

Paul A. Volcker Papers (MC279)  
Box 24

IMF Meetings, 1981

IMF  
MEETINGS 1981



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As of

## 1981 IMF Annual Meeting

as of September 25, 1981

Consolidated Schedule for Chairman Volcker

	Fri. Sept. 25	Sat. Sept. 26	Sun. Sept. 27	Mon. Sept. 28	Tues. Sept. 29	Wed. Sept. 30	Thurs. Oct. 1	Fri. Oct. 2
MORNING	8-Breakfast M. Weidenbaum  9:30 - Board	8:30-Photo at Sh. Washington  8:45 - G-10  10:30-Interim Committee	9:30-Interim Committee   (Mrs. V - lunch @ Regan home)	10-Board	7:30 Breakfast Secy Regan & Kuwait Del.  9-US Delegation  10-Opening Session (Pres. Reagan)  12:00 Lunch - Brasilinvest?? OR	11:00 Secy Regan speech   12:00 - Mr. Schreiber (@ hotel)	10-Testimony House Banking	10-Board
LUNCH	12-Press Club speech		11:30-1 PAV Buffet, Cont. Illinois	12:30-3 Lunch Mfg. Hanover Wash. Hilton	12:15-Lunch Merrill Lynch Shoreham		12:30 Luncheon @ Watergate	
AFTERNOON	2:30-VanLennep  4-Masao Fujioka	3-Interim Committee   6:30-8:30 Rec. Amb. of Canada	IMF Reception?  7:30-Drinks Flanigans 4 Seasons	Lunch - Amb. of Germany 3-Barclay's Ba. 4-Mr. Hosomi  5- Gov. Bank of Finland  Cocktails-6-8 Amb. of Italy 6-8 Reception 1st Nat Bank of Chicago  5:30-8 Reception- Marine Midland 6-8 Brown Bros Harriman	2:30-Peter Wells of London 3-Gov. Murray of Ireland  4-John Howard of Australia  5-Fin. Min. & Gov. Argentina	2:15-Tao-Ho Lee Ex-Im Bank of Korea 3-Secy Regan & Saudi Arabian Del. (@ Treas.)  5-Gov. Mayekawa  5-8 Reception Dewey Daane @ F St. Club 6-10 Reception Merrill-Lynch @ The Foundry	Meeting @ Water- gate   6-7:30 Reception People's Rep. of China	3-Buck Jones & members of Cattlemen's Assn. (J. Corrigan)
DINNER RECEPTION	6-G-Five Meeting and Dinner	5-8 Cocktail-B Goldman Sachs F St. Club (Mr. & Mrs.)	8:30 ON - Morgan Stanley(Sulgrave)	6:30-8 Rec. Amb. of England 6:30-8 Rec. Chemical Bank	5-7 Reception Morgan Guaranty 5:30-8-Northern Trust @ F St. C.	6:30-Fed & Treas. Reception National Gallery	5:30=7:30 Reception Bank of Tokyo	
DINNER	G-Five Decatur House		9-Dinner Schroder's drop by Tamagna's Chevy Chase	CONCERT - KC 8-BT dinner Bank of America Supper-Inst. Investors @ Four Seasons	IMF dinner	7:30-Dinner Salomon Bros. City Tavern	7:15 B.T. Bob Roosa Woodrow Wilson House	



IMF MEETINGS - 1982

Friday, September 3

Arrive Toronto

?? G-Five Dinner

Saturday, September 4

8:15 AM - G-Ten Meeting,  
Sheraton Centre,  
MEETING ROOM #1

7:30 Black tie Reception &  
Dinner - Royal Bank of  
Canada, Royal Bank Plaza

Sunday, September 5

12-2 Reception & Buffet Lunch,  
Continental Illinois,  
Westin Hotel

3PM Per Jacobsson Lecture,  
University of Toronto

?? IMF Reception

5-9 Reception -- Buffet  
Istituto Mobiliare Italiano,  
Regency Ballroom, Four Seasons

8PM Reception & Buffet Supper,  
Morgan Stanley, University Club

?? Dinner - Governor and Mrs.  
Richardson



Monday, September 6

Tuesday, September 7

Wednesday, September 8

12-3 -- Reception & Buffet  
Luncheon - Manufacturers  
Hanover, Royal York Hotel,  
Concert Hall

12:30 Luncheon - Lloyds Bank  
(Jeremy Morse),  
Harbour Castle Hotel

5:30-8 Reception - Marine  
Midland & Hongkong &  
Shanghai Banks,  
University Club

5-7 Reception - Security  
Pacific Bank,  
Four Seasons Hotel

5:30-  
7:30 Reception -  
UNICO, Four Seasons

6:30-  
9:30 Reception - American  
Express, Roy Thomson Hall

12:00 - Luncheon - Brasilinvest,  
Royal York, Concert Hall

5-8 Reception - Commerce Union  
Bank (Dewey Daane), Hilton  
Harbour Castle

5-7:30 Reception - Credit Suisse,  
First Boston, John Molson  
Room, 640 Fleet Street

7-9 Reception - Gulf Int. Bank  
Four Seasons Hotel

6:30 Dinner - Geoffrey Bell,  
Witteveen & Botta,  
44 Park Lane Circle

8:30 Dinner - Frank Logan,  
Bank of Commerce  
at the Bank

7:00 Cocktails & Dinner -  
Merrill Lynch @ Albany Club

8:30 Dinner - Deutsche Bank,  
Four Seasons, Regency Ballroom

9:30-12 - International  
Banking Group (G. Bell)  
Four Seasons Hotel

? Luncheon - Standard  
Chartered Bank of London  
@ King Edward Hotel

5:30-  
7:30 Reception - Bank  
of Tokyo,  
Royal York Hotel,  
Ballroom

5:30-  
7:30 Reception - Bank  
of Canada, Ontario  
Club, Commerce  
Court South

7:30 Dinner - Salomon Bros  
The National Club

6-11 Merrill Lynch  
Reception & Dancing  
Nautical Evening,  
Ontario Place

9:30 Dinner - National  
Westminster Bank  
Chandler House,  
126 Warren Road,  
Forest Jill

*Thursday 9/9 - 6:30 Dinner Reception*



REVISED COPY

Schedule for Chairman and Mrs. Volcker

Saturday, September 26, 1981

- 8:30 AM Photo for badge at Sheraton Washington  
8:45 G-Ten
- 10:30 Interim Committee - Room #1, Delaware Suite, SW Hotel
- 3:00 Interim Committee resumes
- 6:30-8:30 Reception - Ambassador of Canada, 2825 Rock Creek Drive
- 5-8 Cocktail Buffet-Goldman Sachs @ F Street Club

Sunday, September 27

- 9:30 AM Interim Committee
- 11-1 Champagne Brunch - American Security Bank, Shoreham, Diplomat  
Room
- 2:30 Per Jacobbsen Lecture ?? (IMF Atrium)
- 12:30 Mrs. Volcker - Luncheon at Mrs. Regan's residence
- 11:30-1 Buffet Luncheon, Continental Illinois, Shoreham Americana  
Lower Lobby and Palladian Room
- OR
- 1:00 Grupo, Serfin (in honor of Mexican Del) Meridian House  
/1630 Crescent Place
- 7:00 IMF Reception
- 7:30 Drinks with Flanigans @ Four Seasons Hotel
- 8:30 ON Reception & Buffet Supper - Morgan Stanley, Sulgrave Club
- 9:00 Dinner - Schroder's, Le Provençal, 1234-20th Street, NW  
Stop by Tamagnas (late) 7101 Connecticut Avenue, Chevy  
Chase, Maryland





INTERNATIONAL MONETARY FUND  
WASHINGTON, D. C. 20431

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
1981 AUG 18 AM 10:32  
MAIL ADDRESS  
INTERFUND  
RECEIVED  
OFFICE OF THE CHAIRMAN

August 17, 1981

Sir:

The following communication has been sent today to all members informing them of the time and place of the 1981 Annual Meeting of the Board of Governors:

"Annual Meeting of the Fund Board of Governors convenes Sheraton Washington Hotel, Washington, D.C., Tuesday, September 29, 1981, 10:00 a.m. Brief Agenda follows:

1. Annual Report
2. Report of the Chairman of the Interim Committee
3. Annual Report and Review of Performance of Development Committee
4. Financial Statements and Audit Report
5. Administrative Budget for Fiscal Year ending April 30, 1982
6. Amendments of Rules and Regulations
7. Selection of Officers and Joint Procedures Committee for 1981/82.

Meeting of Joint Procedures Committee scheduled for Thursday, October 1, 5:30 p.m."

Very truly yours,

Leo Van Houtven  
Secretary

Honorable Paul A. Volcker  
Alternate Governor of the International  
Monetary Fund for the United States  
Board of Governors of the Federal  
Reserve System  
20th Street and Constitution Ave., N.W.  
Washington, D.C. 20551



197668 FEDR UT

INFUND PARIS

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

1981 SEP 16 PM 1:05

RECEIVED  
OFFICE OF THE CHAIRMAN

MR PAUL A VOLCKER  
CHAIRMAN OF THE BOARD OF GOVERNORS  
FEDERAL RESERVE SYSTEM  
WASHINGTON DC

GROUP OF TEN

CONFIDENTIAL

CHAIRMAN OF THE  
MINISTERS AND GOVERNORS

SEPTEMBER 16, 1981

NOTE FROM THE CHAIRMAN TO THE MINISTERS AND  
GOVERNORS OF THE GROUP OF TEN

THE MINISTERS AND GOVERNORS OF THE GROUP OF TEN ARE  
KINDLY INVITED TO ATTEND A MEETING IN ROOM NO 1 (DELAWARE  
SUITE) AT THE SHERATON WASHINGTON HOTEL IN WASHINGTON DC,  
ON SATURDAY, SEPTEMBER 26, 1981, AT 8.45 A.M.

THE PROPOSED AGENDA OF THE MEETING WILL BE :

1. ADOPTION OF THE AGENDA
2. REPORT BY THE CHAIRMAN OF THE DEPUTIES
3. EXCHANGE OF VIEWS ON:
  - (A) THE ADJUSTMENT PROCESS
  - (B) POSSIBLE ALLOCATION OF SDRS IN THE FOURTH  
BASIC PERIOD
  - (C) FUND'S LIQUIDITY AND BORROWING IN THE PRIVATE  
CAPITAL MARKETS
  - (D) EIGHTH GENERAL REVIEW OF QUOTAS
4. ELECTION OF A NEW CHAIRMAN
5. OTHER BUSINESS
6. PRESS COMMUNIQUE

A.J. MACEACHEN  
MINISTER OF FINANCE  
OTTAWA, CANADA

RECEIVED  
OFFICE OF THE CHAIRMAN  
FEDERAL RESERVE SYSTEM

81 SEP 16 P12:38

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Worldwide Communications via TRT

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INTERNATIONAL MONETARY FUND  
WASHINGTON, D. C. 20431

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
1981 AUG 18 AM 10:32  
CABLE ADDRESS  
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7. Selection of Officers and Joint Procedures Committee for 1981/82.

Meeting of Joint Procedures Committee scheduled for Thursday, October 1, 5:30 p.m."

Very truly yours,

A handwritten signature in black ink, appearing to read "Leo Van Houtven".

Leo Van Houtven  
Secretary

Honorable Paul A. Volcker  
Alternate Governor of the International  
Monetary Fund for the United States  
Board of Governors of the Federal  
Reserve System  
20th Street and Constitution Ave., N.W.  
Washington, D.C. 20551



Saturday



CO-HOSTED BY:

MR. AND MRS. EARL G. DRAKE (WORLD BANK), AND

MR. AND MRS. ROBERT K. JOYCE (IMF)

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<https://fraser.stlouisfed.org>

Federal Reserve Bank of St. Louis





The Ambassador of Canada  
and Mrs. Peter M. Towe  
request the pleasure of the company of

Chairman and Mrs. Volcker

at a Reception  
on Saturday, September 26, 1981  
at from 6:30-8:30 o'clock

R. S. V. P.

785-1400 Ext. 277

2825 Rock Creek Drive



✓  
Mr. John L. Weinberg  
and  
Mr. John C. Whitehead  
Senior Partners, Goldman, Sachs & Co.

Mr. Henry H. Fowler  
and  
Mr. F. Donald Kenney  
Co-Chairmen, Goldman Sachs International Corp.

request the pleasure of your company  
at a cocktail buffet on the occasion of the  
1981 Annual Meetings of the World Bank  
and the International Monetary Fund  
Saturday, September twenty-sixth from five to eight o'clock  
The F Street Club, 1925 F Street, N. W., Washington, D. C.

all.  
9/1

R. S. V. P. (card enclosed)

Informal

# The Riggs National Bank

WASHINGTON, D. C. 20074

VINCENT C. BURKE, JR.  
CHAIRMAN OF THE BOARD

August 17, 1981

*no*

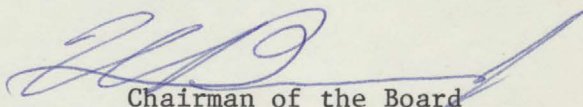
Dear Mr. Volcker:

On the occasion of the Annual Meeting of the World Bank and International Monetary Fund, it gives Mrs. Burke and me great pleasure to extend a personal invitation to you and your wife to join us and our President and Mrs. Daniel J. Callahan, III, at a private reception.

We will be receiving our guests on Saturday afternoon, ~~September 26, 1981~~ at the Chevy Chase Club, 6100 Connecticut Avenue, 4:30-6:30 P.M.

We look forward to seeing you again in Washington.

Sincerely,

  
Chairman of the Board

The Honorable Paul A. Volcker  
Member of the Board  
Federal Reserve System  
20th Street and Constitution Avenue, N. W.  
Washington, D. C. 20551

The favor of an early response is requested.

[Redacted]

||



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

1961 AUG 18 AM 10: 36

RECEIVED  
OFFICE OF THE CHAIRMAN

Sunday





# AMERICAN SECURITY BANK

W. JARVIS MOODY  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(202) 624-4010

The Hon. Paul A. Volcker  
Chairman, Board of Governors  
of the Federal Reserve System  
Federal Reserve Building  
Constitution Avenue, NW  
Washington, DC 20551

Dear Mr. Chairman:

On the occasion of the IMF-World Bank Meetings, American Security is hosting a champagne brunch on Sunday, September 27 and a breakfast on Monday, September 28, in the Diplomat Room of the Shoreham Hotel.

We would be greatly honored to welcome you as our guest. On Sunday, brunch will be served from 11:00 a.m. to 1:00 p.m., and breakfast on Monday will be served from 9:00 a.m. to 11:00 a.m.

Enclosed is a card and return envelope. We would appreciate it if you would be so kind as to indicate whether or not you will be able to be with us.

Sincerely,

yes —  
no — *W. Jarvis Moody*

Enclosure

*Mr. Roger E. Anderson  
Chairman of the Board of Directors  
and Mrs. Anderson  
together with the officers of  
Continental Illinois National Bank  
and Trust Company of Chicago  
request the pleasure of your company  
at a reception and buffet luncheon  
on the occasion of the  
World Bank and IMF Annual Meetings  
on Sunday, the twenty-seventh of September  
from half past eleven o'clock until two o'clock  
The Lower Lobby and Palladian Room  
Shoreham Americana Hotel  
Washington, D.C.*

*RSVP before the eleventh of September*



*Grupo, Serfin, S.A.*

*Senor Eugenio Garza Laguerá, Presidente del Consejo de Administracion  
y Senora Eva Gonda de Garza Laguerá  
y*

*Senor Hector V. Santos, Director General  
y Senora Eva Benitez de Santos*

*tienen el honor de invitar a*

*Chairman and Mrs. Paul A. Volcker*

*a un almuerzo-recepcion en honor de  
la Delegacion Mexicana a la Reunion Anual del Banco Mundial  
el domingo 27 de septiembre a las 13:00 horas*

*R. S. V. P.*

*Washington, D. C.*

*Sunday 9/27*

*Meridian House  
1630 Crescent Place, N. W.  
Washington, D. C.*



***MORGAN STANLEY***



TH  
The Managing and Advisory Directors  
of Morgan Stanley  
request the pleasure of your company  
at a reception and buffet supper  
at the Sulgrave Club.

MS  
Sunday, September twenty-seventh  
from eight-thirty p.m. on

We hope that you will join us.

William H. Black      Richard A. Debs      Alfred Hayes

R.S.V.P.  
(card enclosed)

Sulgrave Club  
1801 Massachusetts Avenue, N.W.  
Washington, D.C.

In honor of  
H.E. Beniamino Andreatta, Min of the Treasury  
Hon Carlo Ciampi, Gov. Bank of Italy

Frank and Rene Samagna  
request the pleasure of the company of  
Mr. Paul Volcker

Ms. V.

on Sunday, September 27, 1981  
for buffet dinner  
at 20 o'clock 8 pm

R.S.V.P.

[Redacted]

1981 -  
12 05



SCHRODER INTERNATIONAL LIMITED

120 CHEAPSIDE  
LONDON EC2V 6DS  
TELEPHONE:  
01-588 4000  
CABLES & TELEGRAMS:  
SCHRODER LONDON EC2  
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LONDON 885029

DIRECTORS  
JOHN C. BAYLEY (CHAIRMAN AND PRESIDENT)  
P. W. BULFIELD (JOINT DEPUTY CHAIRMAN)  
DR. ENIK S. GABER (SWISS) (JOINT DEPUTY CHAIRMAN)  
THE EARL OF AIRLIE, D.L.  
DR. A. N. ASSELY (LEBANESE)  
GEOFFREY L. BELL  
(EXECUTIVE VICE PRESIDENT)  
MICHAEL BENTLEY  
W. F. W. BISCHOFF (GERMAN)  
BURGIS B. COATES (U.S.A.)  
A. E. FORSYTH  
RICHARD M. GRIFFIN  
JOHN HULL  
AJIT G. HUTHESING  
MARK J. MAGEE (U.S.A.)  
G. W. MALLINCKHOOT (GERMAN)  
(EXECUTIVE VICE PRESIDENT)  
STEPHEN R. PEYSCHKE (U.S.A.)  
PHILIP ROBINSON  
(EXECUTIVE VICE PRESIDENT)  
B. V. STRICKLAND  
(EXECUTIVE VICE PRESIDENT)  
J. T. VAN MANLE (DUTCH)  
G. G. WILLIAMS

ONE STATE STREET  
NEW YORK, NY 10004  
TELEPHONE:  
(212) 269 6500  
CABLES & TELEGRAMS:  
SCHROBANCO NEW YORK  
TELEX:  
NEW YORK 126325

OUR REF:  
YOUR REF

PLEASE REPLY TO: One State Street  
New York, N.Y. 10004

September 11, 1981

Mr. Paul Volcker  
Chairman of the Board of Governors  
of the Federal Reserve System  
Washington, D.C. 20551

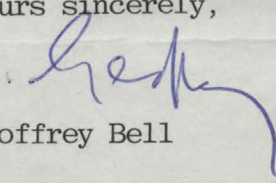
Dear Paul,

This is just to confirm that we are very much looking forward to seeing you and Barbara at our small dinner party on Sunday, September 27th at 8:30 P.M. for 9:00 P.M., at the Le Provençal Restaurant, 1234 - 20th Street, Northwest, Washington, D.C.

Johannes and Elizabeth Witteveen, Gordon and Peggy Richardson, Joe and Trudy Fowler, Henry and Mabel Wallich, and Henry and Elaine Kaufman and a few others of our old friends will be attending.

Best wishes,

Yours sincerely,

  
Geoffrey Bell

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
1981 SEP 16 PM 12:22  
RECEIVED  
OFFICE OF THE CHAIRMAN



WU INFOMASTER 1-032449A244 09/01/81

ICS IPMWGWC WSH

11542 09-01 1049P EDT

1WX 7108229235 FED RES BD DC

1-0293890244 09/01/81

TLX SCHRODER B NYK

101 NEW YORK NY SEPT 1, 1981/OSC

PMS

MR. PAUL VOLCKER

CHAIRMAN OF THE BOARD OF GOVERNORS

OF THE FEDERAL RESERVE SYSTEM

WASHINGTON D.C. 20551

SEPTEMBER 01, 1981

I AM LOOKING FORWARD VERY MUCH TO SEEING YOU AND BARBARA AT  
A SMALL DINNER PARTY ON SUNDAY, SEPTEMBER 27TH, 8:30 P.M.  
FOR 9:00 P.M. AT THE LE PROVENCAL RESTAURANT 1234 - 20TH  
STREET NORTHWEST, WASHINGTON, D.C. 20036

WITH BEST REGARDS,

GEOFFREY BELL

J HENRY SCHRODER BANK AND TRUST CO., NEW YORK



REVISED COPY

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Lower Lobby and Palladian Room
- OR
- 1:00 Grupo, Serfin (in honor of Mexican Del) Meridian House  
7:00 IMF Reception /1630 Crescent Place
- 7:30 Drinks with Flanigans @ Four Seasons Hotel
- 8:30 ON Reception & Buffet Supper - Morgan Stanley, Sulgrave Club
- 9:00 Dinner - Schroder's, Le Provencal, 1234-20th Street, NW  
Stop by Tamagnas (late) [REDACTED]









9/25/81

FYI -- Ahti Korjalainen is the Acting Governor of the Bank of Finland. The Governor of the Bank of Finland, Mauno Koivisto, is currently serving as Prime Minister as well as Acting President of Finland during President Kekkonen's illness.



Finland: Recent Economic Developments

Domestic Developments

After three consecutive years of stagnation, the Finnish economy by late 1978 began to experience a brisk upswing in activity which persisted through 1980. Strong export growth and expanded investment contributed to a rise in real GDP averaging more than 6 percent in 1979-80. A significant improvement in international competitiveness spurred export growth while investment increased in response to high capacity utilization, the desire to carry out energy saving capital expenditures, and the growth of corporate sector income. For 1981, growth in GDP is expected to be between 3-4 percent as investment and export growth appear to have remained strong. Unemployment is likely to hold steady at around last year's level of 4.8 percent. Consumer price inflation, after reaching a rate of nearly 12 percent in 1980, is expected to decelerate this year, reflecting a comprehensive two-year wage settlement and an anticipated modest rise in import prices for the second-half of the year.

External Developments

Despite disparities between the cyclical developments in Finland and its Western markets and the weakening in the terms of trade (reflecting higher oil prices charged by the Soviet Union), the current-account deficit for 1981 likely will show some improvement following last year's \$1.3 billion deficit. This projected improvement stems from better-than-expected export performance and a noticeable decline in the value of imports so far this year.



After having shown a steady increase through nearly all of 1979 and subsequently into early 1980, the value of the Finnish markka has remained unchanged against a basket of currencies of its major trading partners. However, since mid-1980 the markka has depreciated approximately 20 percent relative to the U.S. dollar.

Finland's net external debt at end-1980 is estimated to have been between \$8-9 billion, equivalent to about 18 percent of nominal GNP. As of March 1981, \$6.8 billion was owed to banks in the BIS-reporting area, of which \$1.3 billion was owed to U.S. banks.

#### Economic Policy

The major concerns of the government's near-term economic policy center on controlling inflation and maintaining employment. However, with the prospect of a slowdown in economic activity beginning soon, the government has started to tilt its policies toward some relaxation and stimulation, including an easing of monetary policy. This has been carried out through the gradual lowering of interest rates on commercial banks' call money borrowing and by reducing cash reserve requirements. In regard to fiscal policy, the government has begun to release various special deposits collected from companies under special legislation designed to build reserves for combatting recession.

#### U.S.-Finland Economic Relations

The United States is of moderate economic importance to the Finnish economy, accounting for approximately 5 percent of exports and imports. At present there appear to be no burning economic issues between the two countries.



Basic Indicators for Finland

Population (mid-1980):	4.8 million	Population growth (1970-80):	0.3 percent
GDP (1980):	\$50.1 billion	GDP per capita (1980):	\$10,400

GDP Origin (percent)

	<u>1971</u>	<u>1979</u>
Agriculture and Forestry	13.9	10.1
Mining, Manufacturing and Utilities	32.2	29.6
Construction	9.8	7.4
Commerce, Banking and Insurance	18.0	26.0
Other	26.1	26.9

Export Composition (percent)

	<u>1972</u>	<u>1980</u>
Agricultural and Primary Products	2.9	2.4
Wood Products	15.0	15.0
Paper Products	36.2	30.2
Metal and Engineering Products	21.1	21.1
Other Goods	24.8	31.3

Import Composition (percent)

	<u>1972</u>	<u>1980</u>
Raw Materials and Industrial Inputs	54.2	48.3
Petroleum	10.3	25.0
Investment Goods	18.0	13.5
Consumer Goods	17.1	13.0
Other Goods	0.4	0.2

Major Trading Partners (1980)

Exports (Percent of merchandise): Sweden (16.9), USSR (16.3), U.K. (11.5), Germany (10.9)

Imports (Percent of merchandise): USSR (21.1), Germany (12.7), Sweden (12.0), U. K. (8.7)

Selected Economic Indicators for Finland

	<u>(Percent change from previous period)</u>						
	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Domestic Indicators</u>							
Real GDP (Yr./Yr.)	0.6	0.3	0.4	2.3	7.2	4.9	n.a.
M1 (Dec./Dec.)	34.5	-1.8	2.8	16.5	22.5	6.3	10.9(Apr/Apr)
M1 + Quasi Money (Dec./Dec.)	20.1	8.9	11.8	15.4	17.3	14.7	14.8(Apr/Apr)
Consumer Price Index (Yr./Yr.)	17.8	14.4	12.7	7.8	7.5	11.6	12.7(Q2/Q2)
Unemployment (average rate)	2.2	4.0	6.1	7.5	6.1	4.8	5.1(May)

(in billions of U.S. dollars)

External Indicators

Exports (fob)	5.5	6.3	7.6	8.5	11.1	14.1	3.6(Q1)
Imports (fob)	7.1	6.9	7.1	7.3	10.6	14.6	3.1(Q1)
(Oil)	(1.1)	(1.3)	(1.5)	(1.4)	(2.5)	(3.9)	
Trade Balance	-1.6	-0.6	0.5	1.2	0.5	-0.5	0.5(Q1)
Current Account	-2.2	-1.2	-0.1	0.6	-0.2	-1.3	0.2(Q1)
Total Reserves (end of period)	0.5	0.5	0.6	1.3	1.8	2.1	1.8(July)
Exchange Rate (period average; Fin. mk. per U.S. \$)	3.679	3.864	4.029	4.117	3.895	3.730	4.510(Aug)
Exchange Rate (period average; weighted average, 1974=100)	101.1	99.9	106.1	117.2	117.3	113.6	113.1(Aug)



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- Citations:**
- Restricted: "Kuwait: Recent Economic Developments," Thomas A. Connors, September 25, 1981.
  - Confidential: Biographical profile, Abd al-Latif Yusif al-Hamad, August 13, 1981.
  - Confidential: Biographical profile, Hamza `Abbas Husayn, August 17, 1981.





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Ireland: Economic Developments

Economic Activity. After experiencing quite rapid growth in real GDP in 1977 and 1978 -- about 6 percent in each year -- Irish economic activity decelerated markedly and real growth is expected by the OECD to be around 2 percent (a.r.) this year and next. Industrial production (s.a.) in May -- the most recent data available -- was 2 percent below the level recorded a year earlier but was 8-1/2 percent above the December 1980 figure. The Irish unemployment rate has been rising; in April it was 13-1/2 percent (n.s.a.), 4 percentage points above the year earlier level.

Inflation. Consumer prices decelerated in 1978 to a rate of inflation somewhat below 10 percent, but since then Irish inflation has been in the 15 percent range. In the second quarter of 1981, consumer prices were 17 percent above the year earlier level and 16-1/2 percent (a.r.) higher than in the first quarter of this year.

Current Account. Ireland has had a large current-account deficit in recent years; in 1979 it was equal to 10 percent of GDP. The trade deficit stabilized in 1980, after nearly doubling in 1979 to a figure equal to about 18 percent of GDP.

Policy. Monetary conditions were tightened in 1979 and principally aimed at protecting the level of official external reserves and adjusting to Ireland's membership in the European Monetary System. For most of this year, the Central Bank of Ireland's discount rate has been around 13-15 percent. Irish fiscal policy is intended to be contractionary. It is estimated that in 1980, the government borrowing requirement was 10-1/2 percent of GDP, somewhat less than the borrowing requirements of 13-14 percent of GDP recorded in 1978 and 1979.

Ireland: Selected Economic Indicators

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	
				<u>Q1</u>	<u>Q2</u>
Real GDP (% change)	6.3	1.9	1.5e	n.a.	n.a.
Industrial Production (% change, s.a.)	9.2	6.1	-1.6	6.3	n.a.
Consumer Price Index (% change)	7.6	13.2	18.2	6.2	3.9
Exports (\$ billions, s.a.)	5.7	7.2	8.5	1.9	2.0
Imports (\$ billions, s.a.)	7.1	9.9	11.2	2.7	2.6
Trade Balance (\$ billions, s.a.)	-1.4	-2.7	-2.7	-0.8	-0.6
Current Account (\$ billions)	-0.3	-1.5	-1.4	n.a.	n.a.



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Australia's Treasurer replies to Reserve Bank rebuke ECONOMIC NEWSLETTER, 2/9/81. Australia's Federal Treasurer, Mr. John Howard, said on 20/8/81 that the Government's policy had not been as successful in containing the growth of money supply (M3) as it had been in terms of other economic targets.

He was replying to criticism by the Reserve Bank of Australia of the Government's handling of monetary policy last year. The criticism was contained in the bank's annual report tabled in Parliament.

The bank reported that it had approached the Government last year seeking an increase in interest rates "in August, September, and again early in November, but it was not until December that agreement was reached on a package of policy action".

Mr Howard said the bank was saying that it would like to see an even tighter administration of monetary policy.

"I suppose that from the point of view of a central bank, and given its responsibilities, that is an understandable objective," he said. "But the Government, in deciding upon the appropriate degree of firmness in this area, is not only concerned with economic and monetary considerations, it has also got to be concerned with other considerations including, of course, political ones.

The bank has a certain charter and a certain place in the monetary system which is separate from the Government. It has an annual report and it has a right to express its views in its annual report. It has done so."

The Reserve Bank's report said that monetary policy in 1980-81 was "more accommodating to increases in wages and prices than was desirable". It noted that while the broad measure of money supply, M3, showed a growth of 12.7 per cent (compared with the target of 9-11 per cent), a broader measure, M3 plus borrowings from the public non-bank financial institutions, grew by nearly 16 per cent.



Australia: Recent Economic Developments

Domestic Developments. Since mid-1979, Australia has experienced a broad-based expansion in domestic demand initiated by a surge in the development of energy resources. However, recent domestic and international trends point to a slowing of the investment boom in energy resources. The rate of growth of initiated investment projects has dropped from 11.5 percent in the last half of 1980 to 1.8 percent in the first half of 1981, in part due to high interest rates, sluggish commodity prices, and Australia's continuing labor unrest. In an effort to introduce greater flexibility in wage negotiations, the Arbitration and Conciliation Commission abandoned its national wage indexation system on July 31 and returned to free collective bargaining, last used in 1975.

A strong Australian dollar has had a moderating influence on the cost of imported goods, particularly petroleum. But several factors, particularly skilled labor shortages and credit expansion, may push the current 9 percent inflation rate up to double digit levels. The government predicts a 10-3/4 percent inflation rate in fiscal 1981-82 to end June, and expects average wages to rise by 13-1/2 percent in the same period.

External Developments. Strong investment demand requiring capital goods imports and a rising deficit in the invisibles account produced a current account deficit of \$3.7 billion for 1980, after a noticeable improvement in the current account balance in 1979. However, for the fiscal year ending in June 1981, the current account reached a record deficit of \$5.4 billion. As import growth continues at record high levels, the projected current account deficit will reach 4-1/2 percent of GDP in this fiscal year. The record \$6.6 billion inflow of private capital in 1980-81 is expected to decline slightly to \$5-6 billion in 1981-82. Given the strong movement in capital inflows and the favorable growth prospects for



the economy, the Australian dollar has appreciated against a basket of currencies of its major trading partners and has currently reached its highest level since 1976. However, the Australian dollar has declined 4 percent against the U.S. dollar so far in 1981.

Economic Policy. For the past several years Australian economic policy has been dominated by the need to reduce the rate of inflation and to rectify the large factor price imbalance that emerged from a period of domestic wage explosion. The achievement of these objectives through relatively restrictive fiscal and monetary policies has been regarded as a precondition for achieving a sustainable rate of growth and employment and for ensuring external stability. The government budget for fiscal year 1981-82 to end June is designed to ease pressure on interest rates by reducing public sector borrowing. A projected \$1.5 billion domestic surplus will be generated in part by increased sales tax rates. The 1981-82 target range for growth in monetary aggregates is 10-11 percent; however, last year's 12.7 percent growth in M3 well exceeded the 9-11 percent target range, mainly due to massive capital inflows.

U.S.-Australian Economic Relations. As Australia seeks to develop its vast energy and mineral resources in the coming years, the United States, currently Australia's second largest source of direct investment, will continue to remain both a major investor and trading partner. At present there appear to be no pressing economic issues between the two countries, although U.S. officials have expressed some interest in reports that Australia is committed to reducing its high industry protection levels and eliminating preferences for Australian goods in government purchasing.



Selected Australian Economic Indicators

(Percent change from previous period)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> <sup>2/</sup>
<u>Domestic Indicators</u>						
Real GDP (Yr/Yr)	3.6	0.9	1.7	4.4	2.7	n.a.
M <sub>1</sub> (Yr. June/Yr. June)	14.1	8.4	8.6	16.7	12.9	12.2 (Yr. May/Yr. May)
M <sub>3</sub> (Yr. June/Yr. June)	14.4	11.0	8.0	11.8	12.3	12.7 (Yr. May/Yr. May)
Consumer Price Index (Q4/Q4)	13.5	12.3	7.8	10.0	9.3	8.8 (May 81/May 80)
Unemployment (average rate)	4.7	5.6	6.4	6.2	6.1	5.5 (July)

External Indicators

(in billions of U.S. dollars)

Exports (fob)	13.0	13.2	14.1	18.6	21.7	19.3 (January - August)
Imports (fob)	10.9	12.2	14.0	16.2	20.1	20.9 (January - August)
Oil	0.9	1.1	1.1	1.6	2.4	n.a.
Trade Balance	2.1	1.0	0.1	2.4	1.6	-1.3 (January - August)
Current Account	-1.5	-2.6	-3.9	-2.2	-3.7	-6.8 (January - August)
Total Reserves minus Gold (end of period)	2.9	2.1	2.1	1.4	1.7	2.4 (July)
Gold (national valuation; December) <sup>1/</sup>	0.3	1.2	1.6	3.7	4.7	3.2 (July)
Exchange Rate (end of period; U.S. \$ per A \$)	1.086	1.141	1.150	1.106	1.181	1.145 (August)
Exchange Rate (end of period; weighted average, May 1970=100)	92.2	89.4	82.7	83.3	87.1	95.0 (August)

<sup>1/</sup> As from August 1977 Australian gold reserves have been revalued monthly on the basis of the average U.S. dollar price of gold in the London market during the preceding month.

<sup>2/</sup> Trade figures are at annual rates, not seasonally adjusted.





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Restricted: "Future Reagan Administration Policy on Graduation of Borrowers from the MDBs," Clark Anderson, September 25, 1981.

Restricted: "Recent Economic Developments in Argentina," Yves Maroni, September 17, 1981.