INTERNATIONAL MONETARY FUND
ITS ROLE IN GLOBALIZATION
Waseda University
April 8, 2013
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Director, IMF Regional Office for Asia and the Pacific
IMF Roots
IMF Founders
The IMF’s Main Functions

1. Surveillance

   a. Bilateral surveillance
      • Regular annual discussion between IMF staff and member country, followed by assessment by the Executive Board
      • Assessments of financial sector stability, now compulsory for systemic countries (Financial Sector Assessment Programs)

   b. Multilateral & Regional surveillance
      • Flagship global and regional reports (World Economic Outlook, Global Financial Stability Report, Fiscal Monitor, and Regional Outlooks)
      • Support to G-20 (Mutual Assessment Program)
      • Early Warning Exercises to identify potential vulnerabilities

   c. Research
      • Cross-country analyses, country studies, reform of the global financial system
2. **Financial Assistance**

- Precautionary credit lines to members with good macro economic management
- Loans to member countries with balance of payments problems to support policy adjustment and reform
- Concessional support to low income countries

3. **Technical Assistance (TA)**

- IMF provides expertise and training to member countries to help strengthen capacity to design and implement effective policies
The Roles of the IMF and World Bank

**IMF**
- Promote global financial stability
- Encourage exchange rate stability
- Act as forum for international monetary cooperation
- Offer financial assistance to resolve balance of payments problems

**World Bank**
- Originally, provide reconstruction assistance after WWII
- Promote long-term economic development
- Project financing, including infrastructure, energy, education, health
Global Crisis: Leman Shock and Euro Area Crisis

Real GDP growth (year over year; in percent)

Source: IMF, World Economic Outlook.
Global Outlook:
Tail Risks are Down But Downside Risks Remain Elevated

Short-term risks

➢ The euro area (adjustment fatigue; weak balance sheets; and delays in policy implementation)

➢ The U.S. (excessive fiscal contraction: budget sequester; and a failure to raise the debt ceiling)

Medium-term risks

➢ The U.S. and Japan (the absence of adequate fiscal consolidation plans)

➢ The euro area (very low growth or stagnation)

➢ Emerging economies (financial excesses such as rapid credit expansion, asset price bubbles)
The IMF’s Role to Address Huge Challenges Ahead

**Advanced economies**
- Policy advice that balance supporting growth and containing fiscal, financial, private balance sheet risks
- Analysis of the benefits and risks of prolonged monetary easing and exit strategies
- Well-designed adjustment programs for crisis-hit economies
- TA on fiscal and financial sector issues

**Emerging market economies**
- Advice on the appropriate policy mix
- Policy advice on management of volatile capital flows and financial stability
- Well-designed adjustment programs for crisis-hit economies
- TA for capacity building

**Low-income economies**
- Advice on rebuilding policy buffers and priority spending
- Capacity building to strengthen policy framework, mobilize revenue, and deepen the financial sector
- Concessional financing for countries with financing needs
Typical Work for IMF Economists

Monitor and analyze global and country developments

Identify policy issues and develop policy advice

Visit member countries (missions) : Annual consultation, staff visits, and program negotiations

TA delivery

Research work (policy oriented)
Key Skills Expected for IMF Economists

- Analytical skills and versatility
- Communication and negotiation skills
- Adaptability
- Planning and organizing skills
- Interpersonal and team-work skills
IMF and Staff

HQ in Washington D.C., Resident Representative Offices, Regional Offices, and Training Centers

Management: Managing Director (1); First Deputy Managing Director (1); and Deputy Managing Directors (3)

Staff: About 2,600 (54 percent are economists)

Staff from 154 countries
IMF Staff Composition

- Management (incl. economists): 13%
- Economists: 43%
- Supporting staff: 21%
- Non-economist professions: 23%

Diversity of IMF staff:
- Africa: 6.64%
- Asia: 18.65%
- Europe: 35.85%
- Middle East: 4.41%
- Other Western Hemisphere: 11.06%
- US and Canada: 23.39%

Japanese staff less than 3%
Quota subscriptions of member countries are the IMF's main source of financing.

However, the Fund can also borrow from member countries through the New Arrangements to Borrow.

A quota is determined by the country’s economic weight in the global economy.

Member countries borrow against their quotas.

The IMF’s day-to-day operations are financed by the difference between interest receipts (on its loans) and payments (on quota deposits).
# IMF Members’ Quotas

(As of March 31, 2013)

<table>
<thead>
<tr>
<th>Country</th>
<th>Quota shares</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>17.7</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>6.6</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>6.1</td>
<td>3</td>
</tr>
<tr>
<td>France</td>
<td>4.5</td>
<td>4</td>
</tr>
<tr>
<td>United Kingdom</td>
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</tr>
<tr>
<td>China</td>
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</tr>
<tr>
<td>Italy</td>
<td>3.3</td>
<td>7</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2.9</td>
<td>8</td>
</tr>
<tr>
<td>Canada</td>
<td>2.7</td>
<td>9</td>
</tr>
<tr>
<td>Russia</td>
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</tr>
<tr>
<td>India</td>
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<tr>
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<td>Switzerland</td>
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<tr>
<td>Korea</td>
<td>1.4</td>
<td>18</td>
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<tr>
<td>Australia</td>
<td>1.36</td>
<td>19</td>
</tr>
</tbody>
</table>
Japan and IMF

- In 1952, joined IMF (2012 is the 60th anniversary)
- Current quota = 6.6% (No. 2)
- Substantial financial support for the IMF
- Largest funding provider for the IMF’s lending facility for low-income countries
- Strong partner for the IMF’s technical assistance activities
- Japanese staff (8 managers; 42 economists; and 17 specialized career stream staff)
Employment Opportunities

Economists

• Economist Program
• Experienced Economists (including Special Appointees and Secondments)
• Fund Internship Program

Other Professionals

• Lawyers, Accountants, IT professionals, Journalists, Human Resources Officers, etc.
THANK YOU