

# INTERNATIONAL MONETARY FUND

## ITS ROLE IN GLOBALIZATION

Waseda University

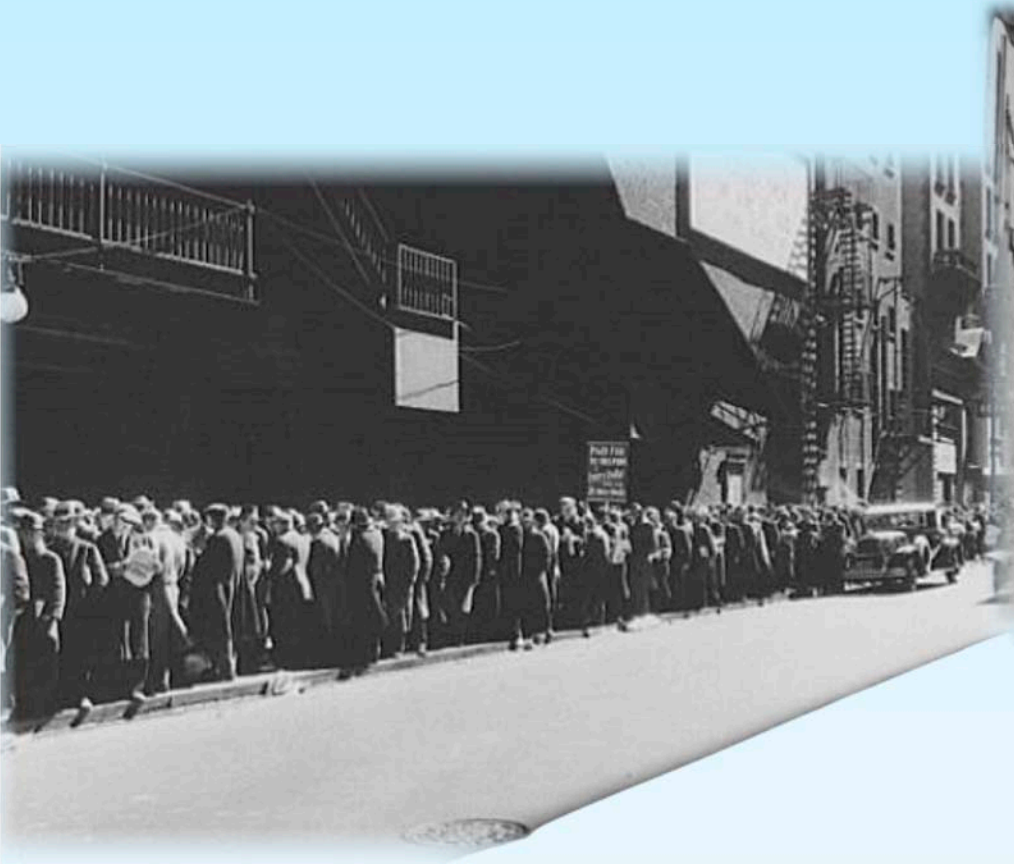
April 8, 2013

Shogo Ishii

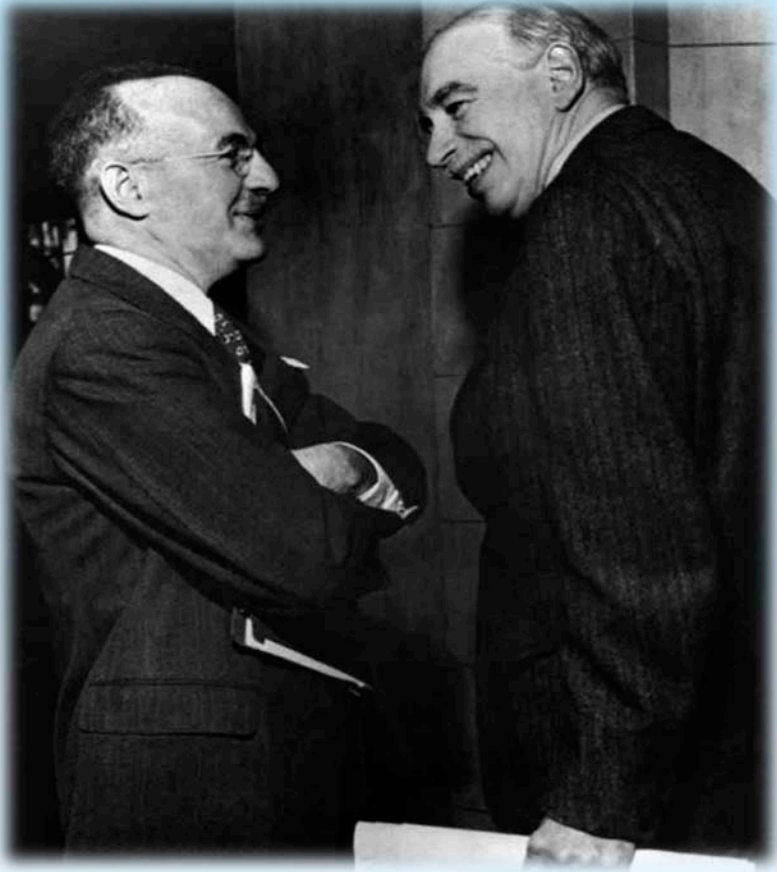
Director, IMF Regional Office for Asia and the Pacific



# 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



# The IMF's Main Functions (cont'd)

## 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



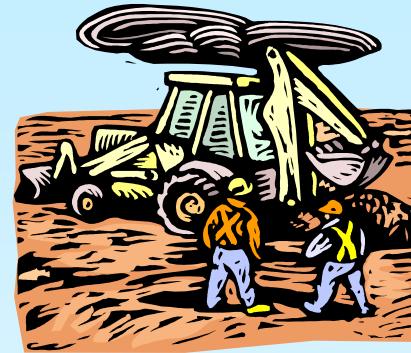
# The Roles of the IMF and World Bank

## IMF



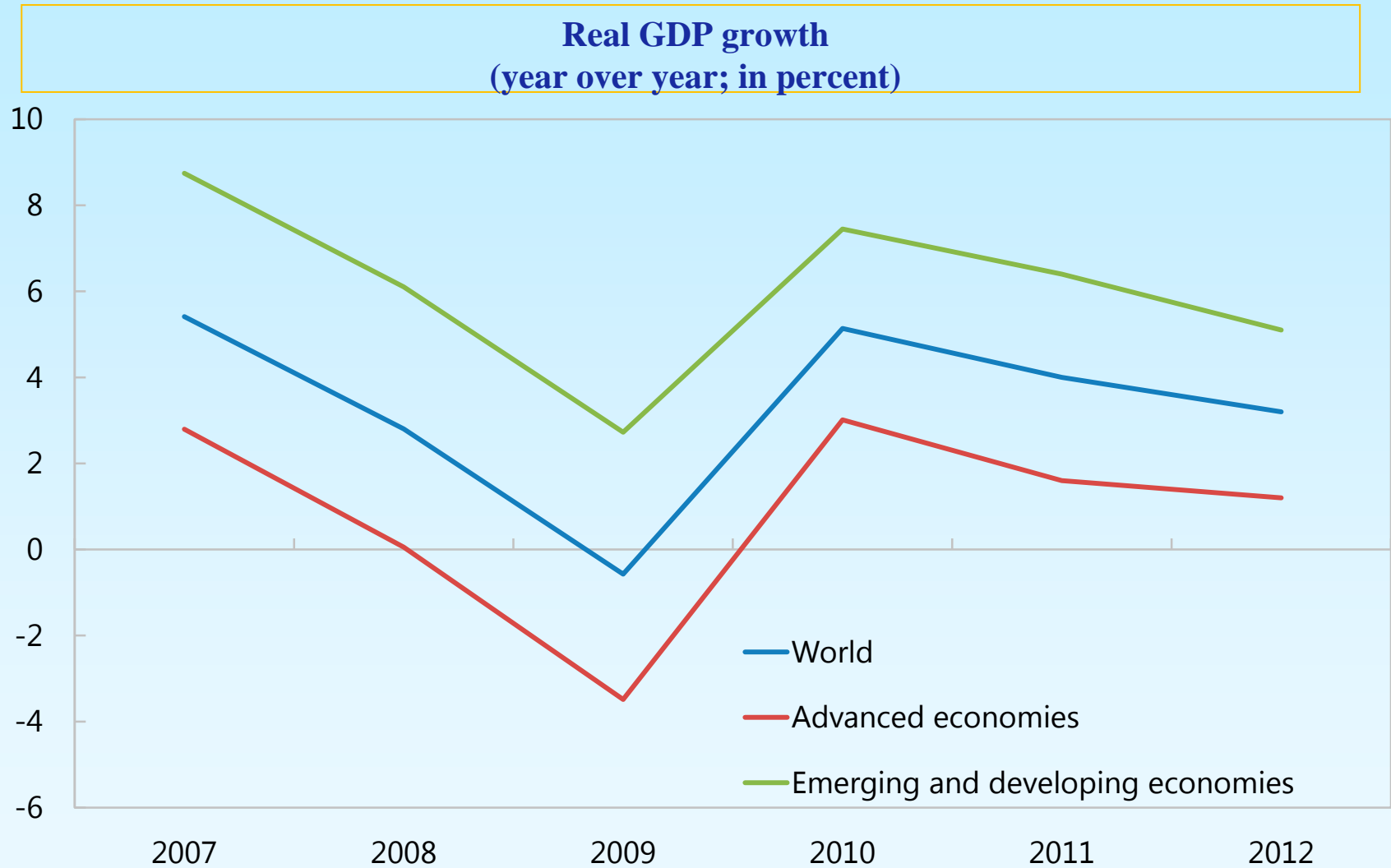
- Promote global financial stability
- Encourage exchange rate stability
- Act as forum for international monetary cooperation
- Offer financial assistance to resolve balance of payments problems

## 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



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

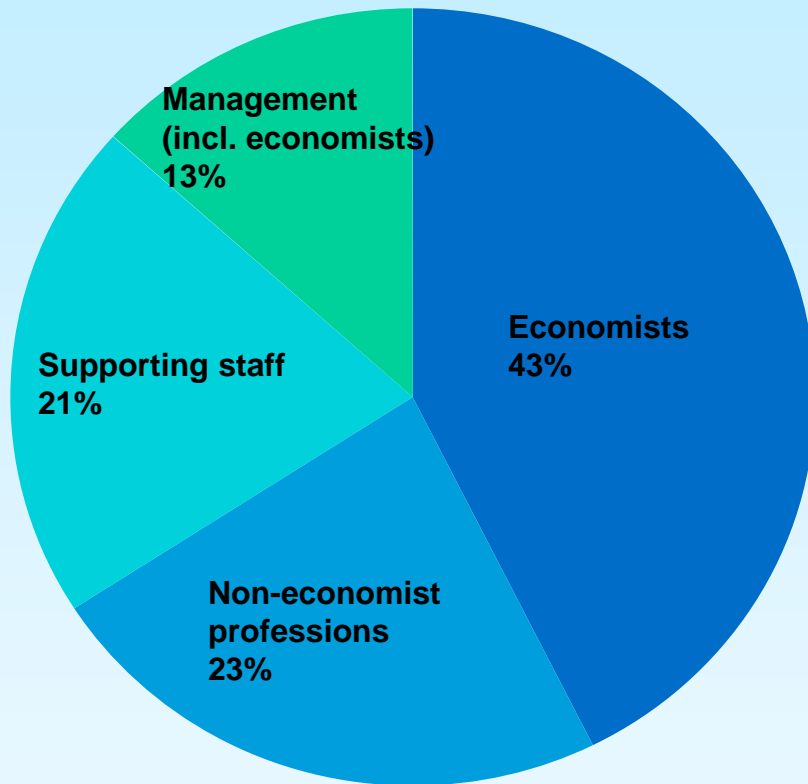
Management: Managing Director (1);  
First Deputy Managing Director (1); and  
Deputy Managing Directors (3)

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

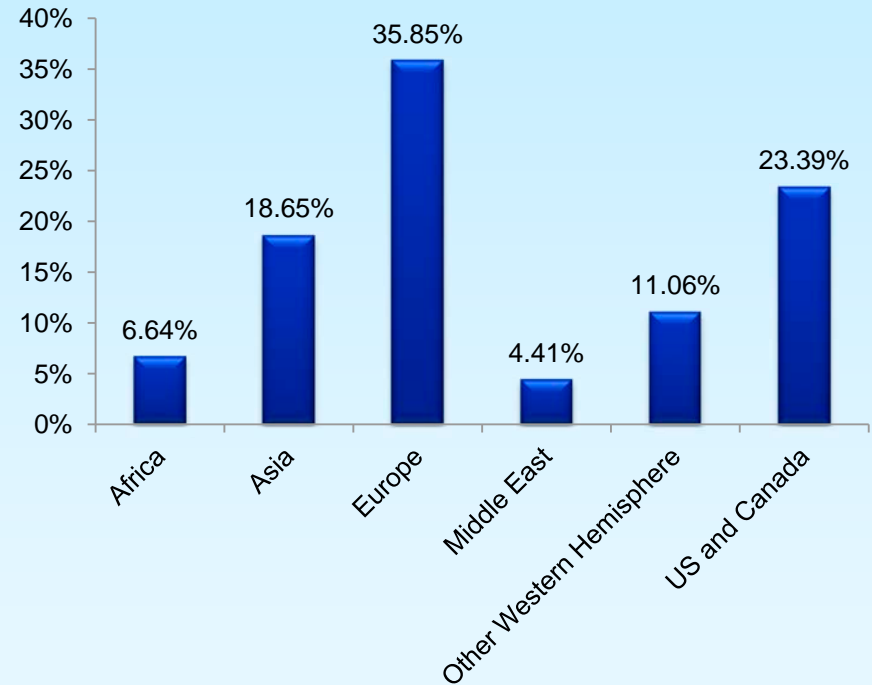
Staff from 154 countries



# IMF Staff Composition



## Diversity of IMF staff



**Japanese staff less than 3%**



# IMF's Financial Resources

- 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)

	Quota shares	Ranking
United States	17.7	1
Japan	6.6	2
Germany	6.1	3
France	4.5	4
United Kingdom	4.5	4
China	4.0	6
Italy	3.3	7
Saudi Arabia	2.9	8
Canada	2.7	9
Russia	2.5	10
India	2.45	11
Netherlands	2.2	12
Belgium	1.9	13
Brazil	1.8	14
Spain	1.7	15
Mexico	1.5	16
Switzerland	1.46	17
Korea	1.4	18
Australia	1.36	19



# Japan and IMF



- In 1952, joined IMF (2012 is the 60<sup>th</sup> 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***

