

CONCLUDING REMARKS¹

BY THE CHAIRMAN OF THE EXECUTIVE BOARD AND
MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND

Pierre-Paul Schweitzer

I should like to begin these remarks by expressing my warm appreciation for the very friendly reception which Governors have given to me, on this first occasion when I have appeared before them as Managing Director, both in their formal statements and in their personal greetings. At the same time as I begin my service in the Fund, very many countries are beginning their association with us. I have enjoyed the opportunity during the past few days to meet very many Governors of those countries, and I look forward to the opportunity my position affords me to work with them on the many problems which will be of mutual concern.

I have also been very glad to see how many old friends have appeared again. If I may be forgiven for singling out just one, I would like to say how very happy we all are to have Mr. Ivar Rooth, the former Managing Director of the Fund, with us for the meeting this year. Many Governors will recall that the basic policies which have guided the Fund in its recent years of rapid growth were worked out during the period of Mr. Rooth's service.

The Governors in their addresses have without exception given emphasis to the objective of economic growth which they all hold in common, and this is as it should be. We in the Fund never lose sight of the close relation which must exist between financial policy and the process of growth. It is indeed in this respect that the Bank and the Fund find their best opportunity for close collaboration, and I wish to assure the Governors and Mr. Woods that we on our side expect to maintain and intensify that collaboration at all levels.

I have had pleasure in reporting to Governors the innovations in

¹ Delivered at the Closing Joint Session, October 4, 1963.

the Fund during the year, notably the new facility for compensatory financing and our project to intensify our technical assistance in the fields of public finance and central banking. These developments are evidence of the continued strengthening and improvement of the Fund's capacity to serve its members, which ought always to be the characteristic of our institution. I take added encouragement from the evident approval with which Governors have received these developments.

We have noted the remarks of some Governors regarding the use of languages other than English in Fund papers and documents. In this connection I might mention that we are also well advanced with our preparations to increase the extent of our translation of documents. We are also planning to issue a quarterly Review in the course of next year, the purpose of which will be to explain, to a more general public, the nature of the Fund and its operations. It is intended that this Review will be published in English, French, and Spanish. In addition, we are working on a training program which would be conducted in French.

As you all know, I have been in the Fund for only a few weeks, but I am already assured of a close cooperation and cordial relations with the Executive Board. (In this connection, I would like to extend a warm welcome to our new nineteenth Executive Director, Mr. Louis Kandé from Senegal.) I am pleased indeed to say that I have found here an able, imaginative and experienced staff. The Fund was especially fortunate to have Mr. Southard as Acting Managing Director to carry on the job in the months following the death of Per Jacobsson, and I congratulate myself on having the benefit of his assistance. With this help I have every expectation that the Executive Directors and I will be able to accomplish whatever the tasks may be that lie ahead of us.

I have listened with great interest to the views on current developments in the industrial countries and in the world payments position which many Governors included in their statements. It is most gratifying that economic expansion has continued or even accelerated in the industrial countries, and the recent strengthening of markets for primary products is equally welcome. Disturbances in major exchange markets have been successfully countered as the

result of increased international cooperation, and there are tendencies working toward a better balance in the world. But it is nonetheless evident to us all that there is still much to be done to achieve reasonable payments equilibrium. I also share the concern expressed over continuing inflationary pressures, and I endorse the widespread determination among member countries to contain these pressures. At the same time, I sympathize with the anxieties of the developing countries over the problems they face in the relative level of the prices of their primary products and the difficulties they sometimes encounter in penetrating the markets of the industrial countries. I am sure that Governors of the more highly industrialized countries share this feeling, and I look forward to continued efforts to deal with these problems in the future.

There was a wide expectation that, at this annual meeting of the Governors of the Fund, attention would be centered on the subject of international liquidity and the functioning of the international monetary system. That expectation has been fully realized. In my opening address to you, I emphasized the absorbing concern of the Fund in this problem, and I reported to you that I expected that the Fund would develop and intensify its examination of this important and broad topic. So far as I can recall, every Governor who spoke on this subject expressed his interest and I have heard no dissent from the suggestions for studies which I proposed. The Governors representing the ten industrial countries participating in the Borrowing Arrangements have, in particular, noted with approval the intention of the Fund to develop and intensify its study, and have said, on their part, that they will be examining the same broad problem. I fully agree with the views expressed by them in their statement issued on Wednesday,¹ and I repeat what I said earlier in the week that there should be ample opportunity for fruitful collaboration between the Fund and all those engaged in this work.

I believe there was general agreement among Governors that there is not at present a general shortage of liquidity and that the present international financial system has served the world well in the difficult and rapidly changing circumstances of recent years.

¹ See Appendix, page 285.

At the same time, Governors expressed the belief that it would be highly desirable to study the workings and likely adequacy of our international monetary system in the light of the pressures and burdens of the future. A number of Governors strongly recommended that the Fund's study of this important subject should take into account the interest of all members and should be pursued along broad lines. I wish to assure those Governors that I fully share their view, because all Fund members have a profound and vital stake in the way our international monetary system functions and in its capacity to accommodate itself to future needs.

I ventured to express my conviction in my address to Governors that the Fund would be found to be the instrument in which the bulk of any required expansion in the level of world liquidity could be most suitably carried out. I was particularly pleased to find wide support for the view that the Fund will play a central role in any expanded international monetary system. The Fund has a unique responsibility to serve all members, both developed and less developed.

I would not wish, nor do I believe that Governors would expect me, to forecast at this time what particular aspects of the whole subject of liquidity and the international monetary system our intensified study will cover, nor can I forecast when or in what manner we will be in a position to report any results of our study. What I can say is that our examination will be far-ranging but that it will at the same time focus on practicable ways to make the Fund even more effective in the service of its members.

But while there was widespread comment on the international liquidity situation, many Governors stressed, in my view quite rightly, that this was by no means the only important question of concern to us. The problems of ensuring the balanced and sustained growth of the developing countries of the world are some of the most important we face today. I appreciate the many interesting and constructive suggestions made by various Governors from these countries. I would like to assure them that, in the various studies that we will be engaged upon, be it liquidity, policies on the use of the Fund's resources or related matters, we will give full consideration to the difficulties and the needs of the developing countries. Many Governors referred to problems of fluctuating export

earnings, changing terms of trade, inadequate domestic savings and increasing international indebtedness, as well as the desire for more foreign capital and the need to strengthen domestic stability. The Fund has all these questions constantly under review. Several Governors have touched upon the problems in the field of international capital movements and the need to improve capital markets. The proposals which have been made that the Bank and the Fund study ways and means to expand, diversify, and strengthen the international capital markets are important and will receive careful consideration from us. I accept the point made by many that, while we are all working to find ways and means of best meeting immediate and short-term problems, we must not relent in our search for solutions to longer-run problems of the sort I have referred to, and in this search the Fund can also play a part.

I welcome the moves toward closer economic and financial cooperation in Central America and in Africa referred to by several Governors. The Fund is following these developments with keen interest.

I would like especially to endorse the importance given by many Governors to the need to pursue liberal trade policies as a means both of avoiding domestic inflation and of encouraging economic development. The Fund has long recognized and has repeatedly stated that its efforts for the achievement of a multilateral payments system must be paralleled by progress toward freer trade. This approach has guided us in our continuing relations with the GATT and also, more recently, in our participation in the preparations for the United Nations Conference on Trade and Development.

I believe we can all find much encouragement from the results of this meeting. We have been able to note that the Fund has large resources, that its technical facilities are extensive and are being expanded even more, and that the working relations between the Fund and members are close, confident, and cordial. On this basis, I believe, the Fund should build what other useful additions would seem to be timely and advisable. The Fund membership is worldwide and ranges from the greatest industrial power to the smallest member depending largely on primary industries. It is our task to meet the needs of all these members to the best of our ability. I am glad to assure Governors that we will continue our efforts to do so.