is now a Research Associate at the U.S. National Bureau of Economic Re-

search. In Israel he served as the government's Economic Advisor and was also Dean of the Social Sciences Faculty of the University of Israel.

He enjoys, he says, the interaction with fellow economists at the Fund and has been immersed in policy-oriented research here. Working with the Research Department provides, he finds, a "unique opportunity to deal with operational policy issues, such as those related to the debt crisis or the European Common Market." He hopes to return next year to continue joint research on international tax harmonization, with special emphasis on the European Common Market as it evolves into a more integrated unit.

Geoffrey Woglom

When he returns to Amherst this fall, Geoffrey Woglom expects to bring a bit of the Fund with him. His students will be curious about the Fund's work, given their interest in policymaking. He already knows that an honors student, who happens to be working on a topic of some relevance to the Research Department's work, will be particularly anxious to hear about his experiences.

Spending the summer in Washington has entailed some sacrifices. His wife, who is a lawyer, and his family were unable to accompany him here, and the practical aspects of commuting proved to be somewhat of a burden. But the work experience has more than compensated for the inconveniences, and he has enjoyed spending time in a place where so many people are interested in macroeconomics. Coming from a liberal arts college such as Amherst, he finds the opportunity to immerse himself in his field very refreshing and stimulating.

Geoffrey Woglom's main area of research has been labor market institutions and how they affect macroeconomic adjustment. He is particularly interested in examining the role that policy could play in improving market adjustment. In carrying out his work he has had the opportunity to exchange ideas with very fine scholars here in the International Monetary Fund, he says, and he has enjoyed the seminars. Now he is looking forward to telling his students something about the questions the Fund is looking at.

AN END-OF-SUMMER UPDATE

ADMINISTRATIVE TRIBUNAL. The Executive Board's July 15 discussion of the proposal to establish an administrative tribunal was inconclusive. Board discussion is expected to resume after the Annual Meetings. In the meantime, the Board has asked the Legal Department to provide it with a more detailed explanation of the purposes and structure of the proposed tribunal.

PENSION PLAN. The review of the Pension Plan is moving toward a conclusion. The Administration Department has briefed department heads on its tentative proposals, and written comments and suggestions on these proposals are being provided to the Administration Department by the departments. The next step will be for management to review the proposed changes.

JOINT COMPENSATION COMMITTEE. The Joint Bank/Fund Committee of Executive Directors on Staff Compensation (JCC) presented its report to the Executive Boards of the two institutions in early August, and on August 12 the Administration Department issued to the staff a summary of the report's main recommendations. The Executive Boards of the Fund and the Bank are expected to discuss the report some time after the Annual Meetings. Before this discussion, consultation will take place with the Staff Association, and the managements of the Fund and the Bank will submit to their respective Executive Boards their views on the Joint Compensation Committee's recommendations.

MEDICAL DEPARTMENT. The joint Bank-Fund review of services provided by the Medical Department is now being concluded. The results will be communicated in a Staff Bulletin in late September. As a preview, it can be mentioned that there is recognition of the need for increased support for staff who travel and treatment of minor ailments in the Health Room is already being expanded. It is expected that advisory and referral functions will be augmented and the scope for expanding services at the satellite health room will be reviewed.

MEDICAL BENEFITS PLAN. Over the next few months, various aspects of the Medical Benefits Plan will be reviewed in consultation with the Staff Association The focus will be on issues such as the feasibility of improving coverage in specific areas; an updating of the dollar ceiling under the Plan; the equity of the contribution rates for different categories of enrollees; the need for, and feasibility of, an HMO arrangement or other option in addition to the current plan. The Staff Benefits Division welcomes staff views on priorities, preferences, and ways of getting the best value for our money.

A-1 to A-8 WORKING GROUP. The Working Group continued its series of meetings with Graeme Rea, with Dorothea Anderson on compensation, and with SAC and others on pensions. For more information, or to lend your assistance, call Jan Smart X6400.

SMOKING POLICY. The issue of smoking in the working environment is rapidly becoming more topical. Over the next few months, efforts will be made to draw up a formal policy for smoking in the Fund. Policies and procedures elsewhere will be reviewed and staff views will be solicited in an effort to come up with a solution that could gain the broadest possible acceptance.

FITNESS CENTER. The Fitness Center resumes its Saturday hours (9 a.m.-1 p.m.) on September 10. An exercise class is offered, contact the Center (X6558) for details.

JOINT LIBRARY. On August 1, the new Joint Library facility opened at IS 6-1000 (the street entrance is located at 1875 I Street). Its hours have been expanded to 8 a.m.-9 p.m., Mondays through Fridays, and 10 a.m.-5 p.m. on Saturdays. After normal business hours (after 6:30 p.m. on weekdays and all day Saturday) a "Kastle key" will be needed to gain access to the building. This can be obtained from the main guard's desk in the Fund or in the Bank's I Building on presentation of a Fund ID.

WORLD BANK CHILDREN'S CENTER. The WBCC has openings in its toddler group (ages 20 to 30 months). An After-School Program began on September 1. The program runs from 3:30 to 6:30 p.m., five days a week. It provides both quiet space for homework and reading, and active places for games and play. Contact Pearl Waxman at 477-9198 for more details.

SAC Comments On...

COMPENSATION AND COMPARATORS

With the release of the report of the Joint Committee of Executive Directors on Staff Compensation, a new chapter has been added to the continuing saga of the compensation issue. A fair amount of detail on the report's proposals and recommendations has recently been communicated to the staff in a memorandum from the Director of Administration. This is neither the place nor the time to discuss the merits of the report, or the lack thereof. We will have ample time to scrutinize the analysis, assess the appropriateness of pitching at this or that level, study artificial Hay points, wonder what the implications are of moving average salaries to their midpoints, and, after having done all that, look at the bottom line and determine whether all this adds up to a viable system that maintains the high quality of the Fund staff. SAC will be working on all these issues in the period ahead, and will report the results of its analysis to the staff.

I would instead like to raise a more philosophical question—one with very important, and very practical, implications, but one that seems to have been swept under the rug in our preoccupation with the details of the Hay system. Just what do we expect from a system of comparators? And what is the Fund's own role in devising an appropriate salary structure and compensation system?

The comparator system was introduced in 1979 in the belief that it would effectively depoliticize the compensation issue and serve as the basis for rational salary decisions. More than eight years of experience with that system has disillusioned many staff or at the very least made them skeptical about the results derived from it. In the meantime, it looks as if we are embarking on further reliance on outside help to provide answers to questions that only the Fund itself can answer.

The Fund to date has paid many millions of dollars to Hay Associates for compensation surveys and job grading work and no doubt they are eager to have the Fund commit more and more resources to the perpetuation of this system. But isn't it time to evaluate the usefulness of the information that is being provided at such high costs?

Why should we compare Fund salaries with those of a hundred or so firms from which the Fund does not recruit and which few staff members consider alternative employers? More fundamentally, why should an international organization duplicate the pay relativities found in only one of its member countries?

Is it not the task of the institution itself to design proper relativities, including "Fund points" assigned to different tasks? What is the meaning of testing the appropriateness of the internal relativities against the market? The only, rather irrelevant, conclusion to be drawn from such an exercise is that the values attached to positions may differ between organizations—probably for good reason.

And what about absolute salary levels? Is it not sufficient to know that the Fund cannot attract the right secretarial staff anymore, that it has increasing difficulties in recruiting professionals, that you see people leave whom you want to keep, and that you have to compromise on quality standards? In determining the compensation needed to recruit and retain, it does not help to know that you have to pay on average so many dollars per Hay point. The real market test is whether you are able to attract, and keep, the people you want.

Reinold van Til, Chairman

This commentary represents the first in an occasional series that SAC will produce for Staff News.

SIDNEY KRAMER AND THE FUND: SHARING A BIT OF HISTORY

Bill Kramer likes the symmetry of it. His father, Sidney Kramer, had opened his bookstore in the spring of 1946, just as two newly created international institutions—the International Monetary Fund and the World Bank—began operations a block or two away. Now after more than forty years at its H Street location, Sidney Kramer Books has moved to I Street—across from the I Building of the Bank and just several floors beneath the Fund's leased space at International Square.

Bill Kramer has kept close tabs on the Bretton Woods institutions and their library over the years. They and his father's shop share a bit of history. "Martin Loftus, the first librarian of the Fund-Bank library, and my father became professional and personal compatriots," Bill Kramer recalls. "Through the Fifties, Sixties, and into the Seventies, Sidney Kramer Books was one of the principal suppliers of books to the Joint Library. We began to stock books that the Library was ordering. And demand grew as the institutions grew."

The proximity of the Fund and the Bank, as well as the State Department, which was housed in the Old Executive Office Building until the early 1950s, created a demand for works on economics, area studies, development, and military matters and shaped the direction in which Sidney Kramer Books would grow. None of these topics, however, was Sidney Kramer's first love. "My father was first and foremost an antiquarian," Bill Kramer remembers. "His principal interest was "incunabula"—the pre-Gutenberg books that feature nonmovable type and fine binding. My father was an expert on type and binding."

In 1922 an 11-year-old Sidney Kramer, already an experienced collector, sent a postcard to an antiquarian book dealer in California, Jake Zeitlin. "Jake couldn't fill that request, but in 1946 he sent the postcard back to my father," Bill Kramer laughs, "with a note saying 'you can get this for yourself now.'"

"My father's professional career started at 15 when he went to work for Helmut Lehmann-Haupt in the rare book library at Columbia University. In the 1930s he went to the University of Chicago, where he did his doctoral thesis on the Stone & Kimball Publishing Company, a turn-of-the-century publishing house that was the first to distribute Oscar Wilde's work in this country."

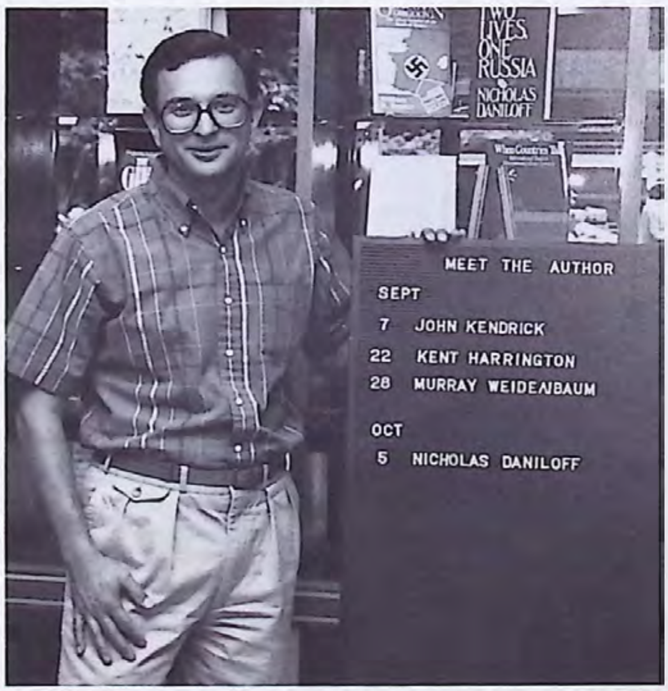
Sidney Kramer came to Washington during the war years to work on war bibliography for the Library of Congress and to direct the Library's purchase, through neutral country sources, of materials published in enemy or occupied countries. Before the war was over, he had also worked for the Office of Strategic Services (OSS), in its presentation division.

After the World War II had ended, Sidney Kramer settled on a project much dearer to his heart—opening his own bookshop and overseeing an H Street location that quickly became a gathering place for the city's scholars, press, and government officials. In a Washington that was still new to its role as a powerful international city and still in some ways a small town, the bookstore provided welcome intellectual stimulation and the possibility of meetings—chance and otherwise—between professional colleagues.

"Raymond Goldsmith, who worked for the National Bureau of Economic Research and was noted for his national income studies, used to come to the store regularly—sometimes turning up with donations of books," Bill Kramer recalls. "The store also attracted a lot of journalists whose offices were nearby. Kiplinger's was at 18th and H Streets and their staff used to come in and use the shop like a resource center.

"The bookstore was always the kind of place where people would come in from all over the globe and find one another. There was always lively conversation. It was very invigorating.

"In the late 1940s and early 1950s, Dean Acheson, the Secretary of State, and Supreme Court Justice Felix Frankfurter walked from Georgetown each morning to my



***Bill Kramer**, son of Sidney Kramer and owner of Sidney Kramer Books, stands beside the store's schedule of book signings for September and early October.*

father's store. They had a daily ritual; they would chat with my father and then go their separate ways—Acheson walking over to the State Department and Frankfurter catching a cab to Capitol Hill."

In the 1950s, with a Ford Foundation grant, Sidney Kramer, with the help of the World Bank and the head of the Joint Library, drew up a list of some 500 titles that would constitute a core library on development economics. This collection would in turn be provided to 100 central bank and development agency libraries. The project, which took over two years to complete, seemed to confirm Sidney Kramer's reputation as the leading source for books on economic and development issues.

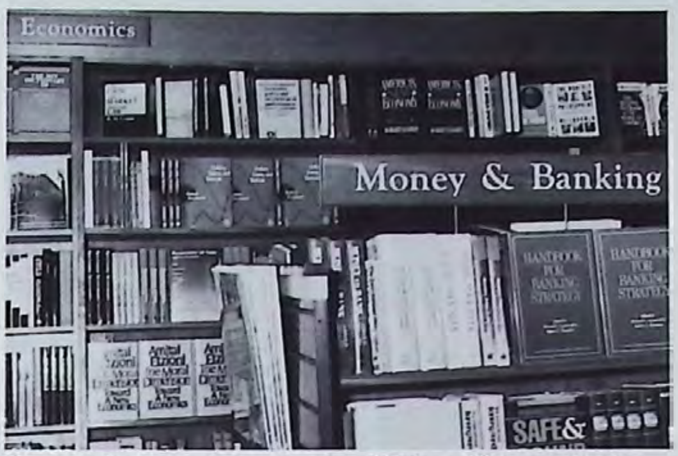
Sidney Kramer died in 1961, at the age of 49 after a lengthy battle with cancer. The bookstore, however, remained in family hands and continued to nurture the interests of a loyal clientele, including several generations of Fund and Bank staff. It ceased in the late 1970s to be a primary supplier of books to the Joint Library—the Library had grown large enough now to order directly from publishers. Sidney Kramer Books continued to stock Fund and Bank publications, but the sales of these declined in recent years when both the Fund and the Bank expanded direct sales of their publications.

The move to a larger location had become unavoidable. The H Street spot was proving increasingly less manageable; there was no place for inventory, let alone expansion. But the move was not without its share of nostalgia. Some of the shop's customers had frequented that location from the beginning; many relished the atmosphere as much as the shop's noteworthy collection.

Alexandre Kafka, dean of the Fund's Executive Board, has been a frequent visitor over the years. "I must have first gone to Sidney Kramer's in 1949," he recalls, "when I was on the staff of the Fund. After my return to Brazil I would visit whenever I came to Washington. My first visit was always to Kramer's bookstore, and the same is true for all the finance ministers of Brazil who have come here while I've been an Executive Director of the Fund. Kramer's simply has the reputation as the best economics bookstore there is on this continent.

"Recently I've not been able to go there as often as I would like. But whenever I have a free moment, I still try to visit them. I've always found them very helpful. They can find anything. It is an exceptionally well-organized bookstore."

The new location at 1825 I Street does give the store an additional 1,500 square feet of selling space—room for 5,000–10,000 more titles at the moment, and a total capacity of 25,000 titles that is nearly double that of the old location. "It's a great relief to open up in a much larger space. I believe we can do a better job here," Bill Kramer notes. The increased space has allowed the shop to expand its interests. Two new sections that Sidney Kramer Books is especially proud of are its collections of travel and children's books. "Our travel section," Bill Kramer says, "is, I think, the best in the city." He is quick to reassure old customers, however, that a broadening of range will not take place at the expense of the store's traditional strengths.



***Economics** remains a staple of Sidney Kramer Books.*

The bookstore seems to have retained its old following and found a new one. Bill Kramer estimates that business has increased 50 percent since they moved. It's a transition he appears very happy with: still in the neighborhood, but with a little room to grow.

"Has the Joint Library opened yet?" Bill Kramer asked eagerly. "With the Library and our shop in the same building I feel like we've come full circle. I just hope that when staff leave the library, they think about taking the elevator down and visiting us." Time passes, neighborhoods change, but a certain symmetry remains. "There is really only one other economics bookstore in the world that's comparable," Alexandre Kafka notes, "and that is The Economist Bookstore in London. If Bill Kramer would add an espresso machine, it would be perfect."

SIDNEY KRAMER OFFERS DISCOUNT TO FUND STAFF

For the first three weeks of September Sidney Kramer will offer a 10 percent discount to Fund and Bank staff who present an ID when making a purchase. It is, Mimi Morris, the Advertising Manager, says, "a way of saying thank you." The shop will also be featuring a display of the publications of the Fund and the Bank.

Sidney Kramer Books is planning a series of book signings in the early Fall. On their current schedule are John Kendrick, September 7; Kent Harrington, September 22; Murray Weidenbaum, September 28; and Nicholas Daniloff, October 5. Check with the store for further details. Sidney Kramer Books is open Monday-Friday, 9 a.m. to 6:30 p.m. and on Saturdays from 10 a.m. to 5 p.m.

A FUND STAFF APPOINTMENT HAS AN UNEXPECTED IMPACT ON OLYMPICS

Jozsef and Piroska Nagy at home just prior to his departure for Seoul.

The lead story in the *Washington Post* sports section on August 12 reflected the shock everyone in the swimming world apparently felt when an unknown local swimmer broke the U.S. record in the 200-meter breaststroke at the Olympic Swimming Trials. The swimmer, Mike Barrowman, was stunned; the head coach of his swim club perhaps more so. The only one who seemed to take it calmly was Mike Barrowman's coach, Jozsef Nagy. "I think Jozsef knew that once Mike had mastered my husband's new technique that Mike would do very well," said Piroska Nagy, an economist in the European Department.

The Nagys originally came to Washington in the spring of 1986. She had been offered a fixed-term appointment at the Fund and had taken leave from her post with the National Bank of Hungary. Her husband and their two children came with her, but her husband's decision was not an easy one. Jozsef Nagy had been the coach of the Hungarian national swimming team; the team was reluctant to lose him and there was no guarantee of comparable employment here.

"It was damn hard for him," Piroska Nagy says appreciatively. "He came as a spouse; you can imagine how hard that is for a man." Fortunately Jozsef Nagy's reputation was already established in Europe and he found it relatively easy to find work, initially with the Rockville Swimming Club. It was at Rockville that Jozsef first met Mike. "People told Jozsef that Mike was a hopeless case," Piroska Nagy recalls. "They said it's not worth doing anything with that kid. He's too selfish. He has his own ways. He can't be influenced."

But something happened. Jozsef Nagy brought with him a new breaststroke technique that he had been teaching his Hungarian swimmers, a technique that involved a "rolling" or "wave" motion and made greater use of the swimmer's arms. What everyone predicted could never happen, did happen. Mike Barrowman listened and learned. And the new pupil and teacher became very close.

"Kids here are very different," Jozsef Nagy observes. "It's more difficult to reach them, to motivate them. If they don't like what a coach tells them, they leave the training session. In Europe, if a swimmer did that, that would be it. Kids here, though, are freer and they are less likely to be influenced by their coaches. The coaches, too, tend to be less motivated, perhaps because the kids are hard to reach. In the end most of the kids remain very instinctive swimmers. With Mike it was different, we became very close."

For Jozsef Nagy, the difficult part of working here was finding a way to reach kids who grew up in a different culture and responded to a different type of motivation. There is no question that Europeans tend to be more disciplined and singleminded in their pursuit of a goal, but he does appreciate the fact that U.S. swimmers begin swimming competitively at a later age. "Usually in Europe kids peak when they are 13 or 14. There are serious competitions for children at all ages and coaches have their students swimming very hard at an early age and then have them burn out."

Jozsef Nagy still keeps in touch with his Hungarian swimmers. It was difficult, he says, to detach himself from them. "Swimmers and their coaches have a very close relationship in Europe," he notes. "The kids trust you and rely on you and then if suddenly they lose you, it's very hard." His swimmers have kept in close touch with him, visiting him several times over the past year and staying with him in July.

Three of Jozsef Nagy's swimmers—one American and two Hungarian—will be competing in the Olympics, and they will all be competing in the same event—the 200-meter breaststroke. "People here don't seem to mind, but I hope that people in Hungary won't feel that he's not been patriotic," Piroska Nagy comments. "I don't think he feels any internal conflict, though. He believes the best swimmer will win." With each swimmer plotting his strategy against the others, though, coaching three swimmers in the same event is a demanding assignment.

A neighborhood fund raising, with some assist in publicity from the *Washington Post* and other local newspapers, provided the money needed to finance Jozsef Nagy's trip to Korea. It won't be his first Olympics. He coached the Hungarian team in the Moscow Olympics in 1980, but he was unable to go to the Los Angeles Olympics because of the boycott. Consequently this is the first "full" Olympics in some time, and he is looking forward to it.

Piroska Nagy will remain in Washington, caring for their two children and keeping an eye on her country work in the Western European Division. She has enjoyed her work at the Fund, and appreciated the increasingly challenging work she has been given to do. "I've worked on Malta, Portugal, and for about one and a half years now on France," she says. "The country work has been interesting and now with France there is Group of Seven coordination work, too. That's been very interesting."

Swimming was once an important part of her life too. Both she and her husband swam competitively, and had in fact met each other because of their common interest. "Jozsef was never my coach," she laughs, "if he had been my coach, we would never have married." She will be staying up late when the swimming events are televised—these are some of the last events in the Olympics. "I'm used to it," she says, "staying up late and being scared to death."

***Jozsef Nagy** will have three swimmers—two Hungarians and one American in the 200-meter breaststroke event.*

Might there be a bit of celebrity now that Mike Barrowman has done so well with her husband's technique? "We've already gotten a lot of calls," she says. "Unlike Europe, people here are not shy about asking. When they see something interesting, they jump on it. I hope he will be in great demand. It's very important to him."

UNANTICIPATED REPRINTING DELIGHTS T. C. CHANG

T. C. Chang came to the Fund in 1947, recruited directly from Cambridge University by J. J. Polak, who had read his 1946 article on British demand for imports. T. C. Chang left in 1948 to join the United Nations' Department of Economic and Social Affairs. He remained there until 1980, when he again assumed a position with the Fund, this time as Executive Director for China—his name now transliterated as Zhang Zichun.

A lengthy interval between Fund careers was recently mirrored in a slightly longer interval between the original publication and the (unexpected) reprinting of his book *Cyclical Movements in the Balance of Payments*, which had been a pioneer work in its day on the topic. While checking bibliographic information, T. C. Chang discovered that his book, which had originally been published by Cambridge University Press in 1951 and had long been out of print, had an entry in *Books in Print*, and a publication date of 1985.

The reprinting simultaneously mystified and delighted him. How could a book be reprinted without prior consultation with the author, or at least with his knowledge? Had the copyright lapsed?

If confusion over the copyright caused some consternation, the fact of publication did not. "I would not have expected such an old book to be reprinted," he commented. "Naturally I have gotten very excited about this and have also gotten a great deal of personal satisfaction from it."

A review of the 1951 copyright disclosed that it had indeed lapsed in 1979. No matter. T. C. Chang is thoroughly delighted to have his book back in print. Now there is only the matter of obtaining copies of it.

Polak *(Continued from page 4)*

You have to bring in fresh people, but it is tremendously important for the Fund to build up a career service that is comparable with the best career services of national administrations. The Fund has a natural drawback in that people with very different historical backgrounds are thrown together, but it does a very good job in homogenizing them. If these people leave again after a very short time, however, it would be very difficult for the Fund to function as a civil service.

To expand on this a moment, the management and the Board have to be continuously aware that they need an apolitical staff. That means backing them up, even in very difficult situations, and establishing a career staff as the permanent core of the institution. It is inevitable that the Executive Board is political; that's what it's for, even though the professional quality of its work is considerable. But the Fund can only present itself as an objective institution if the staff is not politicized, if it really is a career staff. This means that while a certain percentage of term employees can be accommodated to provide new ideas and new input, the percentage mustn't be too high.

Was the Fund intended to be a career institution when it started?

I am not sure it was. Very few of us in the early days really knew what it was going to be. Edward Bernstein, the Director of Research when I joined in 1947, recruited what he thought were the best people he could find. Then he did a lot of drilling. He had meetings every Friday afternoon with his division chiefs in which he drilled into them certain important views on how the world economy and how national economies work. That was an important element in producing homogeneity of feelings among those early people.

In those early years the economists listening to Bernstein on Friday afternoons comprised the entire economic top of the organization. It was important to instill, particularly in the area economists, a certain common appraisal of what lay behind balance of payments difficulties, inflation, and other problems. But whether there was going to be a career service or not wasn't perhaps all that well known at that time.

In fact of the earliest division chiefs, quite a few had left after five years. The Indian division chief didn't stay very long and Maurice Allen, a Britisher, went to the Bank of England. Ali Gritly, from Lebanon I think, also left soon. Raymond Bertrand, who was Division Chief for Western Europe, headed for the OECD in about 1950. So there was quite a dispersal after that early stage.

You mentioned the political function of the Board; what other functions does it have?

The Board has, I think, a collective personality that is much more than the sum of the national representatives that serve on it. The Board, too, I was very pleased to discover, has an esprit de corps. It has a certain homogeneity built up in spite of the relatively short periods that some members serve there. This derives from the importance of the organization and the realization that the Executive Directors are officials of this institution. It's not accidental that they are paid by the institution. Even though they come, many of them, from national governments, they see their function as being responsible for the organization. That naturally builds up an esprit de corps.

It's fundamental to the nature of the institution that these 22 persons charged together with running this large and globally very important institution, see this as a common task that they have to fulfill.

There is a very interesting relationship between the staff and the Board, which in the Fund is a particularly good relationship. Most Board members, too, are economists and they have a good feel for what the staff is doing. They have a respect for the staff, which is reciprocated.

One of the interesting things is that very close cooperation between the Board and the staff is possible. Board members, for example, call staff members well below the level of department heads, and that is very generally accepted, and I think encouraged, by department heads. There is, of course, a division of responsibilities. Moreover, there are certain things staff members can't tell the Board and there are certain things, with respect to the policies of the members that they represent, that Board members simply can't tell the staff. Nevertheless, the collaboration works well.

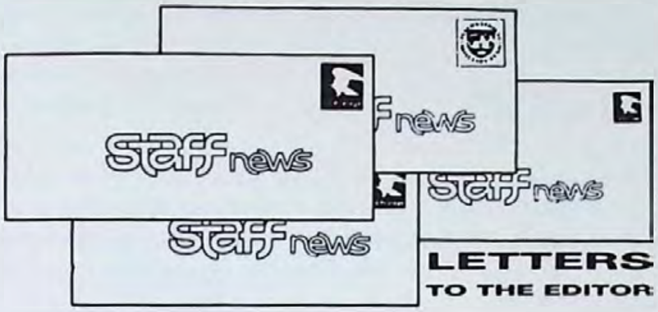
How did you find the transition from staff member to Board member?

In terms of one's daily life, the transition was quite abrupt. To mention just a few of the changes: the need to sit through endless Board meetings, the artificial deadlines created by the desire to say something constructive on Monday about countries A and B, on Wednesday about C and D, and so on. It must have driven some people to chain smoking—until the day when the ashtrays disappeared. In my case, it drove me to limericks.

On a more fundamental level, though, the adjustment from staff member to Board member was, rather to my surprise, not difficult, and I have often speculated *why* it was not. I think the main explanation is that an executive director, too, can have a strong loyalty to the institution. It was certainly so in my case, where my constituency was balanced between one industrial and four developing countries and where the five member governments gave me the leeway needed to search for constructive solutions to problems. This search had, of course, to be conducted with colleagues in the Board, and with management and staff. In many respects, it was not very different from the work I had been trying to do as Economic Counsellor.

What advice would you give to a new staff member?

I've always told the assistants that I got as a Director: make sure you go to the cafeteria and join other people; you'll never meet a more interesting group of colleagues.



Secretaries' Contribution to Mission Work

The debate about payment for overtime work on missions continues without resolution. While it is my opinion that the Fund is remiss in its moral obligation to provide adequate compensation for such work, I would like to address a broader issue.

I am puzzled by the attitude of some secretaries to mission travel. Your correspondent (July-August *Staff News*) looks back on her mission travel with considerable nostalgia. I have recently heard others refer to mission travel as a privileged, glamorous, and exotic perk, complete with first class travel and generous per diem allowances. The reality is that one leans back in a first-class seat only after having lugged a mini-office of computers, stationery, and reports from the Fund to the airport in an anxious rush to be on time for the plane, and then begins to worry about finding a porter and getting the baggage past suspicious and often menacing customs officials on arrival. Is it really that glamorous to be confined to one's room in a (perhaps) glitzy hotel, typing up minutes till late in the night? Mission work is a vital contribution to the work of the Fund. The secretary is no less a responsible member of a hard-working team, often in a hardship post, than is the economist.

It seems to me a great pity that some secretaries, in romanticizing the peripheral aspects of mission travel, fail to appreciate the importance of their own contribution to the success of the mission. To do so is to fail in self-esteem. The skill and hard work secretaries bring to a mission should be recognized by all, and especially by secretaries, as being as vital as the skill and hard work of other members of the enterprise, from the mission chief down to the most junior economist.

Elizabeth Howe
External Relations Department

Crooks and Claims

Chris Ahl, whose friendliness and cooperation I remember quite fondly from my days in the SAC, clearly has a difficult job administering the Fund's benefits programs (see his reply on problems with the processing of health claims in the June 1988 issue of *Staff News*). I wonder, however, whether he is not making his job more difficult than it needs to be.

Chris notes that one of the reasons for the long turnaround time is that claims need to be scrutinized to weed out fraudulent ones and I suppose that it is a reasonable proposition that crooks are everywhere, even in the Fund (gulp!).

However, it does not follow that the most efficient solution is to spend money and time verifying claims. First, are the Fund and its employees saving enough money to justify the effort? One must remember that crooks, being crooks, also find ways of shirking their regular work duties, which leaves them with a lot of time to think up new ways of defrauding the honest majority, regardless of what verification procedures are in place. Second, are there not enough of us on the other fringe who, through carelessness or laziness, don't claim the benefits to which we are entitled to even it all out? And lastly, why couldn't verification follow reimbursement—after all, the suspects are not about to flee.

Perhaps, with less verification, shorter turnaround time for claims, and tougher penalties for the crooks that do get caught, Chris would have more time for handball (the article in *Staff News* about Chris' refereeing made me feel nostalgic about this game, which I used to enjoy playing in high school).

Julian Berengaut
Western Hemisphere Department

Chris Ahl, Head of the Staff Benefits Division, responds:

It is difficult to believe that Julian Berengaut seriously understood my reply in the June issue to indicate that fraud prevention is a major factor in the turnaround time for the processing of MBP claims. We have had a couple of cases in recent years, one of which involved amounts so large that there would have been an effect on contribution rates, had the case not been detected. Fortunately, however, outright fraud is uncommon in benefits administration. There are cases of misrepresentation and negligence, as well as attempts to take advantage of loopholes, but very few staff members indeed would fit Julian's caricature of the crook who spends his time thinking of new ways of getting away with something. We certainly believe that the "honest majority" is an overwhelming majority.

The principal reason for the close scrutiny of claims is simply that we want to try to ensure that claimants are paid neither too little nor too much. We feel this is a particular responsibility because it is a contributory plan involving the money of all enrollees. I do not think we can accept the suggestions that money paid out improperly does not constitute a problem as long as it is offset by entitlements which have not been claimed, something which in itself is a doubtful assumption. Moreover, we would prefer that staff are aware of, and make use of, their entitlements.

If fraud prevention is not a major issue regarding the turnaround time, then it should be noted that, even for a claim that does not require further clarification from the provider of services or additional documentation from the claimant, there are many aspects that need to be checked before the amount of reimbursement can be determined. This is not a verification in the sense that the legitimacy of the claim is being checked; it is simply the bare minimum required to calculate the amount due. Thus, there are really no special verification procedures that could be saved for later as a way of speeding up the process. The turnaround time for a claim without problems should normally be about three weeks; this timing is normal for the insurance industry and it would be very expensive to reduce. Complicated or incomplete claims, on the other hand, do take somewhat longer, but this certainly has nothing to do with fraud prevention. So, while I thank Julian for his observations, I am afraid I do not see them as leading to anything that would free up more time for my handball activities.

A Community Bulletin Board?

I am writing to suggest that a notice board be installed, preferably outside the cafeteria, where members of staff may place materials which they think would be of interest to other staff members without the present rigid censorship applied by the Staff Benefits Division. Each staff member would be responsible for the removal of the material within, say, the time frame of two weeks.

For instance, yesterday I submitted an appeal for Animal Allies for foster homes for stray and formerly ill-treated cats and dogs who are awaiting permanent homes, and also an appeal for funds for the Culpepper property on which this all-volunteer society hopes to build a refuge for all wildlife. I think that this is a very worthy cause, but Staff Benefits does not think so. It is not within their "guidelines," I must not submit any material that measures more than 3" x 5"; the content of the notice did not conform to their "ideals" and they refused to display the material concerned.

There are many staff members who are deeply concerned with the plight of both wildlife and domestic animals and who would be willing to help if they knew help was needed. There are many other worthy causes which staff members espouse and these would be of great interest to their colleagues. Why is it necessary, on a communal notice board, for the Administration Department to lay down the law on what should and should not be put there? A staff notice board is for the staff, their link to other colleagues with whom they could not otherwise establish contact. A notice board of this kind should not be subject to censorship.

Perhaps your readers would express their opinions on this subject.

Doreen Bradford
Research Department

Our readers remain to be heard from, but Chris Ahl, *whom* Staff News *has kept very busy over the past month, provided the following explanation of the Fund policy on material for the bulletin board and offers a suggestion:*

The "main" notice board on the concourse level is primarily intended to assist staff members who are arriving or departing from the Fund, or going on assignments abroad, in buying/renting or selling/leasing houses, cars, appliances, and other items. It is really an extension of the staff relations services provided to staff members in such circumstances. The remaining space on the notice boards on the concourse level and outside the cafeteria is mainly for official material, such as the biweekly vacancy list, and information about activities of Fund-related clubs and similar cultural events. Thus, the notice boards have always tended to have a somewhat official character and have never been intended as a general forum for miscellaneous communication between staff members. As it now is, we would not be able to open the existing notice boards for material of the type suggested by the writer. This has nothing to do with its "ideals"; we simply need to reserve the space for the type of material for which it is intended.

The need for an additional, "unofficial" forum, to be used more freely by staff members, has not been clear, as very few staff members have approached us with requests for placing material on their favorite topics. However, if there is a genuine need, perhaps something could be done. While I see no role for the Administration Department, I believe some form of monitoring would still be required. There is always the risk of negative reactions to political, religious, or other material that might be regarded by some as offensive or otherwise improper. I have not talked with SAC, but I could imagine that this would be the type of arrangement that could be handled under the auspices of the Staff Association. If something were to come out of that idea, I am sure my colleagues in Administrative Services would be willing to look into the question of a suitable location.

LETTERS TO THE EDITOR

Staff News welcomes letters from its readers. Letters must be signed and should be addressed to Sheila Meehan, Room 10-525.

STAFF NOTES

July 1-31, 1988

TWENTY-FIVE YEAR STAFF

Charles Mansfield
David Williams

TWENTY YEAR STAFF

Mark J. Driscoll
Howard P. G. Handy

RETIREES

Hordur Karlsson

RESIGNATIONS

Youssef Boutros-Ghali
Maria T. Kieslich
Gideon Schurr

EXPIRATION OF APPOINTMENT

Christian Madelin
Hisae Suzuki

TRANSFERS

Michael W. Bell to Support Group, Resident Representatives and Advisors (Sri Lanka) from Asian Department

David Burton to Asian Department from Exchange and Trade Relations Department

Yacouba Fassassi to IMF Institute from African Department

Karnit Flug to external assignment (Israel) from Exchange and Trade Relations Department

Joshua E. Greene to Research Department from the African Department

Jeannette J. Grimes to Administration Department from the IMF Institute

Eliahu S. Kreis to Support Group, Resident Representatives and Advisors (Uruguay) from Fiscal Affairs Department

Sheila Marshall to Investment Office from Support Group, Secretarial Staff

Lynn J. Patton to Treasurer's Department from Administration Department

P. van den Boogaerde to Middle Eastern Department from Support Group, Resident Representatives and Advisors (Central African Republic)

Wang Xiaoping to Bureau of Statistics from Office of Executive Director

NEW STAFF

July 1-31, 1988

Gita Bhatt
Indian, is an Assistant Editor with EXR. She holds a M.Sc. from the London School of Economics and enjoys music, hiking, tennis, German philosophy, and Russian literature.

Maria Lourdes M. Drach
from the Philippines, is an Auditor with OMD. She holds a masters in public administration and previously worked for the U.S. Securities and Exchange Commission.

Yuzo Harada
Japanese, is an Advisor with RES. Educated at the University of Tokyo and Princeton, he previously worked in the Japanese Ministry of Finance. He enjoys the board game "go."

Deirdre P. Hartwig
Irish, is a Bibliography Clerk with the Joint Library (ADM). She was educated in Dublin and her interests include reading, dancing, music, and swimming.

NEW STAFF

John W. Head
a U.S. national, is a Counsellor (LEG). He received his legal education at Oxford and the University of Virginia and previously served as Counsel for the Asian Development Bank.

Roxana Kop V.
Costa Rican, is a Secretary (ETR). Educated at Lincoln Junior College, she previously worked as a secretary and translator for private firms. She enjoys sailing, swimming, and music.

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from El Salvador, is a Personnel Clerk with ADM. She previously worked with the Pan-American Health Organization; her interests include music, exercising, and dancing.

Kiyoshi Nishimura
Japanese, is an Economist (ETR). Educated at Keio and the University of British Columbia, he was previously Assistant Manager, Export-Import Bank of Japan. He enjoys skiing.

Zhengkang Shao
Chinese, is a Technical Assistant (OED). Educated at George Washington, he previously worked in the People's Bank of China. His interests include music, photography, computers.

Subramanian S. Sriram
Indian, is a Research Assistant (BUR). Educated at Illinois (Champaign-Urbana), he previously worked at the World Bank as a researcher. He enjoys sports, music, and travel.

Tatsuo Watanabe
Japanese, is an Advisor (ETR). Educated at Tokyo University, Ecole National d'Administration, and Collège d'Europe, he previously worked in Japan's Ministry of Finance.

Sarah B. Woolls
a U.S. national, is a Recording Officer with SEC. Educated at Kent (Canterbury) and Marietta College, she had been a news analyst with a consulting firm. Her interests include antiques.

Jingpang Yang
Chinese, is a Technical Assistant (OED). Formerly with the People's Bank of China and educated at Beijing University and Johns Hopkins, she enjoys films, music, and ping pong

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staff news

Editor: Sheila Meehan
Published by the
Editorial Division of the
External Relations Department
International Monetary Fund
Washington, D.C. 20431