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Coping with Stress: How the Fund Was Run

The IMF, though small, is a complex organization with both technical and political dimensions. Its chief executive officer is the Managing Director, who is selected by the Executive Board. The Executive Directors who make up the Board are either appointed or elected by the governments of the Fund's member countries, but they function as officers of the Fund and are not just political representatives. The extent to which Executive Directors act independently of their national authorities varies greatly between chairs and over time. Although the Executive Directors select the Managing Director (after consulting with their authorities), the MD—as that person is nearly always referenced within the Fund—is the Chairman of the Executive Board. The MD is also the head of the staff, who are expected to work independently as apolitical professionals while taking account of the constraints set by the political requirements of the Board.

This balancing act is overseen by the Board of Governors, consisting of central bank governors or finance ministers of every member country, and by a representative committee of Governors, known as the Interim Committee through most of the 1990s. The voting shares of Executive Directors and Governors are determined mainly by the relative sizes of national economies and trading volumes, but most decisions are made by consensus and thus incorporate, to some extent, the preferences of large and small countries, rich and poor. The tensions inherent in these complex relationships were evident in many of the internal battles depicted in earlier chapters. This final chapter describes the underlying structures in more detail.

The Institution

The membership enlargement in the 1990s forced many changes to take place at the IMF. As noted below, the Fund responded by increasing the size of the staff by more than 30 percent. Despite the sharp increase, and despite the benefits from a much greater use of computers, networks, and Internet resources, the hours that many staff worked also increased as pressures intensified. These changes happened

to come when many of the Fund's long-serving senior staff were reaching retirement age (mandatory at age 65). The changes took place gradually but resulted in a substantial cumulative effect on the structure of the institution and on the staff. At the end of the 1990s, the institution was markedly different from the "old" Fund of the 1980s.

Organization of the IMF

The expansion of the IMF workload in the 1990s required several changes in its organizational structure. For a complete list, see Appendix I at the end of this chapter.

Area Departments

One type of organizational change was to split departments in two when their workloads increased so much that they threatened to become unmanageable. In 1991–92, the influx of new member countries from the former Soviet Union and from the Soviet sphere of influence in Central and Eastern Europe overwhelmed the European Department. At the same time, the department was coping with the effects of German reunification and the first moves to establish full Economic and Monetary Union across the region. In response, management decided to create a new department to handle all of the work related to the Russian Federation, the Baltic countries, and other countries of the former Soviet Union. Knowing that any of the obvious and logical choices of a name for the new department would offend officials of one or more of the countries concerned, the Fund settled on the inoffensive but geographically ill-placed designation "European II" (EU2). The original European Department was given the retronym "European I" (EU1).

The other major departmental split was for work on Asian countries that, since 1953, had been handled by the Asian Department.² Within that region, for historical and cultural reasons, Australia and New Zealand had been handled by the European Department, an arrangement no longer considered appropriate. The addition of several Pacific island countries as new members in the 1980s, then Mongolia in 1991,

^{1&}quot;Organizational Changes and Staff Appointments," EBAP/91/300 (December 17, 1991). Eight of the 15 countries that were covered by EU2 are in Asia, and one (Russia) spans Europe and Asia. The department title was intended to be temporary, but no agreement was ever reached on a better alternative. (The obvious solution, "Eurasian," was rejected because of its earlier negative associations with colonial regimes.) EU2 was disbanded in 2003, and its country responsibilities were divided between the reestablished European Department and the newly established Middle East and Central Asia Department.

²From 1946 to 1950, the Research Department had responsibility for country analysis and relations as well as for research more narrowly defined. From 1950 to 1953, country work was allocated to two area departments: the European and North American Department and the Far Eastern, Middle Eastern, and Latin American Department. That grouping was subdivided into four departments in 1953: Asian, European, Middle Eastern, and Western Hemisphere. The African Department was added in 1961. That lineup of area departments remained unchanged until 1991.

and the intensification of work in the Indochina region gave the Asian Department a diverse workload that was difficult to manage. Accordingly, in July 1991 the Managing Director (Michel Camdessus) decided to split the work between two new departments. The Central Asia Department (CTA)—another geographic misnomer—would work on China, India, Japan, the Republic of Korea, and nine smaller economies. The Southeast Asia and Pacific Department (SEA) would have Australia, Indonesia, New Zealand, the Philippines, Thailand, and 12 smaller economies.

The alignment of CTA and SEA did not work out well. In contrast to the relationship between the former Soviet Union and western Europe, Asia did not have a natural economic or political fault line running through it. Countries with close economic ties were split between the two departments, and the advantages of managing the two groups separately never materialized. Consequently, in November 1996, Camdessus merged the two back into a single department. In effect, SEA was merged into CTA, with Hubert Neiss—Director of CTA throughout its five years of existence—remaining as its head. In recognition of the inclusion of Australia and numerous island states, the combined department was given a new name, the Asia and Pacific Department.

The 1997 establishment of the Regional Office for Asia and the Pacific occurred in recognition of the growing importance of Asia in the IMF. When Camdessus informed Executive Directors of his intention to open an office in Asia, the announcement triggered a competition in which Hong Kong, Kuala Lumpur, Singapore, and Tokyo all vied for the honor of hosting it.³ Each city had strong merits, and Hong Kong had the strong support of both the United Kingdom (which controlled it at the time) and China (which was about to take it over).⁴ Japan, however, played the dominant role in the Fund among Asian countries. The Japanese authorities made a strong plea and an attractive offer to support the office if it were located in Tokyo. That proposal carried the day, and the Tokyo office opened in December 1997. Kunio Saito, who had directed SEA for its five-year existence, was named to head this new regional office.

Functional Departments

Two functional departments were reorganized and renamed in 1992.⁵ Also during this period, the statistics and training functions were expanded and upgraded.

³Cambodian officials also made a request for Phnom Penh to be considered, but Camdessus concluded that "in spite of the particular charm of this city, [it] could not be seen as on a par with the other [four] cities"; minutes of EBM/97/26 (March 21, 1997), p. 3.

⁴Initially, Singapore appeared to have the inside track, particularly after Camdessus visited the citystate to participate in the inaugural ministerial conference of the World Trade Organization and met with the prime minister and other senior officials; see minutes of EBM/96/111 (December 13, 1996), p. 4. Intense lobbying by other governments soon erased that advantage.

⁵See "Organizational Changes," EBAP/92/117 (June 23, 1992).

The Central Banking Department (CBD) had long served primarily to provide technical assistance to countries setting up or strengthening their central banks.⁶ By the early 1990s, member demand was rising for a broader range of services focused on the techniques of monetary policy and oversight of banks and other financial institutions. Those areas also were becoming an important subject for Fund surveillance and program design. The Fund responded by shifting one of its leading monetary experts, Manuel Guitián, into the department as Associate Director (a position at the same hierarchical level as the department director) to oversee that function. At the same time, the Fund renamed CBD the Monetary and Exchange Affairs Department (MAE).⁷ The new department also landed responsibility for reviewing the treatment of institutional aspects of monetary and exchange policy in Fund surveillance and lending arrangements, comparable to the authority already vested in the Fiscal Affairs Department for its areas of responsibility.

Shortly afterward, the Exchange and Trade Relations Department (ETR) was renamed the Policy Development and Review Department (PDR).⁸ This change acknowledged that the department had taken on broad responsibility for developing Fund policies and reviewing the consistency of the Fund's work with its policies. Every briefing paper and staff report was to be reviewed by PDR before being issued, to ensure that all policies were being applied uniformly across the membership. If existing policies were no longer adequate or appropriate, PDR was to propose and formulate revisions. The Director of PDR became one of the key advisors to the Managing Director, participating in virtually all high-level policy discussions. PDR was destined to become both the conscience of the institution and—in a term born of frustration by those who felt constrained by it—the Fund's "thought police."

After the Fund began working intensively on standardizing and disseminating national statistics in the late 1950s, it expanded the Research Department into the Department of Research and Statistics in 1961. Seven years later, the statistics function was carved out into a separate Bureau of Statistics. Over the years, the Fund's statistical work took on increasing importance. This trend resulted partly from the emergence of the publication *International Financial Statistics* (IFS) as a leading source of cross-country statistical data, especially after its wide dissemination via electronic means in the 1980s; and partly from developing and transition countries' growing demand for technical assistance in the construction and collection of economic data.

⁶The Central Banking Service was established in 1964 and was upgraded to a department in 1980. ⁷In 2003, MAE was further expanded and renamed the Monetary and Financial Systems Department (MFD). In 2006, MFD was merged into the newly created Monetary and Capital Markets Department (MCM).

⁸In 2008, PDR was renamed the Strategy, Policy, and Review Department.

When John B. McLenaghan became Director of the Bureau of Statistics in 1989, he began lobbying to have the bureau upgraded to a department. That suggestion met with some skepticism and resistance from department directors, but the effort succeeded after two years. In May 1991, the Fund established the Statistics Department: the first new department since the creation of CBD in 1980. The elevation of data quality and transparency to a central role in surveillance, and the associated inauguration of data dissemination standards in 1996 (see Chapter 4), further enhanced the role of the Statistics Department as the decade progressed.

The IMF Institute (INS), established in 1964 to conduct the Fund's training program for government officials, took on an expanded set of responsibilities in the 1990s. When the Joint Vienna Institute was established in 1992 (see Chapter 5), INS oversaw the Fund's inputs to it. By the mid-1990s, INS staff were training nearly 3,000 officials annually, through courses at headquarters, in member countries, and at the Joint Vienna Institute. That role expanded further throughout the decade when additional regional training centers were established in Africa, Asia, and the Middle East.

In addition, in 1997 INS established an internal economics training program for IMF staff. Soon after Stanley Fischer became First Deputy Managing Director in 1994, he responded to pleas from the staff for more-extensive training opportunities. He realized that he was working with staff who started off well trained in economics when they came to the IMF but who had too little time or opportunity to stay abreast of developments once they were at work. In 1996 he asked Mohsin Khan, Deputy Director of the Research Department, to move to INS as its director and to develop a program of lectures and courses about current issues in economic theory and policy. That program was in full operation about a year later, and it further expanded the size and functions of INS.

Support Services

In May 1999, the Administration Department (ADM) was split into two new departments, to separate personnel matters from other administrative functions. The new Human Resources Department assumed responsibility for all personnel functions, including hiring policies, career advancement, and the administration of benefit programs. To head the new department, Margaret R. Kelly transferred from the Asia and Pacific Department, where she had been a Senior Advisor. (This practice of appointing career economist staff to noneconomic administrative posts was standard procedure in the Fund at that time. Not until 2009 was a human resources professional hired to run the department.) All other administrative responsibilities—ranging from information technology (formerly under the Bureau

⁹For the origins of INS, see Horsefield (1969), pp. 554–55. Before 1964, the training program was run by the Administration Department.

of Computing Services, which disappeared in the restructuring) to building and maintenance operations—shifted to the other new department, Technology and General Services. Brian C. Stuart, a career economist who was then the Director of ADM was named to head Technology and General Services.

The Office of Internal Audit was upgraded twice in the 1990s. In 1991, it was renamed the Office of Internal Audit and Review, with responsibility for assessing the efficiency and effectiveness of the IMF's organizational structure. For that purpose, Camdessus brought William A. Beveridge—a former Deputy Director of ETR with nearly 30 years' experience in the Fund—out of retirement to direct the new unit for two years. In 1996, Camdessus expanded the review function further, renamed the unit the Office of Internal Audit and Inspection, and appointed Eduard Brau (Deputy Director of EU2 at the time) as director for five years.

Toward Independent Evaluation

Camdessus's interest in expanding the role of the Office of Independent Audit was a second-best strategy when he could not persuade the Executive Board to establish an independent office to evaluate the work of the IMF. In 1992, Camdessus convened a task force led by P.R. Narvekar, who had just moved from Director of ASD to serve as Special Advisor to the Managing Director, to assess the desirability of establishing an evaluation office. Both the task force and the Managing Director made strong pleas for moving ahead with the idea. Self-evaluation by the staff or by Executive Directors could not be independent enough to be credible, and the absence of credibility was damaging both to the Fund's effectiveness and to its reputation. When Executive Directors discussed the proposal in general terms in January 1993, they expressed broad support but questioned whether such an office could be both independent and effective without undermining the role of management and the Executive Board. Camdessus promised to devise a more specific proposal to meet those concerns, but in the end the idea was set aside without further formal discussion. 11

Once the Office of Internal Audit was expanded in 1996 to deal more fully with institutional issues, Camdessus proceeded with the evaluation proposal as a way to assess the Fund's policies in a more public and independent way. The pressure to do so was now more acute because the finance ministers of the Group of Seven (G7) countries had called for establishment of an independent evaluation office in the Fund in their report to the Halifax summit meeting in June 1995. ¹² This time,

¹⁰See "Statement by the Managing Director on the Establishment of an Evaluation Office in the Fund," BUFF/92/141 (December 8, 1992); and "Establishment of an Evaluation Office in the Fund: Report by a Task Force," EBAP/92/166 (December 17, 1992).

¹¹Minutes of EBM/93/10 (January 22, 1993).

¹²"We . . . encourage the IMF to establish its own independent evaluation unit"; "Halifax Summit—Review of International Financial Institutions—Background Document," EBD/95/86 (June 20, 1995), p. 12.

though, rather than trying to establish a permanent office, Camdessus and the Executive Board set up an "evaluation group" of Executive Directors. This group, chaired initially by Ian D. Clark (Canada), commissioned three panels of outside experts to prepare evaluation reports of principal Fund activities. The first report, prepared by a panel led by Kwesi Botchwey (former minister of finance for Ghana), covered the effectiveness of the Fund's concessional lending window, the Enhanced Structural Adjustment Facility (ESAF). The second, chaired by John Crow (former governor of the Bank of Canada), covered surveillance. The third, chaired by Frederic S. Mishkin (professor of economics at the Columbia University Business School, and a former executive vice president and director of research at the Federal Reserve Bank of New York), evaluated the relevance and effectiveness of research by IMF staff. 14

When these reports were published, the pressure on the Fund to establish a more comprehensive, independent, and permanent system of evaluation began to grow. Nongovernmental organizations that acted as watchdogs over the Fund stressed the importance of this proposal. The G7 summit meetings in both 1998 and 1999 called for a more systematic approach, and the Interim Committee joined in the appeal shortly afterward. Finally, in April 2000, the Executive Board agreed to establish the Independent Evaluation Office, and it came into being in June 2001.

Headquarters

The increasing size of the staff throughout the 1990s required the IMF to look for new office space. Even before the expansion of membership following the collapse of the Soviet Union, the Fund had begun planning for a new wing on its headquarters building, originally built in the early 1970s. That project, known as Phase III, took more than a decade to complete, mainly because of local opposition to the destruction of a church building that had occupied the

¹³This proposal was developed through a series of Executive Board meetings in February, May, and June, 1996. For a summary, see minutes of EBM/96/55 (June 7, 1996); "Evaluation Function—Formation of Group of Executive Directors," EBD/96/102 (July 26, 1996); and "Evaluation Group—Terms of Reference," EBD/96/102, Suppl. 1 (September 9, 1996).

^{14&}quot;External Evaluation of the ESAF—Report by a Group of Independent Experts," June 1998; accessed at http://www.imf.org/external/pubs/ft/extev/index.HTM; "External Evaluation of IMF Surveillance—Report by a Group of Independent Experts," September 14, 1999; accessed at http://www.imf.org/external/pubs/ft/extev/surv/index.HTM; and "External Evaluation of the Fund's Economic Research Activities," EBAP/99/85 (July 15, 1999). For an assessment of the evaluation reports during this period, see "Review of Experience with Evaluation in the Fund" (March 14, 2000), accessed at http://www.imf.org/external/np/eval/2000/031400.HTM#fund_experience.

¹⁵For a summary, see "Review of Experience with Evaluation in the Fund" (March 14, 2000).

site since 1932.16 The church itself responded positively to an intentionally generous offer from the IMF. That offer included buying the building and land at market price, constructing a new building about half a mile to the west, and making a sizeable grant to the church's ongoing program to feed homeless and indigent people. Objections, which were supported by the neighborhood's representative on the City Council of the District of Columbia, came primarily from the Foggy Bottom Citizen's Association, which represented residents in the vicinity of the church's new location. The church would be relocating its Miriam's Kitchen feeding program to its new location, and nearby residents expressed fears that an inordinate number of "street people" might be drawn to it. The city zoning commission resolved that issue in favor of the church (and thus for the IMF) in February 1992. Additional complications arose when the city demanded design changes to make the expanded IMF building less bulky and more open to the streetscape; to add garden features including fountains along the sidewalk fronting the building; and to incorporate a visitors' center with educational displays, a bookstore, and an auditorium for presentations open to the public.¹⁷

Phase III finally was completed in 1999, 11 years after the Executive Board initiated the plan. With that, the headquarters building occupied all of one city block, and many—but not all—of the departments and offices that had been exiled to leased space in nearby commercial office buildings could move back in.¹⁸

Long before the completion of Phase III, it was apparent that the ongoing staff expansion was going to outgrow the enlarged space. In 1993, in response to the staffing demands associated with the Fund's growing membership, the Executive Board asked the staff to research a variety of options for purchasing or leasing additional office space. One option given serious consideration was to move the entire headquarters operation out of Washington to a suburban area where a large building or campus could be located much less expensively. That option was rejected as impractical because it would separate management and staff physically from embassies, the World Bank, and other agencies with which the Fund had daily interactions. That left the acquisition of a neighboring property as the only practical option.¹⁹

¹⁶Phase I, completed in 1972, occupied the southern half of the block, bordering G Street NW. Phase II, completed in 1983, opened a new wing to the northwest, stretching up 20th Street to H Street. The Western Presbyterian Church was located in the northeast quadrant of the block, at the corner of 19th and H Streets.

¹⁷For the earlier history of the IMF's physical plant, see Boughton (2001), pp. 1019–21, and references therein.

¹⁸To mark the completion of the third and final phase of construction, the Fund placed a time capsule behind a commemorative stone near the front entrance on 19th Street.

¹⁹For an overview, see "Phase IV—Further Evaluation of Alternatives," EBAP/95/55 (June 28, 1995).





IMF headquarters before and after construction of Phase III. The top picture shows the Western Presbyterian Church in the space later occupied by the completed building. The structure to the right of the church in that photograph is the Pepco building, which was later replaced by HQ2. (IMF photos)

In 1996, the Executive Board agreed to purchase the office building located across H Street from the Fund for \$98 million. That building was owned by George Washington University but was occupied by the local electric power company,

Pepco. Although the Pepco building was a bit rundown and far below the quality of the IMF headquarters, the Fund intended to renovate it and move in within a few years. After the acquisition, however, more detailed engineering studies revealed that it would be more cost-effective and suitable in the long run to tear it down and construct a new building on the site. The Executive Board approved that plan in 1999. The opening of the \$150 million Headquarters Two (dubbed "HQ2") in 2005 enabled all IMF staff to move back into Fund-owned office space for the first time in more than two decades.

Governors' Meetings

The finance ministers and central bank governors who serve as the Governors of the IMF met in two forms throughout the 1990s—annually as the full Board of Governors and semiannually in the more compact body then known as the Interim Committee (formally, the Interim Committee of the Board of Governors on the International Monetary System). As had been the practice since the inaugural Governors' meeting in Savannah, Georgia (United States), in March 1946, the Annual Meetings were joint meetings of the Governors of the Fund and of the World Bank. The Interim Committee included only Governors of the Fund. In addition, the Development Committee (formally, the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries) met alongside the Interim Committee (normally, the day after). Although a joint body, the Development Committee dealt primarily with issues of most interest to the World Bank. It did not have the same level of operational significance to the Fund as did the Interim Committee.

Annual Meetings

All of the annual Governors' meetings in the 1990s were held in late September or early October. Following tradition, two out of every three meetings were held in Washington, at the large convention hotel on Connecticut Avenue NW known for most of the decade as the Sheraton Washington. In 1998, the Marriott chain bought the hotel and renamed it the Marriott Wardman Park. Every third year, the meetings were held outside the United States—at the Queen Sirikit National Convention Center in Bangkok, Thailand, in October 1991; the Campo de las Naciones in Madrid, Spain, in October 1994; and at the Hong Kong Convention and Exhibition Centre in Hong Kong SAR, China, in September 1997.

The main responsibility of the full Board of Governors was to vote on resolutions proposed by the Executive Board. Voting occurred either at the Annual Meetings or by mail between meetings. The Articles of Agreement require that certain

proposals be adopted by the Board of Governors with a high qualified majority. In the 1990s, resolutions of that type adopted by vote of the Governors included the two general quota increases (in 1992 and 1999), the Third Amendment to the Articles (1992), and the Fourth Amendment (1997). Adoption of each of those resolutions required the approval of Governors holding at least 85 percent of the total voting power. Approval of the amendments to the Articles required a "double majority": 60 percent of the member countries, holding at least 85 percent of the voting power. (As discussed in Chapter 15, pp. 771–73, approval of the Fourth Amendment by members was not completed until 2009.) Other proposals had to be enacted by the Governors, but with a simple majority. Of those, the most important in this decade were the resolutions to accept 32 new members into the Fund.

The chairmanship of the Board of Governors, a largely but not entirely honorific and ceremonial post, rotated among regions, with a new chairman each year.²⁰ The chairmen for the 1990s are listed in Table 17.1.

The formal meetings of the Boards of Governors in the 1990s occupied three days (Tuesday through Thursday) following the meetings of the various caucuses such as the G7 and the Group of 24 (G24) developing countries (usually held on Saturday), the Interim Committee (Sunday), and the Development Committee (Monday). The principal meeting was a plenary session on Tuesday morning that began with addresses by the Managing Director, the President of the World Bank, the Chairmen of the Board of Governors and the Interim and Development Committees, and a senior official—usually the head of government or state—of the host country. When the meetings were held in Washington, the president of the United States—first George H.W. Bush and then Bill Clinton in this decade—often addressed the plenary session. (Every U.S. President from Harry S. Truman in 1949 to Clinton in 1999 addressed the meetings regularly.)²¹ The remaining two and a half days comprised speeches by the other Governors speaking on behalf of their own countries or, in some cases, a regional grouping.²²

The real work of the meetings occurred outside the meeting hall. The Managing Director and his deputies held a nearly continuous series of bilateral meetings with Governors to discuss national economic issues. Official guests from international banks, civil society organizations, and media outlets lobbied or entertained the

²⁰For an example of the substantive role that the chair occasionally played, see Boughton (2001), pp. 1022–27.

²¹Truman sent a message of welcome to the 1946 and 1948 meetings and delivered his first address in person in 1949. Clement Attlee, prime minister of the United Kingdom, sent a written message to the 1947 meetings, which were held in London. In the 1990s, Bush addressed the meetings in 1990, and Clinton in 1995, 1998, and 1999. Vice President Al Gore addressed the 1996 meetings. The meetings held in cities other than Washington were addressed by the prime ministers of Thailand and China (1991 and 1997, respectively) and by the king of Spain (1994).

²²The official record of the meetings was published each year by the IMF under the title (or a variant of it) Summary Proceedings of the . . . Annual Meeting of the Board of Governors. Copies of the proceedings are held in the Joint Library of the Fund and the World Bank.

delegates. Receptions and social events rounded out the week for the participants, who numbered as many as 15,000.

The 1994 Annual Meetings commemorated the fiftieth anniversary of the Bretton Woods conference that led to the creation of the IMF and the World Bank. To mark the occasion, a major conference was held in Madrid just before the start of the meetings, with several delegates from the 1944 event in attendance. The anniversary conference took stock of the changes in the world economy over a half century and examined ways in which the Bretton Woods institutions should evolve in the future.²³ The following year, the meetings agenda was expanded to include a full program of seminars on topics of policy relevance. The seminar program then became a regular fixture of the meetings.

Table 17.1. Chairmen of the Annual Meetings and the Interim Committee, 1990–99

		Interim Committee Chairmen	
	Annual Meetings Chairmen	Spring	Fall
1990	George Saitoti (Kenya)	Michael Wilson (Canada)	Wilson
1991	Pablo Rodolfo Better (Ecuador)	Wilson	Carlos Solchaga (Spain)
1992	Mohamed Berrada (Morocco)	Solchaga	Solchaga
1993	Iván Szabo (Hungary)	Solchaga	Philippe Maystadt (Belgium)
1994	Saifur Rahman (Bangladesh)	Maystadt	Maystadt
1995	Paul Dossou (Benin)	Maystadt	Maystadt
1996	Eduardo Aninat (Chile)	Maystadt	Maystadt
1997	Mohamed Khalfan bin Khirbash (United Arab Emirates)	Maystadt	Maystadt
1998	Wolfgang Ruttenstorfer (Austria)	Maystadt	Carlo Azeglio Ciampi (Italy)
1999	Mahesh Acharya (Nepal)	Ciampi	Gordon Brown (United Kingdom)

Source: IMF.

The 1999 meetings were the last of these rather grand affairs in Washington. When the venue moved to Prague, Czech Republic, for the 2000 meetings, the antiglobalization protests that had been gathering steam for several years reached a level that was making circulation between hotels and meetings extremely challenging. Security requirements were forcing reconsideration of the scale of the Annual Meetings. Then came the terrorist attacks of September 11, 2001, which shut down much of official Washington less than three weeks before the scheduled start of the scaled-down Bank and Fund meetings. The 2001 meetings were canceled. When they resumed in Washington in 2002, they were arranged on a much-compressed schedule with extraordinary security measures to protect delegates. In that and future years, President George W. Bush declined the opportunity to

²³The proceedings were published as Boughton and Lateef (1995).

address the world's assembled finance ministers and central bank governors, the first U.S. president to do so throughout his term in office.

The Interim Committee and the International Monetary and Financial Committee

The Interim Committee met twice each year throughout the 1990s—once immediately before the Annual Meeting of the Board of Governors and once in late April or early May. All of the spring meetings were held in Washington.²⁴

The chairmanship of the Interim Committee was a more substantive assignment than the chairmanship of the Board of Governors. The ministerial-level committee was the principal advisory body for the IMF and effectively established the institution's work program. By controlling the agenda, the chairman influenced substantially the direction of the agency's work. Following a tradition established at the Interim Committee's creation in 1974, the chair was always held by a finance minister from an industrial country. In the 1990s, five people held the chairmanship (see Table 17.1): Michael Wilson (Canada) for three meetings in 1990–91; Carlos Solchaga (Spain) for four meetings in 1991–93; Philippe Maystadt (Belgium) for ten meetings in 1993–98; Carlo Ciampi (Italy) for two meetings in 1998–99; and Gordon Brown (United Kingdom) for the final meeting of the decade in September 1999.

Another tradition allowed the Chairman to continue as long as the person remained in office as finance minister. On most occasions when a Chairman stepped down, a successor was selected by acclamation after a round of consultations among European and other industrial countries. An exception arose in September 1993 after Solchaga resigned. Ewen Waterman (Australia) nominated his country's treasurer, John Dawkins, to succeed Solchaga. Soon afterward, with European backing, Jacques de Groote (Executive Director, Belgium) nominated his finance minister, Maystadt, for the post. To avoid a public battle, each candidate agreed to accept the results of a secret ballot among Executive Directors, with the winner to be approved unanimously in a formal poll of the Executive Board. Maystadt won the secret ballot, held on September 14. He then presided over the Interim Committee for most of the remainder of the decade.

²⁴Through 1982, the Interim Committee often met at other venues, independently of the Annual Meetings: in Paris (June 1975); Kingston, Jamaica (January 1976); Mexico City (April 1978); Hamburg (April 1980); Libreville, Gabon (May 1981); and Helsinki (May 1982). All subsequent meetings were held either in Washington or in conjunction with the Annual Meetings in other locations.

²⁵For the earlier history of the Interim Committee, see Boughton (2001), pp. 1027–31. In 2008, Youssef Boutros-Ghali, finance minister of Egypt, became the first official from a developing country to lead the International Monetary and Financial Committee, the body that succeeded the Interim Committee.

²⁶See minutes of EBM/93/125 (September 8, 1993), p. 3.

Why the "Interim" Committee? It was established in 1974 to succeed the Committee of Twenty (C-20), which functioned from 1972 to 1974 as the ministerial body charged with trying to reform the international monetary system after the collapse of the Bretton Woods system of fixed exchange rates. Like the Executive Board, the structural genius of the C-20 and its successors was the constituency system, which gave all member countries input into the deliberations without the need for an impossibly large (say, 180-member) committee. Ministers participating in the C-20 envisaged that the forthcoming Second Amendment to the Articles would establish a Council as the top-level decision-making body for IMF policies. Until that step took place, the Interim Committee would meet and would advise the Fund on how to fulfill its mandate.

Agreement on how and whether to constitute the Council proved elusive. Executive Directors from smaller countries and from developing countries of all sizes found that the Interim Committee suited their purposes just fine. Simply an advisory body, it did not detract much from the powers and influence of the Executive Board. Lacking a formal voting procedure and thus requiring a general consensus to make recommendations in its communiqués, it gave developing countries a greater opportunity for influence than did the Fund's own weighted-voting structures. In the final drafting sessions for the Second Amendment, delegates agreed to delay a decision on the Interim Committee's fate by specifying that the Council would come into being only when it had been approved by the Board of Governors with an 85 percent voting majority. In 1979, the year after the amendment took effect, the United States proposed establishing the Council, but it could not secure enough support to clear the high hurdle. The proposal went dormant for most of the next two decades.²⁷

In the late 1990s, Camdessus and the French government took up the cause for creating the Council. The opening salvo came from the French finance minister (and future Managing Director of the Fund), Dominique Strauss-Kahn. At the April 1998 meeting of the Interim Committee, Strauss-Kahn suggested that "to enhance the legitimacy of the Fund, the Interim Committee should take a more active role in guiding the institution. Toward that end, the Interim Committee should be transformed more closely in line with the Fund's Articles of Agreement by giving it decision-making capability."²⁸ Three weeks later, Camdessus endorsed the idea in a speech in London just before the start of the Group of Eight (G8) summit meeting in Birmingham.²⁹ In October, the Interim Committee responded

²⁷For the early history of consideration of the Council, see de Vries (1985), pp. 971–72; and Boughton (2001), pp. 1027–28.

²⁸"Fiftieth Meeting of the Interim Committee—Formal Plenary Meeting—Record of Discussion," ICMS/MTG/50/98/1 (April 16, 1998), p. 8.

²⁹"Toward a New Financial Architecture for a Globalized World," address at the Royal Institute for International Affairs, London, MD/SP/98/11 (May 8, 1998), p. 9.

by asking the Executive Board to consider "the possibility for strengthening and/ or transforming" the committee.³⁰

The subtext for this revival was a response to the establishment of the Group of 22 (G22; see Chapter 3) as a self-appointed steering committee for the international financial system. Although that group (which would soon contract slightly to become the G20) comprised most of the leading industrial and emerging-market economies, it had no institutional standing, it lacked a constituency structure to pull in the views and interests of smaller countries, and it excluded low-income countries. If such a group were to become the primary forum for discussions of international financial policy, it could seriously weaken the role of the Interim Committee and effectively subject the IMF to its control. Moreover, if ministers used the G22 to ask the Fund to take on difficult and politically sensitive tasks, they could perhaps distance themselves from the outcome too easily. Replacing the Interim Committee with the Council could help ward off those effects.

The Executive Board took up the matter in March 1999. Jean-Claude Milleron (France) opened the debate with a plea for action to give "full legitimacy to a universally representative and operational body." He tried to ward off complaints from developing countries by noting that Council members, unlike Executive Directors, would be able to split their votes to reflect the diversity of views within their constituencies. Because several constituencies included both advanced and developing economies but were usually represented by the former, this practice would increase the potential voting power of developing countries from about 30 percent on the Executive Board to 40 percent of the Council. "All in all," he concluded, "if we really want to strengthen the Interim Committee, we have to transform it."³¹

Few Executive Directors were ready to buy this proposal. In fact, the long-standing opposition by many developing countries was now reinforced by Directors from larger countries that did not want to see either the role of the Executive Board or the embryonic role of the G22 diminished in any way. A. Shakour Shaalan (Egypt) responded to Milleron by proclaiming, "I find myself bewildered as to what the problem is that we are trying to solve by creating a Council." Thomas A. Bernes (Canada) questioned whether the Fund or the Interim Committee really had a problem of legitimacy or insufficient capacity for making decisions. Even Karin Lissakers (United States), who spoke for the country that had once championed creating the Council, was unconvinced. In her view, the Council "would weaken the [Executive] Board as an effective executive body." 32

³⁰Interim Committee communiqué (October 4, 1998), paragraph 3; in Annual Report 1999, p. 183.

 $^{^{31}}$ Minutes of EBM/99/24 (March 10, 1999), pp. 3–6. The voting rules for the Council were set out in Schedule D of the Articles of Agreement.

³²Minutes of EBM/99/24 (March 10, 1999), pp. 7 (Shaalan), 10–14 (Bernes), and 43–44 (Lissakers).

The one innovation approved in time for the 1999 spring meeting of the committee was to hold a meeting at the ministerial deputy level to help prepare the agenda. That had long been the practice for all of the ad hoc groups of finance ministers, including the G7 and now the new G22. If the Interim Committee was to retain a central role, the deputies would have to convene in this context as well. Discussions continued through the summer but were largely preempted by the G7 finance ministers. In June 1999, that group submitted a statement to the Cologne Economic Summit of the G8 that dictated a watered-down version of the reform proposal:

- 14. A number of proposals have been discussed for institutional reform, including the proposal for transformation of the Interim Committee into a Council. At this time, recognizing our special responsibility as major shareholders in the Bretton Woods institutions, we have agreed to support the following important steps towards institutional reform.
- a. The Interim Committee would be given a permanent standing as the "International Financial and Monetary Committee." The Committee's mandate should be consistent with the principle, which we reaffirm, that the IMF must play a prominent role in facilitating cooperation among all countries, especially in the area of macroeconomic and monetary issues that are at the center of the IMF's mandate, as stated in Article 1 of its Articles of Agreement.
- Deputy-level meetings of the new Committee would be held twice a year shortly before the Ministerial meetings, building on the successful meeting of the Interim Committee Deputies this April.
- The President of the World Bank would play a privileged role in the new Committee. The Chairman of the Financial Stability Forum would be given observer status.
- Joint sessions of the International Financial and Monetary Committee and the Development Committee would be held when appropriate on issues where there is a clear overlap of responsibilities.³³

Although the report also promised to keep other ideas, including the Council, under review, the reference in this paragraph to the permanence of the transformed committee buried any realistic possibility for the foreseeable future. In September, the Executive Board and then the Board of Governors approved the transformation of the Interim Committee into the International Monetary and Finance Committee. Gordon Brown (chancellor of the exchequer of the United Kingdom), who had been elected Chairman of the Interim Committee during the summer, presided over the fifty-third and final meeting of the Interim Committee

^{33&}quot;Report of the G7 Finance Ministers to the Köln Economic Summit," Cologne, Germany, June 18–20, 1999; accessed at http://www.g8.utoronto.ca/finance/fm061999.htm.

on September 26, 1999. He then continued as Chairman of the IMFC until he became prime minister of the United Kingdom in June 2007.

The Executive Board

The influence of the Executive Board over IMF policies, advice to country authorities, and lending decisions is subtle but crucially important. On most occasions in the 1990s, as in earlier times, once the Managing Director submitted a lending proposal to the Board, the Executive Directors routinely approved it. In controversial cases, however, the tone of the discussion would guide management and staff in handling similar situations in the future. More generally, through informal sessions with the Managing Director as well as through formal meetings, Executive Directors would convey both their personal views and those of their authorities on the future evolution of Fund policies.³⁴

When an open rebellion broke out at a Board meeting, as it did on rare occasion, it was either because of poor communication between management and Directors or because the Managing Director felt strongly enough about an issue to force it to a vote. Earlier chapters describe a few such instances. In 1994, the Board refused to approve a request from Camdessus to extend the life of the Systemic Transformation Facility (STF) beyond its sunset date (Chapter 5). In 1995, a group of European Directors tried unsuccessfully to squelch a large increase in the standby arrangement for Mexico (Chapter 10). In 1997, a minority bloc of Executive Directors, led by the United States, forced a delay in approval for a loan under the extended arrangement for Croatia (Chapter 6). On most other occasions, the battles took place behind the scenes.

A striking example of the Executive Board asserting its role took place toward the end of the decade. Throughout the 1990s, management had increasingly used "side letters" as a way to get borrowing countries to agree to implement politically sensitive policy measures without having to write them down in a Letter of Intent (LOI). The finance minister or other senior official would submit a private letter to the Managing Director specifying the actions to be taken. To ensure confidentiality, the Managing Director would promise not to disclose the contents of the letter to the Executive Board without the author's permission.

In 1998, Camdessus agreed that the staff could inform Directors of the existence and general nature of side letters, but without disclosing the text or the specific commitments. That failed to satisfy those who resented being kept out of the information loop, and Directors kept raising the issue through the first half of 1999. The Fund's moves to be more transparent by publishing LOIs with the concurrence

 $^{^{34}}$ The role and evolution of the Executive Board in the 1980s is discussed in Boughton (2001), pp. 1031–43.

of the borrowing country aggravated that resentment. If the LOI was going to be published, the country had a strong incentive to shift sensitive commitments to side letters. That obfuscation would prevent Executive Directors, as well as the general public, from seeing what the authorities were really promising to do. Camdessus, with the support of a number of Executive Directors, argued that side letters were an important part of the tool kit and that disclosure to the Board would destroy their usefulness. Most of the Directors from major creditor countries, however, insisted on having access to this information. Finally, in August 1999, those Directors forced a decision giving effect to their wishes.³⁵

Size and Composition

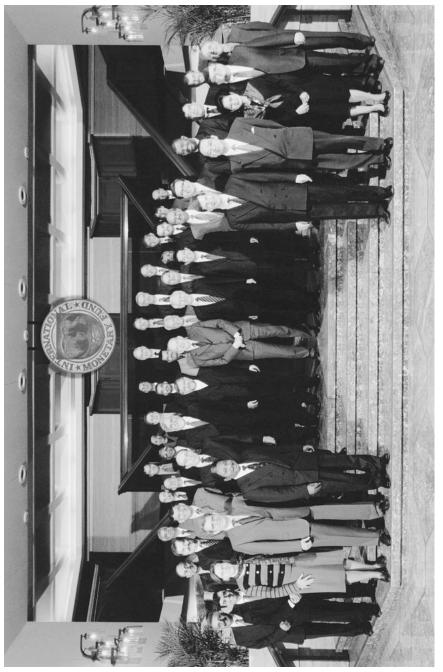
On a more technical level, the size of the Board became an issue. At the outset of the 1990s, the Executive Board had 22 members: 5 appointed by the countries with the largest quotas; 1 appointed by Saudi Arabia, as one of the two largest creditors of the Fund; 1 elected by China, which had a large enough quota to elect a Director without joining forces with other members; and 15 elected by groups of countries in voluntarily formed constituencies. The size of the Board was fixed at 20 by the Second Amendment of the Articles of Agreement (1978), with the proviso that the Board of Governors could increase or decrease it temporarily. Any change would take effect for the period of one biennial election, subject to approval by an 85 percent majority vote in the Board of Governors.³⁶ The 1990 election left the existing configuration unchanged.

As the 1992 election approached, it was obvious that the size of the Board would have to expand. The Fund had gained 24 new or prospective members since the previous election, including two—Russia and Switzerland—large enough to lobby for their own seats. As described in Chapters 7 (on Russia) and 15 (on Switzerland), both countries managed to ratchet up their initial quotas above the staff's recommended levels to enhance their roles and prestige in the institution. Those quotas put each country in a strong position to have a seat at the table. The only way to avoid severe disruption to the composition of the Board, including potentially squeezing more than 40 sub-Saharan African countries into a single seat, was to raise the number of seats from 22 to 24.³⁷

³⁵See "Side Letters and Use of Fund Resources," SM/99/66 (March 10, 1999); "Side Letters and Use of Fund Resources—Further Follow Up," SM/99/163 (July 7, 1999); minutes of EBM/99/95 (August 30, 1999), pp. 70–90; and Decision No. 12067-(99/108), adopted September 22, 1999.

³⁶The composition of the Executive Board is spelled out in Article XII, Section 3. The original size of the Board, in 1946, was 12, with 5 appointed and 7 elected Directors. It was raised incrementally to 20 from 1947 to 1964 with the addition of 8 more elected Directors; see de Vries (1985), pp. 764–77.

 $^{^{37}}$ In the following decade, many observers questioned whether this expansion had been efficient and called for a return to the 20 seats specified in the Articles.



The Executive Board and senior management of the IMF in 1999. (IMF photo)

Also in 1992, Saudi Arabia's right to appoint a Director was about to lapse. Saudi Arabia had held that right since 1978 because the Fund's borrowing from it had made the country one of its two largest creditors.³⁸ That entitlement lapsed with the Fund's repayment of those loans. Consequently, the number of seats up for election would rise from 16 to 19: four more than the "permanent" level specified in the Articles of Agreement.

The Executive Board approved the increase in September, and the Board of Governors gave its approval through a vote conducted during the Annual Meetings later that month. Russia, meanwhile, signaled its intention to elect an Executive Director on its own, without forming a constituency. Konstantin G. Kagalovsky was already in Washington representing the interests of the Russian government, and the authorities nominated him for the new post. Switzerland, which had a somewhat smaller quota, set out to form a constituency by inviting Poland to join it along with five countries of the former Soviet Union from the Caucasus region and central Asia that were also just attaining membership in the IMF (Azerbaijan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan).³⁹ From the time it rejoined the Fund in 1986, Poland had been part of the constituency headed by Italy. Although Poland had the second largest quota in that group, the Italian Executive Director followed the tradition of appointing a Greek national as his Alternate Executive Director. Once Poland moved to the Swiss group, it had the opportunity to have the Alternate slot. Daniel Kaeser, having conducted much of the negotiations for Switzerland, was elected the first Executive Director for the group. When he took office at the beginning of November, he appointed Krzysztof Link (Poland) as his Alternate.

Other European-led groups courted new member countries as a way to increase their voting power and to reach out to potential new trading partners. Both Switzerland and the Netherlands asked Ukraine—the second largest economy to emerge from the former Soviet Union, after Russia—to join their constituencies. When Switzerland offered Poland the right to name the Alternate Executive Director in that group, the Netherlands made a similar offer to Ukraine, which sealed the deal between the two. As shown in Appendix II to this chapter, the Belgian, Italian, and Nordic constituencies also expanded to take on neighboring new members during this period.

Middle Eastern representation on the Executive Board (broadly construed to include Pakistan) was shuffled in 1992, mainly on account of concerns about

³⁸Article XII extends the right of appointment to the countries with the five largest quotas and to the two largest creditors. Except for Canada in 1958, Italy in 1968, and Saudi Arabia from 1978 to 1992, the two largest creditors were always among the countries with the five largest quotas.

³⁹This effort, which Daniel Kaeser (2004, p. 139) puckishly called "a la recherche de l'Helvétistan" (which could be translated as "in search of Switzerstan"), followed a failed effort to form a constituency with existing member countries. To that end, Swiss officials held unfruitful discussions with several member countries, including Hungary, Romania, South Africa, and Turkey.

Libya's alleged involvement in international terrorism. Libya's Mohamed Finaish had served as Executive Director since 1978, heading up a 15-country group that included such regional powerhouses as Egypt, Iraq, and Pakistan. The imposition of UN sanctions on Libya in 1992 provided Egypt an opportunity to regain the seat it had held for 30 years before ceding it first to Syria (in 1976) and then to Libya. 40 Pakistan elected to move to the constituency led by the Islamic Republic of Iran, and Egypt was able to win over the rest of the group and elect A. Shakour Shaalan as Executive Director. In this group, the Alternate slot rotated among the smaller countries, with officials from Bahrain, Lebanon, and the United Arab Emirates serving under Shaalan during the rest of the 1990s.

Several countries were excluded from voting in the biennial elections of Executive Directors for parts of this decade. Two countries with substantial arrears to the Fund—the Democratic Republic of the Congo (then known as Zaïre) and Sudan—had their voting rights suspended under the terms of the Third Amendment (see Chapter 16) before the 1994 elections. Sudan was unable to participate in Executive Board elections until the Fund restored its voting rights in 1999. The Democratic Republic of the Congo was excluded until it cleared its arrears in 2002. Other countries did not participate because they lacked an internationally recognized government or were under international sanctions. These included Afghanistan (1998 and 2000), Cambodia (1976 through 1992), Somalia (1992 through at least 2010), and South Africa (1974 through 1994). None of these exclusions had any material effect on the outcome of the elections.

Key Personnel

Membership on the Executive Board turned over at a high rate throughout the 1990s, with an average length of service for an Executive Director of about three years (Appendix II). The only appointed Director who served for more than half of the decade was Karin Lissakers (United States). She was appointed by President Bill Clinton during his first year in office (1993) and served until shortly after the end of his term, in 2001. Among other industrial countries, the only ones that regularly expected their Directors to make a career out of service at the IMF were Belgium and Austria. Jacques de Groote retired as the Executive Director for Belgium in March 1994 after spending 21 years in that post. Willy Kiekens succeeded him, and still held the office 17 years later. In 1987, de Groote appointed Johann Prader (Austria) to serve as his Alternate Executive Director. More than 24 years later, Prader was still in that position.

⁴⁰From 1978 to 1986, Egypt was subject to sanctions from other Arab countries as punishment for signing the bilateral Camp David accords with Israel. As a result, Egypt did not participate in elections of Executive Directors during that period. In 1988, Egypt rejoined the constituency led by Libya.

⁴¹De Groote succeeded André van Campenhout, who served for 19 years (1954–73).



Alexandre Kafka (left) being decorated as Commander of the Order of Merit of Duarte, Sánchez, and Mella in 1999, shortly after his retirement as Executive Director. The award was conveyed by the president of the Dominican Republic and presented by Héctor Valdez Albizu (governor of the central bank). (IMF photo)

The most remarkable career among Executive Directors was that of Alexandre Kafka (Brazil). He won election to this post a record 16 times, through many major shifts in the balance of political power in Brazil and in the other countries in his constituency. For the last 22 years (1976–98) of his 32 years as Executive Director, Kafka served as Dean of the Executive Board. Throughout his career, he earned a reputation for caring passionately about and working effectively for the countries that elected him, for developing countries more generally, and for the IMF as an institution. In the 1960s, he helped turn the Compensatory Financing Facility into an important vehicle for helping Brazil and other primary-commodity exporters. In the 1970s, he worked to build a consensus for establishing the Oil Facilities, the Extended Fund Facility, and the Trust Fund. He served as the major architect of a staff compensation system that went a long way toward taking pay decisions out of the political arena. As Vice-Chairman of the Deputies of the C-20 in the early 1970s, he helped forge a consensus for financial cooperation with floating exchange rates. In the 1990s, he played a similar role to help bring about the permanent ESAF and the Heavily Indebted Poor Countries Initiative.

Alexandre Kafka was born in Prague, Czechoslovakia, in 1917, into the same family that had already produced the author Franz Kafka. After his education in Geneva and Oxford, he moved to São Paulo, where he was professor of economics from 1941 to 1949. He then moved to Washington and joined the staff of the IMF

as Assistant Chief of the Latin American Division in the Research Department. He often said afterward that getting a job at the IMF was one of his proudest achievements, though in truth it was a poor time to be there, with little action to stimulate the mind. He made lifelong friendships, but he left after just two years to return to Brazil to resume his academic career. By this time, he had become one of the leading figures in Brazilian economics and had developed a worldwide reputation.

In 1956, Kafka moved north again to work at the United Nations in New York. For the next decade he held overlapping appointments at the UN, as a professor at the University of Virginia, and in various posts in Brazil. In July 1966, he returned to the IMF for good, initially as Alternate to the Executive Director for Brazil, Maurício Chagas Bicalho. In November, he was elected by Brazil, Colombia, the Dominican Republic, Haiti, Panama, and Peru to succeed Bicalho as Executive Director. Although he continued to hold adjunct or visiting academic positions at the University of Virginia, Boston University, and George Washington University through the 1970s and 1980s, the Executive Board was his main vocation. He retired at the end of October 1998, and lived quietly until he passed away in November 2007.

On Kafka's retirement, the deanship passed to Abbas Mirakhor (Islamic Republic of Iran), whose eight years on the Board already made him the longest-serving Executive Director. A leading scholar on the economics of Islamic banking, he had spent the six years before his election to the Board as an IMF staff member, first in Research and then in the Middle Eastern Department. Altogether, Mirakhor spent more than 17 years as Executive Director, retiring in 2008.

Shakour Shaalan (Egypt) spent 31 years on the staff before moving to the Executive Board in 1992. Once in this new seat, he showed the same level of dedication and perseverance. In November 2007, with 15 years of service on the Board (and 46 in the Fund), Shaalan became the fifth Dean in the Fund's history.⁴²

Management

The senior management of the IMF comprises the Managing Director, who serves both as the head of the staff and as the Chairman of the Executive Board, and one or more deputies. Collectively, this group is universally known in the Fund simply as "management."

⁴²Of the original Executive Directors who took office in 1946, the longest serving was Ahmed Zaki Saad (Egypt), who retired in 1970. The first Executive Director to be designated Dean was André van Campenhout (Belgium), who was Executive Director from 1954 to 1973 and became Dean after Saad's retirement. The second, preceding Kafka, was Pieter Lieftinck (Netherlands). For personal reasons, Mirakhor stepped aside as Dean three months before he retired as Executive Director.

The Managing Director

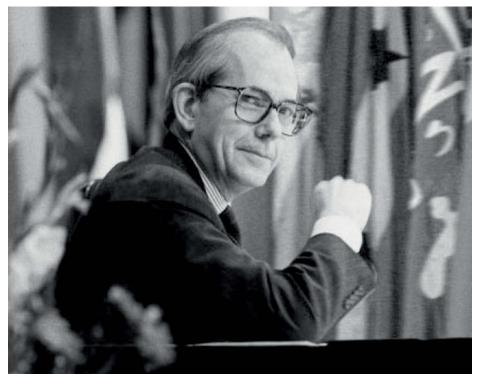
The face of the IMF, and its most important single position, is the Managing Director. The tone, the direction, and the agenda of the institution are guided by a combination of "the MD," as he is universally known in Fund circles; his deputies; the G7 and related external groups; the Interim Committee, especially its Chairman; and the staff who carry out the work program. Yet, it is in the office of the MD that all of these influences are distilled, refined, and turned into specific policies and actions.

During the first 55 years of its existence, the IMF had seven Managing Directors, all from Europe. The first (1946–51) was Camille Gutt, who had been Belgium's finance minister during the years of exile amid the Second World War and had led the Belgian delegation at Bretton Woods. Then came two Swedes: Ivar Rooth (1951–56) and Per Jacobsson (1956–63). Rooth, a former governor of the central bank of Sweden, was head of an economic research institute in Stockholm when he was appointed as Managing Director. Jacobsson was head of the monetary and economic department at the Bank for International Settlements (BIS), a post he had held since shortly after the founding of the BIS in 1930. Widely regarded as the strongest of the early Managing Directors, Jacobsson took office in the middle of the Fund's first major international lending operation, triggered by the Suez crisis. In May 1963, while on a visit to London, he died suddenly of a heart attack.

From 1963 to 2000, all but one of the Fund's Managing Directors were French. Pierre-Paul Schweitzer (1963–73) was deputy governor of the French central bank, the Banque de France. The U.S. authorities during President John F. Kennedy's administration proposed him for the job. A decade later, having become the first Managing Director to serve two full five-year terms, he sought a third. His quest failed on account of bitter opposition by the administration of U.S. President Richard M. Nixon, whose officials were upset that Schweitzer had called publicly for a devaluation of the U.S. dollar. H. Johannes Witteveen (1973–78), a former finance minister and deputy prime minister of the Netherlands, succeeded Schweitzer. Witteveen's decision not to seek a second term in 1978 opened the way for France to nominate another candidate. Jacques de Larosière, director of the French Treasury at the time of his election, served from 1978 to 1987. When he resigned for personal reasons in the middle of his second term, the French authorities stepped up again, this time to nominate the governor of the Banque de France, Michel Camdessus.

This tradition of electing only Europeans to the post of Managing Director did not derive from any formal or informal agreement.⁴³ The informal agreement in 1946 was that the U.S. authorities would control the appointment of the President of the World Bank, because the Bank would be borrowing in the New York bond

⁴³For a detailed history of the selection process, see Kahler (2001), pp. 20–42.



Michel Camdessus, Managing Director (1987–2000). (IMF photo)

market and having an American at the helm was thought to be necessary for establishing credibility and maintaining the confidence of investors. The Managing Director of the IMF, therefore, would be someone not from the United States. Europe dominated the non-U.S. financial world at that time, so it had the largest and most logical pool of candidates from which to draw. Nonetheless, the appointment of Jacobsson in 1956 came only after a Canadian candidate withdrew from consideration. 44 Over time, European finance officials developed an effective strategy of agreeing among themselves and then persuading the United States to support their candidate. With that level of support, no one else could possibly compete. On occasion—notably in the discussions that led ultimately to the election of Witteveen in 1973—an internecine battle among European countries preceded the final choice but was resolved in time to present a unified front to the rest of the Executive Board.

⁴⁴John Fforde, in his history of the Bank of England, wrote that "the international monetary fraternity of treasuries and central banks" initially offered the post to Graham Towers, who had recently retired as governor of the Bank of Canada. When Towers declined, several other candidates were approached until finally a U.S. Treasury official (W. Randolph Burgess, under secretary for monetary affairs) suggested Jacobsson (Fforde, 1992, p. 573n).

Europe failed to coalesce around a single candidate for the first time in 1986. The usually cohesive bloc was deeply divided, with three viable candidates: Camdessus, Onno Ruding (Netherlands; finance minister, and Chairman of the Interim Committee), and Jeremy Morse (United Kingdom; former Chairman of the C-20 deputies). Even after Morse withdrew, the split between Camdessus and Ruding remained. Eventually, Camdessus was chosen by a secret poll of the Executive Board in which support from developing countries proved to be decisive. At the time, the U.S. authorities quietly favored Camdessus, though mostly because of their distrust of Ruding as a reliable ally for U.S. interests. When Camdessus came up for reelection in 1991, the U.S. view of Camdessus was decidedly less favorable. By then, however, support from Europe and elsewhere was sufficiently strong to overcome U.S. opposition. In 1996, Camdessus easily won reelection for an unprecedented third term.

Michel Camdessus was born in Bayonne, France, on May 1, 1933. He served in the French army during the Algerian war of independence, where his duties included defusing land mines. At age 24, he married Brigitte d'Arcy and formed a lifelong partnership that would produce six children and many grandchildren. After graduating from the prestigious École Nationale d'Administration in Paris (and thereby becoming an énarque, the colloquial distinction of the French elite), he embarked on a career of public service. Much of his early career was spent in the French Treasury, where he eventually became its director and served as chair of both the Paris Club of official creditors and the monetary committee of the European Economic Community. For the two years before his election as Managing Director of the Fund, he was governor of the Banque de France. On retiring from the IMF in February 2000 at age 66, Camdessus became president of the Centre d'Études Prospectives et d'Information Internationales (CEPII), a Paris-based economics research center.

Deputy Managing Directors

The post of Deputy Managing Director, or DMD, was established in 1949, when Andrew N. Overby—who had been the U.S. Executive Director—was named to the position. As the Fund's first Historian noted, this appointment "had the unfortunate result of strengthening a suspicion in the minds of many members—perhaps particularly European members—that the Fund's policy was being dictated by the United States" (Horsefield, 1969, p. 232). Over the years, as a succession of U.S. officials was similarly rewarded, that suspicion grew in intensity and spread to the Fund's external critics.⁴⁵ Recognizing that the suspicion was not without foundation, Camdessus set out in 1994 to counteract it by appointing deputies from outside the traditional sources.

⁴⁵The succession to 1994 was Overby (1949–52), H. Merle Cochran (1953–62), Frank A. Southard, Jr. (1962–74), William B. Dale (1974–84), and Richard D. Erb (1984–94). All except Cochran were U.S. Executive Director before being appointed Deputy Managing Director. Cochran was the U.S. ambassador to Indonesia at the time of his appointment.

The Deputy in the early 1990s was Richard D. Erb, who was appointed U.S. Executive Director in 1981 and Deputy Managing Director in 1984.46 As Erb's second five-year term in office neared its end in the spring of 1994, Camdessus informed the U.S. Treasury that he would be happy to have the appointment renewed for another five years. Treasury officials wanted to nominate someone more closely aligned with their own thinking about economic policy, but they suggested a candidate whom Camdessus found unacceptable. At that point Camdessus began discussing the possibility of having three deputies, a solution that would spread the growing workload more reasonably, inject a regional balance into the inner circle of the Fund's management, and dilute the influence of any one deputy.

Treasury officials could not prevent the Managing Director from appointing three deputies, but they found a way to retain the privilege of having a U.S. national in the number two slot. One of the three, they insisted, would be designated the First Deputy Managing Director (a title oddly reminiscent of Russia's "first deputy" ministerial posts). This FDMD would have prerogatives above the others and would serve first as Acting Managing Director whenever the Managing Director was away from headquarters. Camdessus reluctantly accepted that distinction, but he insisted that the Treasury give him a choice of candidates for the job. They did so, and from that list he chose Stanley Fischer.⁴⁷ The Executive Board discussed the proposal in a series of restricted sessions in late May and early June and approved it on June 6.⁴⁸ It was the first significant change in the Fund's senior management structure since creation of the DMD post 45 years earlier.

Fischer's appointment was greeted with delight and relief by most staff members. Well known, much liked, and highly respected, he was coming to the Fund from a lofty position in the economics profession—Killian Professor and chairman of the economics department at the Massachusetts Institute of Technology (MIT). Almost everyone had read his undergraduate and graduate textbooks on economics. Moreover, he had already spent two and a half years on 19th Street, as Vice President and Chief Economist at the World Bank. A naturalized U.S. citizen, Fischer had a strongly international background, having been born and raised in Africa, in the territories that had become Zambia and Zimbabwe; and having studied or taught in England and Israel as well as the United States. Many of his graduate students at MIT had gone on to hold senior policymaking positions in their home countries.

⁴⁶For a profile, see Boughton (2001), p. 1044.

⁴⁷This account is based primarily on interviews with participants in these deliberations. Recollections differed on some details, but the essence of the sequence of events was not in dispute.

⁴⁸The first formal discussion of this matter by the Executive Board was in restricted session at EBM/94/45 (May 23, 1994), by which time the proposal was far enough along to include the names of the three candidates. The next day, Erb publicly announced his intention to resign, and the Managing Director circulated curriculum vitae for his three proposed successors; see "Deputy Managing Directors," EBAP/94/41 (May 24, 1994); and "Erb Announces Intention to Leave IMF," NB/94/12 (May 24, 1994). The relationship between the FDMD and the other two deputies was clarified in "Deputy Managing Directors," EBAP/94/43, Revision 1 (June 3, 1994). The Executive Board approved the proposal, again in restricted session, at EBM/94/51 (June 6, 1994).

As FDMD, Fischer's influence on the Fund greatly exceeded what might be expected from the "number two" in the organization. Although Michael Mussa—Economic Counsellor and Director of Research, and a formidable intellect in the profession—was nominally the Fund's chief economist, everyone knew that Fischer had an even greater claim to that title. Within a few months of his arrival, the Mexican peso crisis struck. As detailed in Chapter 10, Fischer already knew many of the key Mexican officials from when they had studied at MIT. The crisis erupted over the Christmas holidays, when Camdessus was vacationing in France. Camdessus entrusted much of the initial handling of the crisis to Fischer, the Acting Managing Director at the time.

The success of the Mexican operation made Fischer the natural choice to handle much of the Fund's work on East Asia when that region suffered a financial meltdown in 1997 (see Chapter 11). Moreover, while at MIT, Fischer had been part of a team that helped Russian advisors draft an early proposal for transforming the Soviet economy. Throughout his first four years at the Fund, Fischer immersed himself in the support and rescue efforts for Russia. Later, he played a central role in negotiating rescues for Brazil and Turkey, where again he was already on a firstname basis with the leading officials.

Fischer's role extended beyond crisis management. He was the main force behind the Fund's cultural shift from secrecy to transparency, described in Chapter 4. He initiated an internal training program for Fund staff that resulted in economists getting an average of three days' training per year in the latest developments in economic theory and policy. He mentored, inspired, and attracted bright young economists to the Fund. He pushed for and initiated a program to increase the diversity—especially gender diversity—in the Fund's professional and management ranks. He also continued to make groundbreaking contributions to the theory and practice of economic policy, including the promotion of inflation targeting, the concept of an international lender of last resort, and the theory that became known as the bipolar approach to exchange rate management (see Chapter 1).

Fischer's role at the IMF was not without controversy. Inside the building, he was such a dominant and even revered individual—both brilliant and gentlemanly—that criticism was seldom heard and was always blunted. Outside, by the time his term ended in 2001, some critics were more open. Had the Fund become too ready to bail out every country that found itself in hot water? Was it right to help countries such as Russia, Brazil, and Argentina defend fixed exchange rates that financial markets viewed as unsustainable? More generally, did the bipolar approach really make sense? Was Fischer too close to U.S. officials, notably Lawrence Summers, to be independent and objective? These and other questions were hotly debated for years after Fischer left Washington.⁴⁹ In the end, the

⁴⁹The nastiest and least credible attack on Fischer came from Joseph Stiglitz, who suggested that Fischer's post-IMF appointment at Citigroup was a reward for "having faithfully executed what he was told to do" while working at the Fund (Stiglitz, 2002, p. 208). For a rebuttal, see Kenneth Rogoff, "An Open Letter to Joseph Stiglitz," at http://www.imf.org/external/np/vc/2002/070202.HTM.



The original troika of Deputy Managing Directors: Stanley Fischer (First Deputy, center), flanked by Alassane Ouattara (left) and Prabhakar R. Narvekar (right). (IMF photo)

criticisms, regardless of their merits, detracted little from the magnitude of his achievements.

One of the most unusual episodes in Fischer's tenure at the Fund was the way it ended. When Camdessus resigned in February 2000, the Executive Board was bogged down in its effort to elect a replacement. While that effort continued, Fischer became Acting Managing Director. For a time, the German authorities were pressing for acceptance of Caio Koch-Weser (deputy minister of finance in Germany and a former senior official at the World Bank) as Managing Director. A group of developing countries opposed to Koch-Weser or to the perpetuation of Europe's privilege to select the winner nominated Fischer—the first time a non-European candidate had been formally nominated. At that point, the Japanese authorities nominated Eisuke Sakakibara (a former deputy finance minister). With the Board deadlocked, Germany withdrew Koch-Weser's name and substituted that of Horst Köhler (president of the European Bank for Reconstruction and Development). Köhler's election in May put Fischer in the awkward position of serving as deputy to the person to whom he had lost. The two nonetheless worked

together for nearly two years. Fischer remained FDMD until August 2001 and then served as Special Advisor to the Managing Director through January 2002.

After Fischer left the Fund, he moved to New York where he was appointed Vice Chairman of Citigroup and President of Citigroup International. Three years later, he accepted the post of Governor of the Bank of Israel.

The other two deputies who were appointed in 1994 came from developing countries. Both had extensive prior experience at the IMF.

Alassane Dramane Ouattara, a national of Côte d'Ivoire, was a familiar presence at the IMF, having first worked there as an economist while completing his Ph.D. at the University of Pennsylvania from 1968 to 1973. He left the staff in 1973 to begin a career at the Central Bank of West African States (BCEAO), first in Paris and later at the bank's headquarters in Dakar, Senegal. In 1984, Ouattara returned to Washington to become Director of the Fund's African Department (AFR), a post he held until he was named governor of the BCEAO in 1988.

In 1990, Ouattara accepted an invitation from the president of Côte d'Ivoire, Felix Houphouët-Boigny, to chair a special committee charged with revamping the country's economic policies. In November, Houphouët elevated Ouattara to be the country's first prime minister. Following Houphouët's death three years later, Ouattara began his third assignment at the IMF, this time as one of the first three Deputy Managing Directors appointed in 1994. He served until July 1999, when he assumed the leadership of the political party Rassemblement des Républicains (RDR) with the intention of competing in the 2000 presidential elections in Côte d'Ivoire. After a military coup in December 1999, the RDR and Ouattara were banned from the elections. Political repression and instability settled in, and Ouattara spent the next decade in exile, trying to broker a peaceful transition to democracy. In November 2010, he was elected president of Côte d'Ivoire.

Prabhakar R. Narvekar served in staff and management positions in the Fund from 1953 to 1997, longer than anyone else in the institution's history.⁵⁰ A native of India, Narvekar joined the staff as a Research Assistant in the Asian

⁵⁰A few other longevity records should be noted here. On the basis of informal research, it appears that Irène de Heurtemont, who joined the staff in the secretarial pool in the early 1950s and retired as Administrative Services Officer in the Paris office in 1995, was (as of 2010) the longest-serving member of the regular staff, with more than 43 years of service. For a tribute, see Aldo Guetta and Christine Ursenbach, "Au Revoir to the Fund's Dean of Staff," *IMF Staff News* (December 1995), p. 21. Brian Rose, a British national who joined the staff in 1947 and retired in 1988, was a close second. Jacques J. Polak, whose connection to the IMF began as a member of the Netherlands delegation at the 1944 Bretton Woods conference, served on the staff for 32 years (1947–79) and accumulated another 16 years of service to the Fund as Advisor to the Managing Director, Executive Director (Netherlands, 1981–86), and president of the Per Jacobsson Foundation. On his ninetieth birthday, in 2004, the Fund renamed its annual research conference in his honor. He continued to spend part of each work week in his office in the Fund until 2007. The last surviving delegate to Bretton Woods, Jacques Polak died in March 2010. For a more complete account of his career, see the Introduction to Boughton (2004) and Boughton (2011).



Deputy Managing Directors Shigemitsu Sugisaki (1997–2004; left) and Eduardo Aninat (1999–2003). (IMF photos)

Department. He was promoted repeatedly within the department until he became its director in 1986. He stepped down in 1991 when the department was split in two, spent the next three years as Special Advisor to the Managing Director, and was named Deputy Managing Director in 1994. He served in that position for three years, after which he retired again, though not for long. His exceptional diplomatic skills and experience in Asia were recognized anew in 1998, when Camdessus called on him during the East Asian crisis to serve as his special liaison to Indonesia's President Suharto, as described in Chapter 11.

When Narvekar stepped down as DMD in 1997, Japan's role in the IMF was in the ascendancy. Japan was a major creditor to the Fund, not just as the country with the second largest quota but also as a donor to various trust funds and other IMF operations. It was thus not surprising that a Japanese official would be considered for the top tier of staff positions. In anticipation of this possibility, Shigemitsu Sugisaki had left his post as head of the Executive Bureau of the Securities and Exchange Surveillance Commission in Tokyo in 1994 to spend three years as Special Advisor to the Managing Director. He was named DMD in February 1997, a post he held for the next seven years.

Ouattara's resignation in 1999 opened a final opportunity for Camdessus to name a new deputy. This time, he turned to Latin America and selected Eduardo Aninat. No stranger to the Fund, Aninat had spent the preceding five years as finance minister for Chile. He was chairman of the Board of Governors for the 1996

IMF/World Bank Annual Meetings and served for three years on the Development Committee. He served as DMD from December 1999 to June 2003.

The Staff

During the 1990s, the size of the staff of the IMF increased by nearly a third, from 1,748 to 2,297, in response to the growing membership and its growing demands. At the end of the decade, almost half of the staff were economists; 30 percent were administrative assistants or other support staff; and the rest were professionals in other fields such as accounting, information technology, or law. An additional 444 employees were hired under short-term contracts to serve as consultants or experts on specific topics. The staff came from more than 130 countries in all regions of the world. As of 1997, 42 percent came from developing countries, but those staff were somewhat concentrated in the lower grades; just 30 percent of management-level staff were from developing countries. One-fourth of the staff came from the host country, the United States. The geographic diversity of the staff increased slightly during the decade, particularly after the Fund instituted a diversity program in 1995.⁵¹

Leadership Changes

In 1990, the IMF had been in business for 44 years, longer than the normal staff career. The staff who built the agency from an uncertain fledgling to a powerful international financial institution had all retired. The men—they came from many countries and many cultures, but like their predecessors they were all men—who now led the IMF had mostly arrived in the 1960s or even the 1970s. Over the course of a decade, most of them too would retire and would make way for an even more diverse leadership corps.

As can be seen in Appendix I, only two department heads served in one position throughout the decade of the 1990s. Vito Tanzi, an Italian who joined the staff in 1974 as an Assistant Division Chief in the Fiscal Affairs Department, became that department's director in 1981 and remained in that post until he retired at the end of 2000. François P. Gianviti, from France, joined the Fund in 1985 as Director of the Legal Department and remained in that post until he retired in 2004.

Each passing decade witnessed the departure of remarkable leaders who had made notable contributions to the institution. The first of those to exit in the 1990s was Leslie Alan Whittome, who retired in 1990 after a 27-year Fund career.

⁵¹See Annual Report of the Executive Board 2000, pp. 95–97; and "Diversity Annual Report 1997," FO/DIS/98/41 (May 20, 1998). These figures do not include the staff of Executive Directors' offices, who are hired by and work for the Executive Director.

Fondly known to many of his acronym-sensitized colleagues as "The LAW," Whittome arrived at the IMF in 1964 at age 38, when he gave up his post as deputy chief cashier of the Bank of England to become Director of the European Department (EUR). In 1980, he received the additional title of Counsellor, an honor then held by only two other senior officers of the Fund.⁵² As head of EUR, Whittome led all of the department's most important negotiating missions, including those that led to stand-by arrangements for the United Kingdom in 1967, 1969, and 1977, and for Italy in 1974 and 1977. In 1987, he was named Director of ETR. Following his retirement, Camdessus asked him to return for a year as Special Counsellor in 1990–91, to direct the preparation of the Joint Study of the Soviet Union, described in Chapter 2. In 1995, Camdessus called on him again to prepare what became the Whittome report on avoiding a repeat of the Mexican peso crisis, described in Chapters 4 and 10. A British citizen, Sir Alan was knighted by Queen Elizabeth II in 1991. He died in 2001.

The next major departure from the staff was P.R. Narvekar. As discussed above in the section on management appointments, he stepped down as Director of the Asian Department in 1991 after spending 38 years there.

Then in 1992, A. Shakour Shaalan retired as head of the Middle Eastern Department (MED), a post he had held for 15 years. Shaalan joined the staff of the Research Department in 1961, moved to MED two years later, and spent the rest of his 31 years on the staff in that department. As noted earlier in this chapter, he then was elected Executive Director for Egypt and 12 other countries.

Three other department directors with long service at the Fund retired in the early 1990s.

Azizali Mohammed, a Pakistani national, spent 30 years on the staff (1960–90), the last 10 as the first Director of the External Relations Department (EXR). He retired at the end of 1990 to become the Alternate Executive Director to Mohamed Finaish, a post he held for two years. Mohammed was replaced at EXR by another person with a long career in the Fund, Shailendra Anjaria. A national of India, Anjaria arrived at the Fund as a summer intern in 1967 and joined the full-time staff the following year. He spent most of his career in ETR, moved to AFR in 1988, and was promoted to Director of EXR in 1991. Anjaria served in that post until 1999, when Camdessus appointed him Secretary of the Fund. He retired in 2009.

Sterie T. (Ted) Beza retired in 1994 after a 33-year career in the Western Hemisphere Department. Beza, a U.S. national, was replaced as director by Claudio

⁵²The title "Counsellor" was awarded occasionally to department heads to designate an elevated status. (The double-l is a rare Anglicism, in contrast to the usual North American spelling and usage in the Fund.) Those holding this title in the 1990s were Ted Beza, Jacob Frenkel, Michael Mussa, Mamoudou Touré, Leo Van Houtven, and Alan Whittome. Camdessus did not name any Counsellors after Mussa in 1991.

⁵³Mohammed was also profiled in de Vries (1985), pp. 1028–29.

Loser, who was previously Beza's deputy.⁵⁴ Loser, from Argentina, held that post until he retired in 1999.

Mamoudou Touré first joined the staff as Director of AFR in 1967. He held that post until 1976, when he returned to his native Senegal to become special advisor to the president of the republic. He eventually became minister of finance in Senegal (1983–88) and then returned to his former post at the Fund. After six more years directing AFR, Touré retired in 1994.⁵⁵

In broad terms, the work of AFR was divided linguistically, with two branches covering the francophone and mostly anglophone countries. When Touré retired, he was succeeded by Evangelos Calamitsis, a Greek national who had served as Deputy Director of AFR with responsibility for francophone countries since 1987. Calamitsis had been on the Fund staff since 1965. He retired in 1998 and was succeeded by Goodall E. Gondwe, who had been the deputy with responsibility for anglophone countries. Gondwe retired in 2002 and returned to his native Malawi, where he became minister of finance.

When Touré returned to Senegal in 1976, the Fund hired Justin B. Zulu to run AFR. Zulu, a former governor of the Bank of Zambia, had served as Alternate Executive Director for the anglophone African countries for the two years before his appointment. In 1984, he moved to the Central Banking Department (CBD), which he directed until 1995, when he moved to New York to direct the Fund's UN liaison office. He retired in 1999.

In 1992, as described above, CBD was expanded and renamed Monetary and Exchange Affairs (MAE), with Manuel Guitián as Associate Director. A native of Spain with a Ph.D. from the University of Chicago, Guitián worked in ETR for 17 years (1970–87) before being named Deputy Director of EUR (1987–91). He became Director of MAE when Zulu left the department in 1995. Four years later, gravely ill, he took early retirement and returned to Spain, where he died a few months later at age 61.

Massimo Russo, an Italian national, first joined the staff of the IMF in 1964 as an economist in AFR. He resigned in 1972 to spend two years at the Organization for Economic Cooperation and Development in Paris. He then returned to the Fund, rose to become Deputy Director of ADM, and left for a second time to become director general of the Commission of the European Communities. He returned to the Fund for good in 1987 and succeeded Whittome as Director of EUR. He held that job for a decade (taking over EU1 when the department was bifurcated) and then succeeded Sugisaki as Special Advisor to the Managing Director. Russo retired in 1998.

The Secretary of the Fund has a central role in the institution, as a bridge between management and the Executive Board. At meetings of the Executive Board, the

⁵⁴Beza was profiled in de Vries (1985), p. 1028; and in Boughton (2001), p. 1047.

⁵⁵Also see de Vries (1976), p. 644; and Boughton (2001), p. 1049.

Secretary sits next to the Managing Director, manages the running of the meeting and the preparation of the Summing Up or other outcome, and tallies the vote (if one is taken) or assesses the "sense of the meeting" (no formal vote is taken in the great majority of cases). This job can be a routine bureaucratic function, but in the right hands it can have a powerful effect by preventing stresses from blocking consensus. From 1977 to 1996, Leo Van Houtven was Secretary, and for the last nine of those years he also held the title of Counsellor. A citizen of Belgium, Van Houtven joined the staff in 1958. Before becoming Secretary, he worked in EUR and directed the Paris office. Reinhard Munzberg, a German national who had been Deputy General Counsel in the Legal Department, succeeded Van Houtven as Secretary.

Two economists from the University of Chicago headed the Research Department in the 1990s: Jacob A. Frenkel (1986–91) and Michael Mussa (1991–2001). Frenkel was the David Rockefeller Professor of International Economics at Chicago when de Larosière invited him to replace William C. Hood as Economic Counsellor and Director of Research. When he left after five years to become governor of the Bank of Israel, Camdessus brought in Michael Mussa, who was on the faculty at the University of Chicago Graduate School of Business. Not only an academic, Mussa had served on the U.S. Council of Economic Advisers during President Ronald Reagan's second administration. In contrast to Frenkel's emphasis on theoretical economic research, Mussa made the World Economic Outlook (WEO) exercise the highest priority of the department and refocused research toward economic modeling relevant to the WEO and to practical analysis of exchange rate policies. On leaving the Fund, he joined the Peterson Institute for International Economics as a senior fellow.

One department director played a much more important role throughout the 1990s than is revealed in the central chapters of this History. As head of ETR and its successor department PDR from 1990 to 2001, John T. (Jack) Boorman directed work on all of the major policy changes instituted by the Fund. Although every policy document issued by the department reflected his close involvement, he worked mostly behind the bureaucratic curtain and put his division chiefs out front. In management deliberations, he was nearly always present as a key advisor. (As an example, see the photograph in Chapter 10, p. 478). A U.S. national, Boorman joined the staff of the IMF in 1975 after several years of university teaching and four years with the Federal Deposit Insurance Corporation. In 1976–78, he was the Fund's Resident Representative in Indonesia, an experience that greatly informed his participation in the workout of the Indonesian crisis in 1997–98. He joined ETR in 1985 and spent the rest of his career there until his retirement in 2001.

 $^{^{56}}$ For an overview of the research agenda under Frenkel, see "Major Themes in the Work of the Research Department, 1987–91," SM/91/238 (December 11, 1991).

The prevalence of the masculine pronoun in much of this chapter reveals the traditional gender bias of the institution. For many years, that bias was consistent with the economics profession in general and international finance in particular. By the 1990s, the Fund clearly was lagging the broader trends toward balance and diversity. As noted in the preceding section, Stanley Fischer showed concern about this gap and instituted a diversity program for the Fund. A Special Advisor on Diversity—Leena Lahti-Kotilainen, from Finland—took office within ADM. The Fund revised its hiring practices to try to hire and promote more women, including in the most senior staff positions, but for the first few years the effort bore little fruit: the proportion of female economists in supervisory positions (less than 7 percent at the level of division chief or above) remained roughly constant from 1993 (before the effort began) to 1997. The program did, however, lay the groundwork for future progress—the percentage of women hired for professional positions rose steadily from 23 percent in the early 1990s to 33 percent in 1999.⁵⁷

On the plus side, the Fund appointed its first three female department directors during this period. In 1995, K. Burke Dillon, a U.S. national with 22 years of Fund experience, broke the glass ceiling when she assumed leadership of ADM. Carol S. Carson, a U.S. national who was director of the Bureau of Economic Analysis in the U.S. Commerce Department before joining the Fund staff in 1995, replaced the retiring John B. McLenaghan as Director of the Statistics Department in 1996. Margaret R. Kelly, from Australia, became the third in this select group when she took control of the Human Resources Department in 1999. (Within the economics departments, the first chief would be Teresa Ter-Minassian, Director of the Fiscal Affairs Department from 2000 to 2008.)⁵⁸

Work Pressures and Staff Safety

Rising work pressures throughout the 1990s caused concern that the Fund was becoming a less desirable place to work, especially because of the stresses on family and personal life when staff were compelled to spend large parts of the year traveling. When management, under pressure from major creditor countries, downgraded the standard staff travel allowance from first class to business class in 1994, many on the staff viewed it as an affront that would make long-distance travel

⁵⁷See "Steps to Achieve Greater Diversity and Address Discrimination Among the Fund's Staff," UNDOC/95/127 (June 1, 1995); "Appointment of Special Advisor on Staff Diversity," UNDOC/95/247 (October 13, 1995); "Diversity Annual Report 1997," FO/DIS/98/41 (May 20, 1998); and "Staff Recruitment and Retention Experience in 1999," EBAP/00/40 (April 11, 2000).

⁵⁸Margaret Garritsen de Vries, before finding her true vocation as Historian of the IMF, was the Fund's first female Division Chief, in the Asian Department (1957). On the Executive Board, Lore Fuenfgelt (Germany) was the first female Alternate Executive Director (1968–74). Hélène Ploix (France) was the first female Executive Director (1986–89). Of the 79 Executive Directors appointed or elected in the 1990s, 5 (6.3 percent) were women.

(often undertaken on short notice) more arduous. As pressures increased, the Staff Association became increasingly active in presenting staff concerns to management and to the Executive Board. In 1995, in response to a flow of grievances about work practices and policy decisions affecting individuals on the staff, the Fund established an Administrative Tribunal to adjudicate disputes. For the first time, the Fund had an independent body that could overrule its administrative decisions. In the late 1990s, the Fund took more general steps to relieve work pressures, including by introducing more-flexible work schedules; and to improve the balance between work and personal life, for example, by establishing a child care center at the headquarters building. Overall, staff morale held up reasonably well because the rewards of working on important financial challenges generally offset the encroaching negative aspects of life in a large bureaucracy.

The frequency of international and domestic armed conflicts around the world in the 1990s raised serious concerns about staff safety. As a general rule, the Fund's policy was that staff missions would not travel to countries where their safety could not be assured. For example, no consultations were held in Afghanistan in 1988 or 1989 owing to the war against Soviet occupation. The 1990 Article IV consultation discussions with Afghanistan were held in New Delhi, India. The staff returned to Kabul in March 1991, but the security situation deteriorated anew when the Mujahideen and then the Taliban took control. No further consultations were held until U.S.-led coalition forces overthrew the Taliban in late 2001.

The effectiveness of this cautious policy broke down when conflicts suddenly erupted or when simmering problems that had seemed containable boiled over. Staff encountered these problems much more frequently in the 1990s than they had earlier. Prominent examples included the following:

- When Iraq invaded Kuwait in August 1990, an IMF consultant was in Kuwait City providing technical assistance. He went into hiding from the invading army and eventually managed to establish telephone contact with the Fund. Camdessus and Kofi Annan (Secretary-General of the United Nations) negotiated secretly with Iraqi officials until an agreement was reached for the International Red Cross to find the official and escort him to safety.
- In February 1993, a staff member was flying to Asmara, Eritrea, to participate
 in a premembership mission. On the leg from Frankfurt to Cairo, a gunman
 from Ethiopia hijacked the Lufthansa plane and demanded to be flown to
 New York, threatening to kill passengers. The Fund staff member was sitting
 in the seat closest to the cabin door and thus was in the gravest danger.
 Eventually, the plane reached New York safely, and the hijacker surrendered.
- Staff assigned to postconflict countries in the mid-1990s, including Bosnia and Herzegovina, Georgia, and Tajikistan, often reported hearing the sound of gunfire while they were working.
- In January 1996, a terrorist's bomb exploded in Colombo, Sri Lanka, shattering the windows of the Fund's office in the central bank building, killing

- 80 people and wounding 1,400. A staff assistant in the IMF office was badly injured by flying glass.
- In 1997, a Fund staff member was evacuated from Albania after receiving a
 death threat while investigating reports of financial malfeasance at the central bank.
- In May 1997, rebel army officers in Sierra Leone staged a coup d'état. One night, the Fund's Resident Representative was awakened by a marauding gang of armed soldiers who eventually broke through the security barrier around the residence and into his home, looting it and shooting indiscriminately, evidently intent on killing him and his family. After being robbed repeatedly at gunpoint throughout the day and night, he, his wife, and their children escaped on foot to safety in the U.S. embassy down the street.
- When antigovernment violence erupted in Indonesia in the spring of 1998, the Fund's Resident Representative and his staff, along with personnel from the World Bank, had to be evacuated from Jakarta in a chartered airplane (see Chapter 11, p. 537).
- Michel Camdessus—the last Managing Director to travel regularly without a bodyguard or other special security measures—had food, drink, and even paint thrown in his face on several occasions in the late 1990s.

A different type of staff security issue arose in December 1995, when the Chinese government arrested a staff member—a Chinese national—while he was in the country on official Fund business. The authorities had requested his participation in the discussions for the annual Article IV consultations. During the mission, he was arrested on a charge related to an alleged criminal matter that predated his appointment at the IMF. Although the charges had no relation to the man's employment at the Fund, and the IMF took no position as to his innocence or guilt, the circumstances of his arrest were deeply troubling to the staff at large. The government averred that it had not intended to arrest the staff member, but its subsequent inquiry had left it no choice. To the Fund staff, however, it looked as if their colleague had been led into a trap.

For close to two years, Camdessus, Hubert Neiss, and other senior Fund officials held secret negotiations with the Chinese authorities to try to ensure that their colleague was being treated fairly and humanely, and ultimately to gain his release from prison. In addition to discussing the matter with national officials at every opportunity, Camdessus refused to send the Fund's Resident Representative to Beijing or to take other measures to strengthen relations throughout the lengthy stalemate. In the fall of 1997, shortly after the IMF/World Bank Annual Meetings in Hong Kong SAR, the staff member was allowed to leave China and rejoin his family in Washington.

The possibility that one could be arrested while traveling on official business for the IMF and not have diplomatic immunity came as a shock to many on the staff. To clarify rights and responsibilities and look for ways to avoid a repetition of this

Thousands of 1990 U.S. dollars Typical economist salary, net of income tax

Figure 17.1. Real Fund Salaries, 1970-99

Sources: IMF annual salary reviews and author's calculations.

affair, in March 1996 Camdessus appointed a Working Group on Safety of Staff on Fund Missions. The group, led by staff from the Legal Department, completed its work that November, but the report was not issued until the following May.

For those hoping for a strengthening of protections, the working group's report was disappointing. It clarified that the staff was granted only "functional" immunity, which related only to prosecution for official acts and therefore was much weaker than "diplomatic" immunity. To enhance protection in any significant way would require at least a broad agreement among member countries and possibly an amendment to the Articles of Agreement. On the bright side, the report advised that "the Fund, as employer, should recognize that it has a duty to protect its employees from risks while on mission or assignment, regardless of whether or not immunity applies." In the case of the Chinese staff member, management clearly had done all that it could to fulfill that duty, but it was painfully obvious that its powers were limited.

Staff salaries stagnated in real terms from 1980 to 1988 under political pressure, mainly from the U.S. authorities. After a multiyear study of the compensation system, salaries were adjusted upward in 1989 to a level calculated by an independent consultant to be commensurate with pay in similar "comparator" positions.

⁵⁹"Report of the Working Group on Safety of Staff on Fund Missions," FO/DIS/97/40 (November 8, 1996; issued May 22, 1997), p. ii.

As work pressure ratcheted up in the early 1990s, the pay scale was adjusted upward accordingly (Figure 17.1). On average from 1989 to 1999, the net salary of an economist in the Fund rose in real terms (deflated by the U.S. consumer price index) by about 1 percent a year.⁶⁰

One of the least expected results of the intensification of work in the early 1990s was the formation of a successful blues band. In the course of an otherwise grueling mission to Moscow in March 1993, several staff members realized they shared a passion for playing American popular music. They linked up with a few others, and the Fundamentals band was born. By 1995, the band, composed almost entirely of IMF staff, was "ready for prime time," and it began booking engagements at parties and other venues around Washington. That December, they headlined at the Fund's holiday party. Their talented, thunderous, and hard-driving blues rhythms soon became the highlight of the annual party. The personnel changed a bit over the years, but the Fundamentals stayed together and became a fixture on the party scene at least through the following decade.⁶¹

A Retrospective on the Camdessus Era

Michel Camdessus served as Managing Director of the IMF for a longer period—13 years—than anyone else. His stewardship of the institution was the dominant influence on the work program and the effectiveness of the Fund's efforts throughout the period of this History.

The central characteristic of the Camdessus era was the expansion of the role of the IMF in the world economy. For better or worse, Camdessus took the view that the Fund had to respond to the major international economic challenges of the time, even if that response carried the Fund far afield from its traditional practices and from what many others viewed as its narrow mandate as a financial institution. Conditionality on financial assistance became broader, more extensive, and more detailed. Surveillance consultations were similarly expanded to cover issues other than macroeconomic conditions and policies.

Beyond any dispute, the IMF was a significant force in the 1990s. It played crucially important roles in the global opening of trade and finance; in the structural transformation of centrally planned economies; in the reduction of poverty and the relief of debt burdens in low-income countries; and above all, in the

⁶⁰The political debates of the 1980s are recounted in Boughton (2001), pp. 1050–56. The average annual real increase from 1970 to 1999 was 0.8 percent. Fund salaries are computed on a net-of-income-tax basis. Staff who are not U.S. residents for tax purposes are paid a net salary and do not pay income taxes on it. U.S. residents are paid an additional tax allowance and pay income taxes on the gross amount.

⁶¹On the origins of The Fundamentals, see Lynn Aylward, "Focus on the Fundamentals," *IMF Staff News* (December 1995), pp. 35–36.

resolution of international financial crises. It devised a set of standards and codes for policies and for data dissemination and worked with countries to get them implemented. It gave increased attention to poverty reduction and the requirements for what Camdessus called "high-quality growth" in developing countries. The staff became deeply engaged in the specification and sequencing of structural reforms in transition economies. By the mid-1990s, the Fund was ready to refuse financial support to countries plagued with financial corruption. When the East Asian financial crises erupted, the Fund did not shy away from confronting the links between domestic political problems in the affected countries and their financial collapse. When the financial crisis in Mexico threatened to affect other emerging markets, the Fund took preemptive action to stop the contagion. It thus undertook preventive lending in addition to its traditional lending in reaction to shocks. In the late 1990s, management explored the possibility of enabling the Fund to be a true lender of last resort for countries facing major financial crises.⁶²

Michel Camdessus's legacy included the establishment of a permanent Trust Fund for lending to low-income countries on generous terms; the engagement of the IMF in programs to reduce the massive debts of both low-income and middle-income developing countries; the Fund's leadership in the transformation of centrally planned economies into open markets and integration with the world economy; an unprecedented record of involvement in the management of international financial crises in Latin America, Europe, and Asia; and an intensification of engagement with countries across Africa aimed at strengthening macroeconomic policies.

To those who knew Camdessus, who understood his ecumenical religious commitment, and who followed his work at the IMF, his dedication to public service, to financial probity, and to improving the lot of the world's poor was unquestioned. Nonetheless, by the time he stepped down in February 2000, he had become "the most criticized man in the world" according to one prominent interviewer (Naím, 2000, p. 35).⁶³ Youthful protesters threw things at him in public meetings. More serious critics on the right viewed him as too eager to bail out governments and speculators that had implemented weak policies and made bad decisions. They wondered why the IMF—the guardian of macroeconomic and financial stability—lent to poor countries more in need of development aid over extended periods. Critics on the left viewed Camdessus as too avid in pushing for open, globalized trade and finance, supposedly to the detriment of disadvantaged countries. The Fund's management of the East Asian crises of 1997–98 brought these criticisms onto Camdessus's head all at once.

⁶²See, for example, Stanley Fischer's 1999 paper, "On the Need for an International Lender of Last Resort," in Fischer (2004), pp. 7–32.

⁶³Naím was editor-in-chief of *Foreign Policy* magazine and a former minister of trade and industry in Venezuela.

On a more general level, the many successes that the Fund achieved, as summarized above, tended to get swallowed up by the chorus of naysayers.⁶⁴ Was the expansion of the Fund's role a case of "mission creep," as some critics alleged,⁶⁵ or was it the only way for the Fund to help countries solve their problems? Did Camdessus try to turn the IMF into a development institution, or was he just applying the mandate set out in Article I in a modern and more effective way? The preceding chapters have attempted to put these questions into perspective. Arguably, most of the technical mistakes the Fund made in the 1990s resulted from the need to deal with extraordinarily challenging initial conditions in a very short time and under tremendous political pressure. Some weaknesses resulted from applying the lessons of mainstream economics too readily.

In conclusion, three counterpoints to the criticisms stand out.

First, Camdessus's belief that national economies could not be allowed to collapse was scarcely radical, and it was shared by virtually all officials of major countries. Even if poorly chosen domestic economic policies were entirely to blame, the consequences of failure could be too severe, both for the country and for its trading and financial partners. Instead of "bailing out" the government, the goal was to use the Fund's financial leverage to get better policies in place and to buy time for the economy to stabilize. The Fund acknowledged the moral hazard associated with repeated crisis lending, but it had to balance that concern against the more immediate costs of a spreading regional or even global crisis.

Second, without structural conditionality, both political economy theory and the historical record showed clearly that domestic political pressures would often lead to myopic policy decisions contradictory to long-term stability. At its best, conditionality served as a commitment mechanism through which national authorities could carry out policies they knew to be in the country's long-term interests but that could not be adopted without external pressure and assistance. By the end of the decade, the risks of this strategy were becoming more evident, especially the risk of undercutting the emergence of genuine domestic support for reforms and weakening national ownership of the process. The Fund, therefore, would spend much of the following decade trying to cut back on the depth and breadth of its role in policy formation in borrowing countries. Finding the right balance, however, remained a major challenge.

Third, the purpose of the Fund's concessional lending through the ESAF (and its successor, the Poverty Reduction and Growth Facility) was not to provide long-term development assistance to low-income countries. The purpose was to induce and assist those countries to strengthen economic policies. Without official financing sustained over several years, the poor initial conditions in most low-income

⁶⁴In 2009, a group of current and former IMF officials set out to rebalance the record by publishing a collection of "success stories," including several from the 1990s; see Brau and McDonald (2009).

⁶⁵See, for example, "Mission Creep in Russia," Woods (2006), Chapter 5.

countries would prevent development from taking hold. Without improvements in institutions and economic policies, financing might well be wasted. The goal of ESAF lending was to complement and catalyze development aid in a way that would lead to a coherent global policy. In retrospect, many ESAF borrowers did strengthen their policies, and the group as a whole established an excellent record of implementing ESAF-supported programs and of repaying the loans on time. The facility thus worked much as the Extended Fund Facility (EFF) did for middle-income borrowers, though with a different source of funding and more favorable financial terms.

On a personal level, Camdessus was determined to ensure that the Fund remained relevant in a rapidly changing world and to place the work of the Fund within a broader context. He felt strongly that the Fund could not be effective if it acted purely as a technical agency without regard to the ethical, moral, and political effects of its actions. As he wrote in 1999, "Even if the IMF's mandate obliges us to concentrate on the economic and financial aspects of the crisis, this effort only makes sense if it is oriented to the improvement of living standards and primarily the alleviation of the plight of the poor" (Camdessus, 1999, p. vii). That conviction often put him at odds with the finance ministers and central bank governors who were the political masters of the Fund and with the staff who were charged with conducting the Fund's technical work. He persevered in the face of that opposition and prevailed more often than most observers expected. Whether the resulting tactics succeeded sufficiently to justify the enlargement of the Fund's role will become clearer as history unfolds.

Appendix I: Organization of the IMF in the 1990s

Board of Governors (Interim Committee; succeeded by International Monetary and Financial Committee in 1999) (Development Committee – joint with the World Bank)

Executive Board

Managing Director (and Chairman of Executive Board) Michel Camdessus, 1987–2000

First Deputy Managing Director Stanley Fischer, 1994–2001

Deputy Managing Directors Richard D. Erb, 1984–1994 Prabhakar R. Narvekar, 1994–1997 Alassane D. Ouattara, 1994–1999 Shigemitsu Sugisaki, 1997–2004 Eduardo Aninat, 1999–2003

Area Departments	Functional Departments and Offices	Information and Liaison	Support Services
African Mamoudou Touré, 1988–94 Evangelos A. Calamitsis, 1994–98 Goodall E. Gondwe, 1998–2002 Asian (to 1991) ^b P.R. Narvekar,	Central Banking Department (became Monetary and Exchange Affairs Department in 1992) Justin B. Zulu, 1984–95 Manuel Guitián, 1995–98 Stefan Ingves, 1999–2005	External Relations Department Azizali F. Mohammed, 1980–90 Shailendra J. Anjaria, 1991–99 Thomas C. Dawson II, 1999–2006 Office in Europe	Administration Department (to 1999) ^a Graeme F. Rea, 1985–95 K. Burke Dillon, 1995–99 Brian C. Stuart, 1999 Human Resources Department (from 1999) Margaret R. Kelly, 1999–2004
Central Asia (from 1991 to 1997) Hubert Neiss, 1991–97 Southeast Asia and Pacific (from 1991 to 1997) Kunio Saito, 1991–97 Asia and Pacific (from 1997)c Hubert Neiss, 1997–2000	Fiscal Affairs Department Vito Tanzi, 1981–2000 IMF Institute Gérard M. Teyssier, 1972–90 Patrick B. de Fontenay, 1991–96 Mohsin S. Khan, 1996–2003 Legal Department François P. Gianviti, 1985–2004	(Paris) Andrew J. Beith, 1986–92 Joaquin Ferran, 1993–96 Christian Brachet, 1996–2000 Office in Geneva Helen B. Junz, 1989–94 Alan A. Tait, 1995–98 Grant Taplin, 1998–2002°	Technology and General Services Department (from 1999) Brian C. Stuart, 1999–2005 Secretary's Department Leo Van Houtven, 1977–96 Reinhard Munzberg, 1997–99 Shailendra J. Anjaria, 1999–2009 Bureau of Computing Services (to 1999)f Warren N. Minami, 1982–99

Area Departments	Functional Departments and Offices	Information and Liaison	Support Services
European (to 1992) ^d Massimo Russo, 1987–92 European I (from 1992) Massimo Russo, 1992–97 Michael Deppler, 1997–2003	Exchange and Trade Relations Department (became Policy Development and Review Department in 1992) L. Alan Whittome, 1987–90 Jack Boorman, 1990–2001	Office at the United Nations (New York) Rattan Bhatia, 1987–95 Justin B. Zulu, 1995–99 Reinhard Munzberg, 1999–2007g	Bureau of Language Services (to 1999) ^h Alan Wright, 1986–92 Patrick Delannoy, 1993–99 Office of Internal Audit (became Office of Internal Audit and Review in 1991, and then became Office of Internal Audit
European II (from 1992) John Odling-Smee, 1992–2003 Middle Eastern	Research Department Jacob A. Frenkel, 1987–91 Michael Mussa, 1991–2001		and Inspection in 1996) Robert Noë, 1985–90 William A. Beveridge, 1991–93 Marcello Caiola, 1993–95 Eduard Brau, 1996–99
A. Shakour Shaalan, 1977–92 Paul Chabrier, 1992–2001 Western Hemisphere	Bureau of Statistics (became Statistics Department in 1991) John B. McLenaghan, 1989–96 Carol S. Carson, 1996–2004		Office of Budget and Planning (from 1992) Lindsey A. Wolfe, 1992–98 Ernst-Albrecht Conrad, 1998–2001
Sterie T. Beza, 1987–95 Claudio Loser, 1995–2002	Treasurer's Department F. Gerhard Laske, 1987–92 David Williams, 1992–99 Eduard Brau, 1999–2004		Regional Office for Asia and the Pacific (from 1997) Kunio Saito, 1997–2002

Source: IMF.

Note:

dSplit in 1992 into European I Department and European II Department.

 $\rm \tilde{I}n$ 1999, the Bureau of Computing Services was absorbed by the Technology and General Services Department.

gIn this post, Munzberg initially also had oversight of the Geneva office in his personal capacity. hIn 1999, the Bureau of Language Services was absorbed by the Technology and General Services Department.

 $[^]a\!\mathrm{Split}$ in 1999 into Human Resources Department and Technology and General Services Department.

^bSplit in 1991 into Central Asia Department and Southeast Asia and Pacific Department.

In 1997 Central Asia Department and Southeast Asia and Pacific Department merged into Asia and Pacific Department.

^eTaplin was designated Acting Director of the office in October 1998, and he held that designation until his retirement in 2002. His official title beginning in August 1999 was Special Representative to the WTO and Assistant Director of the Office in Geneva.

Appendix II: Executive Directors and Their Alternates, 1990–99 Part I. Appointed Directors^a

Country	Executive Director (Alternate) ^b	Dates of Service ^c
United States	Thomas C. Dawson II Charles S. Warner Quincy M. Krosby Karin Lissakers Barry S. Newman	9/21/89–9/7/93 7/15/88–7/14/90 8/5/91–2/8/93 12/1/93–4/15/01 3/28/94–9/30/99
Japan	Koji Yamazaki Shinichi Yoshikuni Naoki Tabata Hiroo Fukui Toshihiko Fukuyama Hachiro Mesaki Hideaki Ono Yukio Yoshimura Masahiko Takeda	12/22/86–8/25/91 12/12/87–12/24/90 12/25/90–12/30/93 8/26/91–7/31/94 12/31/93–5/19/96 8/1/94–3/15/97 5/20/96–12/9/98 3/16/97–7/4/01 12/10/98–12/31/99
Germany	Guenter Grosche Bernd Goos Bernd Goos Bernd Esdar Stefan Schoenberg Erika Wagenhoefer Bernd Esdar Bernd Esdar Wolf-Dieter Donecker	9/1/84–12/9/90 9/1/84–12/9/90 12/10/90–11/23/92 2/1/91–7/31/93 11/24/92–7/14/96 8/1/93–6/30/95 7/15/95–7/14/96 7/15/96–5/20/01 7/15/96–5/20/01
France	Jean-Pierre Landau Jean-François Cirelli Isabelle Martel Marc-Antoine Autheman Michel Sirat Ambroise Fayolle Jean-Claude Milleron Ramon Fernandez Gilles Bauche	10/30/89-9/10/93 9/21/89-9/25/91 9/26/91-8/22/93 9/11/93-11/30/97 8/23/93-8/28/95 8/29/95-8/29/97 2/7/98-7/31/01 8/30/97-6/18/99 6/19/99-1/31/02
United Kingdom	Frank Cassell Charles Enoch David Peretz Paul Wright John Dorrington Huw Evans Gus O'Donnell Jon Shields Stephen Pickford Stephen Collins	1/25/88-7/22/90 10/31/87-7/13/90 7/23/90-2/18/94 7/14/90-8/28/92 8/29/92-10/16/94 2/19/94-3/14/97 3/15/97-7/31/98 10/17/94-10/31/98 8/1/98-12/16/01 11/1/98-1/15/02
Saudi Arabia ^d	Yusuf A. Nimatallah Muhammad Al-Jasser Muhammad Al-Jasser Abdulrahman Al-Tuwaijri	5/1/81–6/30/90 10/11/89–6/30/90 7/1/90–10//31/95 2/11/91–11/15/95

Appendix II (continued)Part II. Elected Directors^a

Part II. Elected Directors ^a		
Constituencye	Executive Director $(Alternate)^b$	Dates of Service ^c
Armenia (from 1993) Bosnia and Herzegovina (from 1997) Bulgaria (from 1991) Croatia (from 1995) Cyprus Georgia (from 1993) Israel	G.A. Posthumus (Netherlands) G.P.J. Hogeweg (Netherlands) Zarko Trbojevic (Yugoslavia) Oleh Havrylyshyn (Canada) J. de Beaufort Wijnholds (Netherlands) Yuriy G. Yakusha (Ukraine)	11/1/86–10/31/94 7/24/87–7/28/91 8/1/91–11/30/92 1/1/93–5/31/96 11/1/94–1/14/03
Macedonia, former Yugoslav Rep. of (from 1995) Moldova (from 1993) Netherlands Romania Ukraine (from 1993) Yugoslavia (to 1992)		
Austria Belarus (from 1993) Belgium Czechoslovakia (to 1992) Czech Republic (from 1993) Hungary Kazakhstan (from 1993) Luxembourg Slovak Republic (from 1993) Slovenia (from 1995) Turkey	Jacques de Groote (Belgium) Johann Prader (Austria) Willy Kiekens (Belgium)	11/1/73–3/31/94 7/1/87– 4/1/94–
Costa Rica El Salvador Guatemala Honduras Mexico Nicaragua Spain Venezuela	Leonor Filardo (Venezuela) Miguel A. Fernández Ordóñez (Spain) Angel Torres (Spain) Roberto Marino (Mexico) Roberto Marino (Mexico) Gerver Torres (Venezuela) Luis E. Berrizbeitia (Venezuela) Vicente J. Fernandez (Spain) Juan José Toribio (Spain) Javier Guzmán-Calafell (Mexico) Javier Guzmán-Calafell (Mexico) Hermán Oyarzábal (Venezuela) Augustín Carstens (Mexico)	11/1/88–10/31/90 11/1/88–10/15/90 11/1/90–10/31/92 11/1/90–10/31/92 11/1/92–10/31/94 11/1/92–10/31/94 11/1/94–10/31/96 11/1/94–10/31/98 11/1/96–10/31/98 11/1/98–7/11/99 11/1/98–10/31/00 7/12/99–10/31/00
Albania (from 1993) Greece Italy Malta Poland (to 1992) Portugal San Marino (from 1993)	Renato Filosa (Italy) Nikos Kyriazidis (Greece) Ioannis Papadakis (Greece) Giulio Lanciotti (Italy) Nikolaos Coumbis (Greece) Enzo R. Grilli (Italy) John Spraos (Greece) Riccardo Faini (Italy)	1/17/89–1/14/93 5/1/86–1/17/92 2/10/92–3/11/94 1/15/93–10/31/95 3/21/94–2/5/98 11/1/95–10/31/98 2/6/98–3/5/00 11/1/98–6/13/01

Constituency ^e	Executive Director (Alternate) ^b	Dates of Service ^c
Antigua and Barbuda Bahamas, The Barbados Belize Canada Dominica Grenada Ireland Jamaica St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines	C. Scott Clark (Canada) Gabriel C. Noonan (Ireland) Douglas E. Smee (Canada) Garrett F. Murphy (Ireland) Ian D. Clark (Canada) Charles X. O'Loghlin (Ireland) Thomas A. Bernes (Canada) Peter Charleton (Ireland)	9/29/89–11/1/92 10/27/89–10/31/92 11/2/92–10/31/94 11/2/92–10/31/95 11/1/94–10/31/96 11/1/95–11/1/98 11/1/96–10/7/01 11/2/98–11/18/01
Denmark Estonia (from 1993) Finland Iceland Latvia (from 1993) Lithuania (from 1993) Norway Sweden	Markus Fogelholm (Finland) Mágnus Pétursson (Iceland) Indridi H. Thorláksson (Iceland) Ingimundur Fridriksson (Iceland) Ingimundur Fridriksson (Iceland) Jon A. Solheim (Norway) Jarle Bergo (Norway) Eva Srejber (Sweden) Eva Srejber (Sweden) Benny Andersen (Denmark) Kai Aaen Hansen (Denmark) Olli-Pekka Lehmussaari (Finland)	7/1/89–10/31/91 7/1/89–1/12/90 1/13/90–3/31/91 4/1/91–10/31/91 11/1/91–10/15/93 11/1/91–12/31/93 10/16/93–12/31/95 1/1/94–12/31/97 1/1/96–12/31/97 1/1/98–12/31/99 4/1/98–12/31/99
Australia Kiribati Korea, Republic of Marshall Islands (from 1993) Micronesia, Federated States of (from 1995) Mongolia (from 1993) New Zealand Palau (from 1999) Papua New Guinea Philippines Samoa Seychelles Solomon Islands Vanuatu	E.A. Evans (Australia) Seung-Woo Kwon (Korea) Grant H. Spencer (New Zealand) R. Lindsay Knight (New Zealand) Ewen L. Waterman (Australia) Amando M. Tetangco, Jr. (Philippines) Jung-Ho Kang (Korea) Gregory F. Taylor (Australia) Okyu Kwon (Korea) Jong Nam Oh (Korea)	4/29/89–4/28/93 6/1/89–10/31/90 11/1/90–2/2/92 2/3/92–10/31/92 4/29/93–5/9/97 11/1/92–11/1/94 11/2/94–4/30/97 5/10/97–10/31/00 5/1/97–9/1/99 9/2/99–1/31/01
Saudi Arabia ^d	Muhammad Al-Jasser Abdulrahman Al-Tuwaijri Abdulrahman Al-Tuwaijri Sulaiman M. Al-Turki Sulaiman M. Al-Turki Ahmed Saleh Alosaimi	7/1/90–10//31/95 2/11/91–11/15/95 11/16/95–10/31/99 2/20/96–10/31/99 11/1/99–2/22/07 11/1/99–9/12/02

	Executive Director	D (0)
Constituencye	(Alternate) ^b	Dates of Service ^c
Brunei Darussalam (from 1997) Cambodia (from 1995) Fiji Indonesia Lao People's Democratic Republic Malaysia Myanmar Nepal Singapore Thailand Tonga Vietnam	J.E. Ismael (Indonesia) Tanya Sirivedhin (Thailand) Kleo-Thong Hetrakul (Thailand) Latifah Merican Cheong (Malaysia) ZAMANI Abdul Ghani (Malaysia) Subarjo Joyosumarto (Indonesia) Cyrillus Harinowo (Indonesia) Kleo-Thong Hetrakul (Thailand)	7/1/83–10/31/96 11/1/89–10/31/92 11/1/92–10/31/94 11/1/94–10/31/96 11/1/96–11/30/98 11/1/96–4/19/98 4/20/98–10/31/00 12/1/98–11/30/00
Angola (from 1991) Botswana Burundi Eritrea (from 1995) Ethiopia Gambia, The Kenya Lesotho Liberia Malawi Mozambique Namibia (from 1991) Nigeria Sierra Leone South Africa (from 1996) Sudan (to 1993) Swaziland Tanzania Uganda Zambia Zimbabwe	El Tayeb El Kogali (Sudan) L.B. Monyake (Lesotho) L.J. Mwananshiku (Zambia) L.J. Mwananshiku (Zambia) Barnabas S. Dlamini (Swaziland) Barnabas S. Dlamini (Swaziland) Dinah Z. Guti (Zimbabwe) Dinah Z. Guti (Zimbabwe) José Pedro de Morais Jr. (Angola) José Pedro de Morais Jr. (Angola) Cyrus D.R. Rustomjee (South Africa)	11/1/88–10/31/90 11/1/88–10/31/90 11/1/90–10/31/92 11/1/90–10/31/92 11/1/92–10/31/94 11/1/92–10/31/94 11/1/94–9/3/96 11/1/94–10/31/96 11/1/96–10/31/98 11/1/96–10/31/98 11/1/98–10/31/00 11/1/98–10/31/02
Russian Federation	Konstantin G. Kagalovsky (Russia) Aleksei V. Mozhin (Russia) Dmitri V. Tulin (Russia) Aleksei V. Mozhin (Russia) Andrei Vernikov (Russia) Andrei Lushin (Russia)	11/1/92–10/31/94 11/1/92–10/31/96 11/1/94–10/4/96 11/1/96– 11/1/96–7/5/98 7/6/98–
Bahrain Egypt Iraq Jordan Kuwait Lebanon Libya Maldives	Mohamed Finaish (Libya) Abdul Moneim Othman (Iraq) Azizali F. Mohammed (Pakistan) A. Shakour Shaalan (Egypt) Yacoob Yousef Mohammed (Bahrain) Mohamad Hassan Elhage (Lebanon)	1/1/78–10/31/92 6/22/87–12/31/90 1/2/91–10/31/92 11/1/92– 11/1/92–11/1/97 14/24/98–1/19/99

Appendix ii (continued)		
Constituencye	Executive Director (Alternate) ^b	Dates of Service ^c
Oman Pakistan (to 1992) Qatar Somalia (to 1992) Syrian Arab Republic United Arab Emirates Yemen, Republic of f	Abdelrazaq Faris Al-Faris (United Arab Emirates)	1/20/99–8/31/01
Azerbaijan Kyrgyz Republic Poland Switzerland Tajikistan Turkmenistan	Daniel Kaeser (Switzerland) Krzysztof Link (Poland) Danuta Gotz-Kozierkiewicz (Poland) Roberto F. Cippà (Switzerland) Wiesław Szczuka (Poland)	11/1/92–10/31/97 12/1/92–8/31/95 9/1/95–10/10/97 11/1/97–10/31/02 10/11/97–5/9/04
Uzbekistan		
Brazil Colombia Dominican Republic	Alexandre Kafka (Brazil) Luis M. Piantini (Dominican Republic)	1/1/66–10/31/98 4/1/89–3/31/91
Ecuador Guyana Haiti Panama	Juan Carlos Jaramillo (Colombia) Alberto Calderón (Colombia) Hamid O'Brien (Trinidad and Tobago)	4/1/91–3/18/94 3/31/94–2/11/97 5/1/97–4/2/99
Suriname Trinidad and Tobago	Murilo Portugal (Brazil) Olver Luis Bernal (Colombia) Roberto Junguito (Colombia)	11/1/98–5/14/05 4/3/99–9/30/99 10/1/99–7/31/02
Bangladesh Bhutan India	Bimal Jalan (India) L. Eustace N. Fernando (Sri Lanka)	11/1/88–1/2/90 1/1/87–1/2/95
Sri Lanka	G.K. Arora (India) K.P. Geethakrishnan (India) W. Hettiarachchi (Sri Lanka) H.B. Disanayaka (Sri Lanka) M.R. Sivaraman (India) A.G. Karunasena (Sri Lanka) Vijay L. Kelkar (India)	1/3/90-3/15/93 3/16/93-7/31/96 1/3/95-12/31/95 1/1/96-3/31/98 8/1/96-7/31/99 4/1/98-10/31/00 8/1/99-7/31/02
Afghanistan, Islamic State of (to 1998) Algeria	Mohammad Reza Ghasimi (Islamic Rep. of Iran) <i>Omar Kabbaj (Morocco)</i>	11/1/88–10/31/90 11/1/80–1/16/94
Ghana Iran, Islamic Republic of Morocco Pakistan (from 1993) Tunisia	Abbas Mirakhor (Islamic Rep. of Iran) Mohammed Daïri (Morocco)	11/1/90–1/31/08 3/1/94–
China	DAI Qianding (China) ZHANG Zhixiang (China) CHE Peiqin (China) WEI Benhua (China) ZHANG Ming (China) ZHANG Zhixiang (China) HAN Mingzhi (China) WEI Benhua (China) ZHANG Fengming (China)	11/1/86–9/4/91 9/5/91–12/31/91 9/5/91–10/3/93 3/11/93–12/31/95 3/11/93–2/29/96 3/1/96–2/28/99 1/2/96–6/30/98 3/1/99–10/31/03 7/1/98–1/31/00

	Executive Director	
Constituencye	(Alternate) ^b	Dates of Service ^c
Argentina Bolivia Chile Paraguay Peru Uruguay	Ernesto V. Feldman (Argentina) Ricardo J. Lombardo (Uruguay) Alejandro Végh (Uruguay) A. Guillermo Zoccali (Argentina) A. Guillermo Zoccali (Argentina) Manuel Estela (Peru) Alberto F. Jiménez de Lucio (Peru) Carlos Saito (Peru) A. Guillermo Zoccali (Argentina)	11/1/88–10/31/90 11/1/88–9/29/90 11/1/90–10/31/92 11/1/90–10/31/92 11/1/92–10/31/94 11/1/92–5/3/93 5/4/93–10/31/94 11/1/94–10/31/96
	A. Guillermo Zoccali (Argentina) Jorge Leiva (Chile) Nicolás Eyzaguirre (Chile) Nicolás Eyzaguirre (Chile) A. Guillermo Zoccali (Argentina)	11/1/96–10/31/98 11/1/96–2/28/97 3/1/97–10/31/98 11/1/98–3/3/00 11/1/98–10/31/00
Benin Burkina Faso Cameroon	MAWAKANI Samba (Zaïre) Corentino V. Santos (Cape Verde)	11/1/86–10/31/90 11/15/86–10/31/90
Cape Verde Central African Republic Chad	Corentino V. Santos (Cape Verde) Yves-Marie T. Koissy (Côte d'Ivoire)	11/1/90–10/31/94 11/1/90–10/31/94
Comoros Congo, Republic of	Yves-Marie T. Koissy (Côte d'Ivoire)	11/1/94–10/31/96
Côte d'Ivoire Diibouti	Alexandre Barro Chambrier (Gabon)	11/1/94–10/31/98
Equatorial Guinea	Koffi Yao (Côte d'Ivoire)	11/1/96-10/31/98
Gabon Guinea	Alexandre Barro Chambrier (Gabon)	11/1/98–10/31/02
Guinea-Bissau Madagascar Mali Mauritania	Damian Ondo Mañe (Equatorial Guinea)	11/1/98–10/31/02
Mauritania Mauritius Niger Rwanda São Tomé and Príncipe Senegal Togo		

Source: Annual Reports.

Note: For Executive Directors and Alternates from countries where family name precedes given name, the family name is in all upper case letters.

^aWithin each part, Directors are listed in descending order of voting power.

- ^bAlternate Executive Directors are listed under the Director who initially appointed them. Where dates overlap, the Alternative Executive Director was reappointed by the next Director.
- ^c Dates are given as month/day/year. The absence of an ending date in this column means that the individual was still in office in 2011.
 - ^d Saudi Arabia appointed Directors until 1992 and elected Directors from 1993.
- ^e "From" dates indicate the year in which the country first participated in the election of the Executive Director for the listed constituency. "To" dates indicate the year the country left the constituency. For changes in country names during this period, see the Appendix to Chapter 2.

^fThe Republic of Yemen was formed in 1990 by the merger of the Yemen Arab Republic and the People's Democratic Republic of Yemen, both of which were in this constituency.

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