

## Record SDR 9.3 billion committed in first nine months of 1981

The financial activity of the Fund reached a new peak in the first three quarters of 1981 in terms of the number of arrangements with members involving high conditionality on the use of the Fund's resources, the total amount of resources committed under existing arrangements, and the magnitude of actual purchases. There were 25 stand-by arrangements in effect at the end of September 1981, as well as 16 extended arrangements. The total amount of resources made available to member countries in the first nine months of this year was SDR 9.3 billion, compared with SDR 3.7 billion in the same period last year and a total of SDR 7 billion in all of 1980. Non-oil developing countries accounted for the entire amount of new loan commitments and other use of Fund resources in 1980 and the first nine months of 1981.

Purchases from the Fund in the first nine months of 1981 amounted to SDR 5.2 billion compared with SDR 2.6 billion in the com-

parable period of 1980. The largest share of these transactions was in the form of credit tranche purchases of SDR 2.7 billion, compared with SDR 1.8 billion in all of 1980 and almost as much as the SDR 2.9 billion purchased under credit tranches in all of 1977. Slightly more than SDR 1.5 billion of the 1981 total so far was purchased under the supplementary financing facility, including SDR 410 million of extended facility purchases. Compensatory financing purchases in the first three quarters of 1981 were slightly above SDR 1 billion, far more than in any of the four previous years but short of the record SDR 2.3 billion attained in 1976 when such purchases were liberalized.

Total repurchases in the first nine months of 1981 were SDR 1.6 billion, or nearly SDR 3.6 billion less than total purchases. In all of 1980 purchases exceeded repurchases by only SDR 408 million, following two years of net repurchases.

## Managing Director speaks on Economic Cooperation and World Stability

"Our future, and that of the generations to come . . . depends upon our ability to maintain world peace. It is my intention today to examine some of the economic aspects of this question, which goes to the very heart of the entire United Nations concept." With these opening words, the Fund's Managing Director, J. de Larosière set the theme of his address on Economic Cooperation and World Stability, delivered at the Twenty-Fourth International Seminar for Diplomats in Salzburg, Austria, on August 8, 1981. The theme of the seminar was The United Nations and World Peace.

Mr. de Larosière told his audience that the difficulties facing us today demand a considerable strengthening of domestic economic management and of international economic cooperation, not only for purely economic reasons but also as a powerful means of promoting global security and peaceful international relations. The International Monetary Fund, he added, has an important role to play in these efforts.

In assessing the policy requirements and adjustments needed to fulfill these objectives, Mr. de Larosière examined the world demographic outlook in order to bring into focus the pressing need for further growth, especially in the poorer countries. He then considered, in general terms, the adjustment policies that industrial and developing countries need to adopt to strengthen their economies and to restore economic stability and outlined the crucial role of international cooperation, and that of the Fund in particular, in promoting economic stability and advance.

With regard to the demographic dimension, Mr. de Larosière noted that the world's population, now approaching 4.5 billion, could stabilize at 8 billion as early as 60 years from now but, on more pessimistic assumptions, could rise to more than 14 billion before leveling off.

As to the need for policy changes in order to achieve a more rapid and sustainable rate of growth and development, especially in developing countries, Mr. de Larosière said this will ultimately depend on the diversion of a relatively larger share of resources into

Table 1  
Summary of Fund transactions, 1978-81  
(In millions of SDRs)

	Calendar year			January 1 to September 30 1981
	1978	1979	1980	
<b>Total purchases</b>	<b>3,744.3</b>	<b>1,842.8</b>	<b>3,752.7</b>	<b>5,236.3</b>
Reserve tranche	2,535.5	147.1	359.2	279.7
Credit tranche	421.0	853.1	1,798.6	2,699.0
Of which, supplementary financing facility	(—)	(205.4)	(943.1)	(1,096.7)
Of which, enlarged access	(—)	(—)	(—)	(158.9)
Compensatory financing	577.7	572.0	980.4	1,044.7
Extended facility	174.0	233.0	614.5	1,212.9
Of which, supplementary financing facility	(—)	(101.5)	(275.2)	(410.0)
Of which, enlarged access	(—)	(—)	(—)	(190.4)
Buffer stock	36.1	37.7	—	—
<b>Total repurchases</b>	<b>4,845.2</b>	<b>4,215.3</b>	<b>3,344.8</b>	<b>1,637.2</b>
<b>Trust Fund loans</b>	<b>688.1</b>	<b>526.6</b>	<b>1,256.0</b>	<b>367.7</b>

Source: IMF, Treasurer's Department.  
—Signifies zero.

Table 2  
New loan commitments and other use of Fund resources, 1978-81  
(In billions of SDRs)

	Calendar year			January 1 to September 30	
	1978	1979	1980	1980	1981
1.a. New loan commitments under stand-by and extended arrangements (including supplementary financing where applicable)	1.9	2.2	7.0	3.7	9.3
Of which disbursed so far	—	(1.4)	(2.6)	(0.9)	(2.4)
Industrial countries	0.1	—	—	—	—
Developing countries	1.8	2.2	7.0	3.7	9.3
1.b. Purchases <sup>1</sup>	0.7	0.7	1.0	1.0	1.3
Industrial countries	0.1	—	—	—	—
Developing countries	0.6	0.7	1.0	1.0	1.3
2. Trust Fund loans disbursed (Developing countries only)	0.7	0.5	1.3	1.3	0.4
<b>Total (1+2)<sup>2</sup></b>	<b>3.3</b>	<b>3.4</b>	<b>9.3</b>	<b>6.0</b>	<b>11.0</b>

Source: IMF, Treasurer's Department.

Note: Components may not add to totals due to rounding.

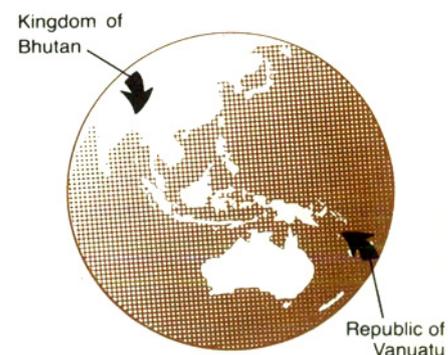
—Signifies zero.

<sup>1</sup>Credit tranche, compensatory financing, buffer stock, and oil facilities purchases.

<sup>2</sup>A broad measure combining commitments made in the period (to lend over the ensuing 1-3 years amounts subject to balance of payments need and performance criteria in individual country programs) with balance of payments assistance provided in the period outside such arrangements with members.

## Vanuatu and Bhutan join the Fund

On September 28 the Republic of Vanuatu and the Kingdom of Bhutan became members of the International Monetary Fund. Vanuatu's quota in the Fund is SDR 6.9 million and Bhutan's quota is SDR 1.7 million. With the admission of Vanuatu and Bhutan, membership in the Fund now totals 143; the total of members' quotas in the Fund has risen to SDR 60,674,000,000.



economically productive investment. The developing countries, which have to bear the brunt of this effort themselves, have already achieved some measure of success in expanding investment but will need to make even greater efforts to promote savings. Their efforts, however, are being complicated by the highly unfavorable world economic situation, characterized by widespread inflation, a slowdown in trade, sluggish growth, and large payments imbalances.

Given the immediate problems of adjustment and the longer-term development needs of the world economy, Mr. de Larosière said, the crucial need for strengthening international cooperation is thrown into sharp relief. The world economy has long since reached a degree of integration where a retrogression toward autarky and trade restrictions is decisively more costly than collective action to expand trade through liberalization. However, this increase in economic interdependence has brought with it a new element of vulnerability. Countries expanding trade and other economic links have become increasingly exposed to external economic and financial developments that are beyond their control, most notably in the case of developing countries that export primary products subject to wide price swings. Interdependence has thus created the need for still closer cooperation in all areas of economic and financial relations.

Table 3  
Current stand-by and extended arrangements as of September 30, 1981  
(In millions of SDRs)

	Stand-by arrangements		Extended facility		Total stand-by and extended arrangements	
	Amount agreed	Amount purchased	Amount agreed	Amount purchased	Amount agreed	Amount purchased
Ordinary resources	2,124.5	1,338.5	2,304.5	953.0	4,429.0	2,291.5
Supplementary financing	3,881.9	1,485.7	2,890.6	606.2	6,772.5	2,091.9
Enlarged access resources	1,454.4	158.9	1,786.6	190.1	3,241.0	349.0
<b>Total</b>	<b>7,460.8</b>	<b>2,983.1</b>	<b>6,981.7</b>	<b>1,749.3</b>	<b>14,442.5</b>	<b>4,732.4</b>

Source: IMF, Treasurer's Department.

## Fund-ODI seminar on adjustment issues in LDCs

The IMF, the Third World, and the Global Payments Problem, a seminar sponsored jointly by the Fund and the Overseas Development Institute (ODI), was held near London on October 16-18, 1981. There were 27 participants, including staff from the two sponsoring organizations and a representative of the World Bank. The seminar was divided into four sessions and dealt with such topics as economic disequilibria in developing countries, economic management

and Fund conditionality, alternative approaches to economic management, the roles of the Euromarkets and the Fund in financing developing countries, external indebtedness of developing countries, the position and prospects of the international monetary system in historical context, and developing countries interests in proposals for international monetary reform. The proceedings of the seminar will be published as a joint Fund-ODI book under the title *Adjustment and Financing in the Developing World*.

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