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This transcript is provided with the aid of a translator.

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PROCEDINGS

MS. GRIESGRABER: My name is Joe Marie Griesgraber. I’m with New Rules for Global Finance Coalition in Washington, and with me is Sylvia Zucchini.

Sylvia is with External Relations at the IMF, and she has done all the coordination of all the video sites with the World Bank, IMF, IFC, anyone else.

And let me just let you know that you are being audio recorded. You’re not being video-recorded, but audio-recorded, and we are preparing transcripts. Those transcripts will be posted on the Web Site of this project, which is www.thefourthpillar.ning.com.

And the transcripts are also being used by Domenico Lombardi. Domenico is currently on vacation in Italy with his family, where he’s sitting at the beach writing this paper, and this is the longer --

SPEAKER: (Off mike)

MS. GRIESGRABER: Isn’t that sad? The poor dear, he has too little ones, and he’s on the Amalfi Coast of Italy, and he’s writing a paper on civil society --

SPEAKER: Poor dear.
MS. GRIESEQABER: -- recommendations for IMF governance reform. And he is in communication electronically, and we are sending him the transcripts.

Let me just say that this is the sixth of six. This is the last one. So, Sylvia and I are a little bit tired. We both got up at 6:00 a.m. this morning, which is not our normal rising time. So, we are chugging caffeine.

And the other consultations, the first one was on Africa with Nairobi and Johannesburg. Then we had two for Latin America, which included Mexico, Peru, Uruguay, and Argentina, and those were divided into two. Central Asia, we had Kazakhstan and Kyrgyzstan. We tried for another combined Africa. We thought Malawi was onboard, and Ghana, but, somehow, Malawi just never appeared. We have no idea what happened to whole situation in Malawi. It’s one of those mysteries.

We’re going to write a novel about how Malawi disappeared. It will be very entertaining. It was very sad because we worked very hard to get them to participate.

And, so, now this is the concluding one, so,
of course, we saved the best to last, and we have New Delhi and Jakarta.

And just for clarification, the IMF has done all the technical, logistical work and New Rules is responsible for the content, so that I sent you the agenda, and we’ll use that agenda to guide our conversation.

And, likewise, the Web Site. The IMF did all the technical work of setting up the Web Site, but New Rules is responsible for posting everything.

We said we would censor things like bad language and personal attacks, and I think there was one other thing we were going to censor, but I can’t remember. We ended up censoring nothing, but there are some postings that are not quite relevant, like advertising for funding for a particular NGO and talking about meditation or whatever, but that’s whatever. You know NGOs, we know NGOs, it’s great, and we decided it’s better to have the free market of ideas just wide open.

SPEAKER: Free market.

MS. GRIESGRABER: We are what we are, and everybody who’s a CSO recognizes that. Everybody shows up. Not everybody stays, not everybody works, but
everybody’s welcome.

With that, I’m going to ask those of you who are in India first and then in Jakarta to please introduce yourself, and then say a few sentences about what you know about the IMF. What has been your experience with the IMF?

Okay, so, Anurag, since we spoke by telephone, I’ll give you the opening conversation.

MR. SRIVASTAVA: Yes. Good morning, Jo Marie. Thank you very much.

Can you hear me?

MS. GRIESGRABER: Yes, perfectly.

MR. SRIVASTAVA: Great.

MS. GRIESGRABER: Oh, names every time we speak.

MR. SRIVASTAVA: My name is Anurag Srivastava. I work with the New Delhi-based Centre for Trade and Development.

Centre for Trade and Development has traditionally worked on trade and development policies across South Asia. It was set up by Oxfam Great Britain four years ago. Now we have initiated a program on trade and finance with some concentrations in of course in response to the crisis to the
tremendous change that we witnessed currently.

I have known about the IMF for a good number of years because I’ve been working on development issues for about close to a decade. Well, I think in many ways the current concerns that we have with the reforms in the IMF hinge more on the other developing countries and the middle-income countries, and, of course, the developed world, as well, and now the kind of crisis that we witnessed.

And not so much about India because, to my knowledge, while there were some structural adjustment programs consequent on the conditionalities from the IMF, we have largely had a structure, a very stable structure of Central Bank monitoring and surveillance of credit and interest rates and exchange rates.

We have had a foreign reserve surplus. We have serviced most of the loans that we owe to the IMF. And, in fact, it’s one of the few economies in the world which is expected to kind of grow relatively at a high rate compared to the rest of the world, and, still, I would not be as optimistic as saying that India or China could be engines of world growth.

But, yes, from my initial response to the IMF, for India to play a greater role in the IMF as
part of the BRIC economies, Brazil, Russia, India, and China. I think the way that the kind of sheer strength of our GDP, of our purchasing power, parity, and for internal demand.

I think, yes, of course, there have been developments. Now we have a G-20, which is a development over the G-7. India should have larger quota, as all the developing countries should have, and I think India is uniquely poised to argue inside while being inside for some reforms.

Thank you very much.

Would you like to --

MR. PARTHASARTHY: Hello, good evening. I’m Keshav Parthasarthy. I’m working with the Centre for Trade and Development.

And I’ll begin with the IMF reforms.

India’s had a strong association with the IMF. In fact, it joined the IMF in 1945, it says, but strong relations started in the 1990s with the balance of payment crisis, where India had to actually mortgage its gold for getting loans from the IMF, and some amount of (inaudible) credit or (inaudible) mechanism of the IMF that India actually took forward the liberalization policies.
But, however, since then, the Indian economy has transformed. In 2003, it turned a creditor to the IMF from a debtor. And because of all these -- in fact, if you even see the IMF financial position release on June 30, India stands at 100 percent quota, which essentially means it’s returned back all the loans taken from the IMF. (Inaudible) from 2003, India’s been a creditor to the IMF, supplying a huge amount of resources, and this is what prompts famous economists and commentators to actually increase India’s quota in the IMF from a 1.89 percent to 2.38 percent.

And a similar argument goes for other countries, as well. The quota base system for India, as well as for other developing countries, needs to change because these are the countries that actually -- I wouldn’t say India, but other countries, they are the ones who actually need IMF resources. And based on the quota system, they are just getting a very small fraction of the amount given to the developed nations.

So, in terms of India and IMF and the reforms needed in that area, as other economists and commentators have said, there needs to be an increase
in India’s quota in the IMF from a 1.89 percent, which is approximately 4,158 million SDRs, to a 2.38 percent.

Thank you.

MS. GRIESEGRABER: Thank you. Thank you very much, and we have a mystery guest here in Washington who refuses to appear on camera, but he’s Vasuki. Vasuki, what’s your last name?

MR. SHASTRY: Shastry.

MS. GRIESEGRABER: Shastry. I can remember one; I can’t do both, not at this time in the morning.

And Vasuki is Sylvia’s boss, so, he’s coming to check on Sylvia, and, also, you’re from India, right?

MR. SHASTRY: Yes.

MS. GRIESEGRABER: He’s from India, so, he wants to join his compatriots or at least learn what you’re thinking so he knows what to do while he’s here working on your behalf.

Okay, let’s now move to Jakarta, and, Binny, just because I recognize you in your lovely yellow, and if you could begin, and then maybe we go around the table to your right, Binny, and be sure to say your
name clearly because we’re going to be checking from the list of acceptances who is actually in the room there, and, again, every time you speak, you have to say your name because the transcribers will go nuts otherwise, and we have to preserve their sanity.

Okay, Binny, good to see you.

MS. BUCHORI: Hello, good morning, Joe Marie. Good evening in India. My name is Binny Buchori from Jakarta, and I work for the Research NGO Jakarta.

And, basically, our encounter with the IMF started 11 years ago in 1997, when Indonesia had its first Asian financial crisis. The decision by the government then to take a bailout package and to have a standby loan at that time has actually made IMF become familiar to the Indonesian population, and in any other country which took the IMF package, Indonesia also had to endure all the Structural Adjustment Program. There have been pros and cons, but the main review up until now is that IMF does us good and bad, IMF makes our economy (inaudible).

I believe, my organization believes that we did make a mistake in taking up the IMF package, and I think the IMF themselves also admitted in their Independent Solutions Report that they made a mistake.
in prescribing the recovery of Indonesia economy, and our organization has been making studies and also advocating for the reform of governance of IMF strengthening the voice of Indonesia by changing the quota reform.

Thank you.

MS. GRIESGRABER: Thank you.

MR. MARUT: This is Don.

MS. GRIESGRABER: Yes, we hear you.

MR. MARUT: Don Marut.

MS. GRIESGRABER: Hello, Don.

MR. MARUT: From INFID.

Hello, how are you?

MS. GRIESGRABER: I couldn’t see your face clearly.

MR. MARUT: Can you see me now?

SPEAKER: We can see you, too.

MR. MARUT: Okay. Okay.

MS. GRIESGRABER: Don and I have worked together before.

MR. MARUT: (Inaudible) Joe Marie.

MS. GRIESGRABER: Go ahead, I’m sorry.

MR. MARUT: Yes, IMF is quite famous in Indonesia in the last 10 years because of the
intervention of IMF in the bailout or bailout package and standby loan, but, now, it is famous in quite negative terms. So, even the politicians, the president is trying to avoid engagement with IMF in order not to have bad image for population because the people perceive that the continuing economic crisis in Indonesia is mainly because of the intervention from IMF, and IMF intervene with this bailout package in 1997 not only to rescue the balance of payout of Indonesia, but it also impose some conditionalities which are not relevant with the financial crisis itself. That’s why the people are quite reserve and have negative perspective, perception on IMF.

And I think the first reform that IMF has to do is that it has to disclose the information about what they assume about the cost of the financial crisis in (inaudible) in 1997, 1999 in order that the people can still have a hope in IMF reform itself.

Okay, that’s the introduction from me.

MS. GRIEGRABER: Thank you so much, Don.

MS. SARI: Hi, I’m Dian from INFID.

We have the same position with Don Marut. That’s basically I will (inaudible) about structure adjustments program in Indonesia. The (inaudible)
program contributes some crisis, and (inaudible) some crisis and they change from our law in Indonesia where the (inaudible) law is against our constitution. I think what is very important for IMF is when they deal with another country that they have respect on their constitution or domestic law and discuss about conditionality.

That’s first. We can discuss for the next.

MS. GRIESGRABER: Thank you, Dian.
MR. SUSILO: I am Wahyu Susilo.
I have some position with the IMF, perspective about the IMF.

MS. GRIESGRABER: Thank you. We’re checking names. You’re Mr. Susilo?

MR. SUSILO: Yes.

MS. GRIESGRABER: Yes, okay. Thank you.
Oh, Mr. Wahyu.
MR. SUSILO: Yes. Wahyu Susilo.

SPEAKER: Wahyu Susilo.
MS. GRIESGRABER: Okay, we forgot we have the four people from Indonesia.

In the outline of the agenda that I sent you, we were first talking about sort of the initial introduction, and then the next is that we want to look
at the purposes of the fund, and what I put in the agenda and you can modify it, you can agree, there seem to be three, current functions of the IMF.

The first is the continued emphasis on short-term balance of payments, and this seems to be a priority in terms of the policies.

The second is a role in economic development and low-income countries, and that seemed to be reinforced in the actions of the board a couple of weeks ago in which the facilities for providing money to low-income countries were modified, and we really saw a reaffirmation of the intent of the IMF to work in low-income countries for extended period of times.

So, I see that, for me, not for the Fund, but for me, it translates into having a role in economic development.

And the third, and this is a new function, is the co-governing or the collaboration with the Financial Stability Board for global financial regulation.

I am not looking at the surveillance function of the Fund. From my sense of working with NGOs, this has not been a core consideration. I could be wrong, you can change my mind, you can add or subtract
functions, but I see these as the three, central issues that civil society have been and are concerned with, and the role of the Fund on the global systemic level with the Financial Stability Board came out at the G-20 summits.

So, if any of you would like to speak to the functions of the Fund because, as the board itself spoke to IMF governance, if any of you had a chance to look at the p-i-n, the PIN or Public Information Notice, on July 21, the board discussed IMF governance, and my interpretation of that particular conversation was that there was very little agreement about changes, but one of their core themes was the functions of the Fund and from the functions with flow of this structure.

So, if anyone would like to speak to those core functions of the IMF, let me know.

MR. SRIVASTAVA: Yes. Yes, we would like --

MS. GRIESGRABER: Say your name.

MR. SRIVASTAVA: Keshav, would you want to say something on this?

MR. PARTHASARTHY: Yes.

MS. GRIESGRABER: Say your name please.

MR. PARTHASARTHY: Regarding the first
function.

MS. GRIESEGRABER: Say your name.

MR. SRIVASTAVA: Yes.

MR. PARTHASARTHY: I’ve Keshav Parthasarthy

from the Centre for Trade and Development.

Regarding the first function of the short-
term balance of payment, it is essential for the IMF to
meet the current account, at least the temporary
current account financing needs.

But, apart from that, and as it wasn’t
discussed so much in the G-20 meet about a system which
will help solve the trade and balances between China
and the U.S. and some other countries. It is
important. The important question here is not to
eliminate trade and balances or current account deficit
in (inaudible) because that will exist as long as
international trade persists. But the important
question that needs to be asked is how to solve this
imbalance other than eliminating this imbalance.

There is a need for the IMF to look into this
and look into how, apart from maintaining or apart from
resolving the short-term balance of payment situation
for countries and maintaining exchange rates to a

system where the trade and balances are sorted out with
an international currency taking place or some other national currency because still the trade and balances persist, and I think this should be one of IMF’s roles because, as it says, it’s one of its main functions is to maintain exchange rates, but the way China and some other countries are paying their exchange rates, it just shows the inefficiency of the IMF to monitor the exchange rates of various countries.

MR. SRIVASTAVA: Great. Anurag Srivastava, the Centre for Trade and Development.

I have some concerns from -- well, I’m talking about the $1.2 trillion package from the G-20 to be channeled through the IMF.

In principle, I think the short-term balance of payment issues to -- well, that’s the traditional role of the IMF, of the Fund, to look into the payments problem, and I would see reason why balance of payments crisis should not be handled by the IMF or is there’s anybody, another other institution, any other global institution credible enough to appear as an alternate to that.

So, that is given. Balance of payments. But an important point there is that the IMF.

And related to the second point that you
mentioned about the economic development in the LIC is that precisely the balance of payments to which the IMF should stick, and balance of payments, short-term, current account financing, which is the need of (inaudible) it's very encouraging. The IMF response is very encouraging, and now it's talking about countercyclical policies. I think two months back when we did not know what was going on inside, and then we had this puzzle on how would its traditional role on what you could do between a nation and between two nations.

For instance, in a situation where current account, say, in a hypothetical case, between country A and B, one surplus is equal to where there's deficit, and but then you have a collective problem like this when there's a global crisis, then how do you kind of maneuver in a way that you still find surpluses?

And, so, the IMF now to say that we are going to follow a countercyclical policies and they're going to be tolerant of fiscal deficits in the budget, the largest being the U.S. and India, those are running quite a deficit. So, there have been some departures from the traditional wisdom.

I think IMF has responded well, but also that is they receive this and
that we all together faced with this global crisis. So, I think balance of payments and totally with the recommendation, I think the IMF itself is the only agency which can probably do that.

However, the devil is in the details. What kind of a currency system we have. My colleague, Keshav, has pointed to some of the problems. Some of the problems related to the issue of reserve and balances globally, and that is one area which is kind of hard to understand, with China fitting on surpluses with United States running deficits and people speaking on some probability that consumer spending or consumer saving and behavior of innumerable number of consumers in Germany and Japan and China and the United States is likely to put the situation back.

I do not know what the IMF can probably do, but something should be talked on that, and I will not get into the details of it now. Economic dependability, at least in the LICs, is something which is contentious, I think. I think IMF had a role and the World Bank had a role, and some of the things, for now, should be -- I think for the Bank, for the IMF to be orthodox in the sense of focusing on the traditional roles that it was playing earlier than the 60s or 50s,
by which time it began to work on the developing world. Some of those things need to be retained, but some of the extensions that the IMF has made over the years need to be revised.

And it’s not to say that the IMF should idly stay away from what the World Bank is doing, but there should be a clear division of roles. I do not know, as I am not an insider, but I’m sure that within the Bank and the IMF, there should be some kind of thinking going on how to collectively separate the responsibilities that they have, and, given the kind of contentions that civil society and governments also have towards the IMF on economic development issues, as of now, it would be graceful for it to kind of separate its functions.

On the monetary policy, which is very important, now things have come to a pass where we see debates between monetary and fiscal policy on what impacts the other and which is more important.

Well, as of now, monetary policy is important, and I think IMF has a very important area of work in its domain. Again, a long-term situation, very hypothetical, very imaginary, but a kind of a global bank monitoring, having some kinds of standards and
benchmarks for interest rates or exchange rates between all the nations is one role that the IMF should very quickly get up to, and that’s where it makes more sense, and it makes far more sense for development in that (inaudible) so to say instead of getting into a fiscal space and recommending cuts in spending on salaries. There are a matter of national policy space that also the matter of the World Bank, for that matter.

Great, and I’m not getting to the (inaudible) part of it. It’s not just (inaudible) part of it, it’s just that that role would not be acceptable to the world, henceforth, given that the kind of situation we have. The kind of understanding that people have developed; the kind of opinions. Not just civil society, but national governments have developed over the years.

So, economic development becomes (inaudible) on that. Well, it seems monetary policy is kind of an overall surveillance that back-serves the function that summarizes.

The third point, cooperating with the Financial Stability Board. I’ll hold some comments on that for now, but I think also the kind of surplus that
has been promised through the G-20, $500 billion is for new lending and $250 billion is for issuance of special drawing rights.

I would say let’s focus on the short-term view, but let’s see if this money will, indeed, be delivered, and what time through what way it goes, through what channels, through what conditions. So, yes, of course, that will be important.

So, maybe I’m putting a (inaudible) to the point. One, financial stability -- would you like to say something, Keshav?

My colleague would like to say something on the Financial Stability Board.

MR. PARTHASARTHY: Hi, I’m Keshav, and regarding the third point of collaborating with the Financial Stability Board, I think if the collaboration if at all is possible and happens, there needs to be a clear demarcation and delegation of duties, and what the IMF should restrict itself is to surveillance, and there should be a clear distinction between surveillance and lending authorities.

Right now, the IMF is concentrating largely on lending authorities and it’s neglected surveillance to a large extent. So, if the collaboration happens
with the Financial Stability Board, IMF should stick itself to surveillance, and the Financial Stability Board should carry forward the operations of lending to various countries.

So, there needs to be a clear distinction between surveillance and lending authorities.

MR. SRIVASTAVA: Also, do you think that we can say something on -- did you have something to say on the Financial Stability Board and the Board of the IMF?

MR. PARTHASARTHY: The --

MR. SRIVASTAVA: I mean, do you think that that represents some kind of power equations which probably can have meaningful development, and that’s one area that we can -- or shall we hold for now?

MR. PARTHASARTHY: Let’s hold.

MR. SRIVASTAVA: Right, right.

We are through with what we have to say on that. Thank you. Thank you.

MS. GRIESEGRABER: Okay, thank you. That’s very profound, especially at early in the morning.

Usually, I’m great, but, for you guys, it’s night. For us, I’m still going oh, yes, I remember yet. Forgive me. I’ll be more articulate as the time
passes, and I do want to challenge you all, and this is great.

We can get into these great NGO discussions that never end. But, first, I just want to get people’s thoughts on the table.

Okay, so, Binny, you want to start for Jakarta?

MS. BUCHORI: Yes, please. Thank you.
I would like to emphasize what Keshav and Amauka (sic)?

SPEAKER: Anurag.
SPEAKER: Anurag.
SPEAKER: Anurag.

MS. BUCHORI: All right. What I was going to say is that I agree with their point, and I just would like to give a little bit of emphasis over there.

First, on the first function, the balance of payment, I think we need to solve the problem of what causes the balance of payment rather than continuing that, yes, IMF continue on the role of resolving the problem of the short-term balance of payment.

And, again, also, with the second function of economic development, I think what we have to learn from this global crisis, both in Asia and now again is
that (inaudible) of economy is not working. So, when we say we’re going to reform the role of the IMF, how can you ensure us that that reform would also take place in the formulations of policy that, A, gives more space for sovereign governments to take more roles while Obama is doing all the bailout? I mean, why can’t other developing countries also doing the bailout, for example?

What I’m worried is that it looks like on the general statement of the functions, but when you (inaudible) it, when you say IMF is going to have a role in the economic development of low-income countries, how can you ensure that they’re not going to prescribe again a (inaudible) of policy and monetary policy and urging that government to practice that instead of allowing them to make their state budget as an instrument for development, for example?

I would stop here, but I hope I make myself clear. Thank you.

MS. GRIESGRABER: Thank you, Binny.

Okay, Don?

MR. MARUT: Yes. I just wanted to follow that.

I think the most important role that should
be taken by IMF now is the surveillance on anti basis rather than export basis.

We hope that IMF is trying to avoid being a doctor for the sick people, and there’s work on preventing the sickness.

If, for example, IMF can know beforehand the problem of the balance of payment of a country, then IMF should come to support or to provide advice rather than the country has been in debt, problem of balance of payment, then IMF comes in with the strong intervention and also with conditionality. And that’s the first.

The second is that the financial crisis now or they call economic crisis, including the energy crisis, climate crisis, also, and food crisis, it’s not only because of the lack or the weakness of policies of the government, but because of the free or unregulated intervention of (inaudible) by the market players, including the private financial institutions. So, why don’t IMF also enforce in regulating the private, financial institutions because the problem in the present economic crisis and for the developing countries like Indonesia in that the present crisis was not anticipated at all by many. Even until now, the
people cannot understand what happened with this financial crisis. Why our country or the government just announce that we are in big, financial crisis, so, we have to be tight, we have to thrifty in our consumption, or we have to expand our consumption in order that the market can still work. This is because nobody provides the information beforehand, before the crisis comes.

So, if IMF, for example, and international financial institutions can provide the informant information beforehand then, together with the government, can take action before the crisis itself takes place, then it will be good for IMF. But if the IMF comes as a doctor for the sick countries, then maybe the cure will be cure for the countries and it will not cure at all.

MS. GRIESGRABER: Thank you, Don.

MR. MARUT: Yes, thank you.

MS. GRIESGRABER: And now, let’s see, Ms. Dian Kartika.

MS. SARI: Yes, I think that it’s very important for the case of the IMF is how is the IMF take the position as international organization to try to see what is the root of crisis and how to develop a
new regulation or a new partnership between private and with government? And I think the IMF funds, if you just see that the IMF funds just have for balance and payment in other country, you will see that the problem of any country, that in balance, payment, it’s not because they have no money, but the problem, the (inaudible) problem is they have no good strategy and they’re all regulation to control their debt.

So, I think that it’s very important to start to discuss and (inaudible) of debt stability because now the IMF and World Bank concept of debt sustainability is only to see how the debt country can pay the debt, but they don’t see about the impact of the capabilities for debt payment, they just take some social or public funds for their people, especially for a poverty allegation.

Thank you.

MS. GRIESEGARBER: Thank you. I’m going to intervene at the moment just to give some of my thoughts.

One is that the short-term balance of payments, my own interpretation of that is that it was an error of the founding fathers, if you will, thinking that balance of payments could be solved in a matter of
a couple of years, in 18 months to 3 years, which is the standard standby --

SPEAKER: Arrangement.

MS. GRIESGRABER: Arrangement. Thank you.

SPEAKER: Standard standby.

SPEAKER: Standby.

MS. GRIESGRABER: Thank you, yes. The formal word is arrangement.

But, anyway, so, the other thing is that on a large scale, the balance of payments now is that somebody has to provide the liquidity for everybody else, especially since countries now want to self-insure. The idea originally had been the IMF would be the co-op and people put their combined savings and nobody has to do the business of self-insuring.

And the experience in the late 1990s with the IMF, everybody says oh, no, we’re going to self-insure. So, that really exacerbates the tension, and we see the huge, U.S. deficit and the huge Chinese surplus, as well as other country’s surplus.

So, there’s something fundamentally wrong here with the trade issues, and we can go into the specifics in all low-income countries, and we can go into trade barriers, but that’s a little bit beyond the
IMF responsibility, except for a standard package of conditions has been trade liberalization and the removal of tariffs, and, therefore, revenues, et cetera, et cetera.

With regard to the economic development role of the IMF, if the IMF is going to be in developing countries -- this is my personal input, not your views, I don't know how you can have a short-term regulation of macroeconomic policies and act as though it does not impact development because when you’re setting interest rates and inflation targets and fiscal targets and so on, it impacts the longer term, and it has social impacts which are not always acknowledged. They’re difficult to measure. And we’ll pick this up later with the idea of Ex-ante poverty impact assessments of macroeconomic policies. But the short-term decisions have longer-term repercussions.

So, if the IMF is going to work in low-income countries, and as a co-op, as an institution of 185 members, it’s going to be there. So, how does it develop a timeframe consistent with, if you will, the growth cycle or the so-called business cycle of low-income countries which can be a 20-year stretch for each cycle?
So, it’s a profound question, and it asks the timeline or the length of lending and the length of programs, as well as the nature of programs. So, it’s a profound challenge.

The surveillance question also comes in because the IMF is a institution where the nation states are the members, and, therefore, the analyses on the nation state level, not on the regional level and much less on the global level, although, they’re increasingly efforts at the global level. But what is good for one country at a time may not benefit the global community or the region. You know the fallacy of composition.

So, on surveillance, you also address the imbalance of power within the IMF whereby the wealthy countries, my own included, ignore the IMF. I mean, I think they get an hour or two hours each year with the Treasury Department in terms of our surveillance. Thank you very much, and we do absolutely nothing differently, whether that’s good or bad. And those of us in civil society are saying hmm, do we really want the IMF to have greater influence on U.S. policies? If we are disagreeing profoundly with their agenda, are we happy that we can and do ignore them? But that’s not
fair.

So, the question then, I think, has us ask -- and you have suggested it already in both Delhi and Jakarta -- the quality and the content of proposals, and, if you will, the economic philosophy of the institution and of staff.

So, if you come in with an orthodox worldview, then what Obama is doing and what most wealthy countries are doing right now with fiscal stimulus is not what you’re supposed to be doing in a crisis. You’re supposed to be paying your debts. At least that was the policies as applied in small, low-income countries.

So, there’s a lot of complexity in all of this, and let me just pontificate for a minute on the relationship with the Financial Stability Board.

One is it requires different kinds of skills within the IMF, the ability to look at finance and financial regulations, not just on the national level, but on a global level. So, that’s additional skill set within the institution.

There’s also profound governance questions in that the financial stability board, which your country, especially India, now loves because you’re members, but
what about everybody who’s not a member?

So, and the FSB is much more closed than the IMF. I mean, nobody knows what's going on. They issue some papers, which is really great, and sometimes I can understand it, but it introduces another element of governance because the Financial Stability Board becomes the rule center and the IMF becomes the rule implementer.

So, we saw that earlier with the standards and codes, the so-called voluntary implementation of financial regulations on the domestic level where the Financial Stability Board was the originator for the most part of the rules, and then the G-7 says well, we like these 12 best, and the IMF gets to implement them in your countries, not mine.

So, there are a lot of complexities, imbalances of power, of timelines, of mandates. So, given all of those complexities, which we’re not going to agree on or sort out right now, we’re going to turn specifically to the governance questions.

I just had to spiel off. I mean, I can’t sit and just listen. I can’t help it.

Okay, looking now at the governance issues, we -- here, it’s the royal “we.” I wrote the
paper over two very long weekends. The five-pager that you saw that was distributed to the board on July 13, and it has civil society recommendations which I admit largely reflect a lot of my own views with some input from other people, but what can I say?

So, if we take these and we begin looking at them as laid out in that paper, can we focus now on the governance issues which the board has been considering? We’re going to have an informal seminar with the board in September on these issues. And the IMFC deputies will be meeting early in September on these issues on the narrow governance issues. So, this is when I would like your feedback, your input, your suggestions on IMF governance issues. India spoke a lot about quota reform.

So, okay, who’s going to start?

MR. SRIVASTAVA: Yes, thank you. Anurag. Can I respond?

MS. GRIESGRABER: Certainly. Go for it.

MR. SRIVASTAVA: I have some comments on what you spoke of. Can I say that now, or shall we just proceed with the paper?

MS. GRIESGRABER: We actually have some time, so, at 10:00 my time, we have to go to the narrow
governance because that’s our narrow mandate.

MR. SRIVASTAVA: So, how much time does that give me? Five minutes or less? Two minutes?

MS. GRIESGRABER: Two minutes. You take two and a half.

MR. SRIVASTAVA: I’ll try to be shorter than two, but I think we need to define short and long-term.

A very broad comment I have, but I think I’m not exact maybe what “short-term” and “long-term” lending, what it means. Is five years “short-term?” Is 10 years “long-term?” How this whole vocabulary, how this whole nomenclature of quantifying short and long-term, and assuming that to be the right period for certain economic conditions to change has been established.

Now, that’s a very fundamental thing. I think it’s not in your paper on the four pillar recommendations, but I think that’s an additional consideration that should build in this work.

Surveillance imbalance of power in the IMF and imbalance of power in surveillance, I think it’s a kind of universal benchmark of surveillance on certain fundamental indicators across all the countries, regularly updated and shared across the world so that we also have a case for CSO watchdogs or people -- or,
if that’s too extreme, award concerned citizens being able to assess. I mean, what the IMF is doing on surveillance in the developed world, as well.

And final comment is on India. I think as an India, of course, one should acknowledge that this is the kind of dilemma that we have. On the one hand, the fear of high growth rates. On the other hand, we have development concerns. On the one hand, we have a great receipt, global sharing in the Financial Stability Board. We are actually concerned on climate change, and we can dictate our terms better. We are a contender for the seat on the Security Council, and that comes from the growth that we witnessed.

But then, of course, we, as a CSO, are not representing India alone. South Asia, we work across South Asia and the rest of the developing world, and I think it’s prudent for us to have a re-look at kind of debates that will kind of downturn probably because we have growth, and now we feel we are the affluent side.

And thanks for reminding that I think we need a hard look on that.

So, that’s all I have to say for that. Now we can go on the paper. Thank you very much.

MS. GRIESEGRABER: That was very disciplined.
Anybody else want to make a disciplined intervention on my last tirade?

SPEAKER: (Off mike)

MS. GRIESGRABER: No?

Don, you’re leaning forward. Do you want to speak?

MR. MARUT: No. No, thank you.

MS. GRIESGRABER: Okay. Then, let’s focus on the governance issues, and, for this, I structured the paper around accountability and used four elements of accountability: transparency, evaluation, participation, and external complaint mechanism.

On transparency, first of all, does anybody want to speak to that structure or challenge it? Or, if not, then we’ll begin with discussing transparency.

SPEAKER: (Off mike)

MS. GRIESGRABER: Okay, India?

MR. SRIVASTAVA: Okay. I’ll -- evaluation.

You mean on all the four?

MS. GRIESGRABER: Well --

MR. SRIVASTAVA: Evaluation.

MS. GRIESGRABER: If you want to speak first to the outlined format, the structure. Otherwise, we’ll launch into the transparency issue.
MR. SRIVASTAVA: Yes, I think, for us, evaluation is fine. Right.

To be honest, I don't know so much of the details of what the present structure is on evaluation.

MS. GRIESGRABER: There is none.

MR. SRIVASTAVA: Right. Then this should be fine, I guess.

MS. GRIESGRABER: Okay. Anybody from Jakarta?

Go ahead.

MS. BUCHORI: Yes, well, sorry if I made such a -- I would like to know whether you put on the accountability of the IMF officials to the their mention of (inaudible). That they need to respond to the parliaments and to the national citizens.

MS. GRIESGRABER: Yes. That --

SPEAKER: That they are (off mike).

MS. GRIESGRABER: Yes. It also is part of participation.

MS. BUCHORI: It’s in the participation, is it?

MS. GRIESGRABER: It’s part of transparency and participation.

SPEAKER: Yes.
MS. BUCHORI: Okay. So, it’s already there?
MS. GRIESGRABER: It’s there, but you can beef it up if you want.
MS. BUCHORI: Okay. Right. I just, I mean, can I comment on the whole paper generally?
MS. GRIESGRABER: Sure.
MS. BUCHORI: Yes. If I remember our discussion in Washington, D.C., ages ago, last year, 2007, I think the discussions about how making the accountability concept with the intent to promote (inaudible) economy.

So, for example, we cannot talk about the accountability and transparency without discussing about the quota reform.

MS. BUCHORI: Yes, well I’m sorry if I missed such a -- I would like to know whether you put on the accountability of the IMF official to the national constituency that they need to respond to the parliament and also the national citizens?

MS. GRIESBERGER: Yes.

MS. BUCHORI: That they are -- (inaudible) --

MS. GRIESBERGER: Yes. It also is part of “Participation.”

MS. BUCHORI: It’s in the “Participation,” is
it?

MS. GRIESEBERGER: It’s part of “Transparency” and “Participation.”

MS. BUCHORI: Okay. So it’s already there?

MS. GRIESEBERGER: It’s there. But you can beef it up if you want.

MS. BUCHORI: Oh, okay. Right.

I just -- I mean, can I comment on the whole paper, Jo Marie?

MS. GRIESEBERGER: Sure.

MS. BUCHORI: Yes. If I remember our discussion in Washington, D.C. -- ages ago -- last year, 2007, I think our -- there were discussions about how making the accountability consistent with the intent to promote heterodox economy. So, for example, we cannot talk about the accountability and transparency without discussions about the quota reform. I think I would like to have this point actually be laid out somewhere on the paper. Because when we talk accountability then I think -- if I can listen to our previous discussion, what about the accountability of the IMF director that is responsible for 20, 30 countries, then of course we talk about the quota reform and the voting rights.
So I think we should put this somewhere in the paper, really.

MS. GRIESBERGER: May I say, Binny, that in terms of the other three pillars, you know that we are the fourth pillar, and therefore the best. They saved the best for last. What can I say?

The other three pillars were, first, the IEO evaluation of IMF governance last summer, about a year ago. And the second is the Board Committee led by Thomas Moser of Switzerland is the second pillar. The third pillar is the Commission of Experts, headed by Trevor Manual of South Africa. And now we are the fourth pillar.

The other three pillars chose not to address the IMF quota reform. That start from the IEO mandate where they cannot look at something that is still under discussion.

So they could not -- so the narrowness, the formal restriction on the IEO work, I think drove that. Also, there had just been a quota reform concluded in April of 2008, and it had not yet been finalized. Many of us in Washington were stomping around saying, “Throw the whole thing out. It’s not worth saving.” But once the G-20 met on that -- when you look at anything about
IMF reform, and especially from the London meeting in April, they were adamant -- adamant -- that the April 2008 reforms be accepted. In other words, it was pointedly directed at the United States, where the Congress had to act. And so the Administration, following that, pushed it through.

And I’m not proud of the process. IT was not transparent and inclusive. It was -- anyway, we can get into that long hours over a beer, but not right now.

But it did get through the U.S. Congress. And so that set of reforms is finished. Okay? The 2008 are ready to be implemented. So now it’s the next step.

But that’s why the other three pillars didn’t look at it, we did. We said, “We don’t have any limits on what CSOs can say.” The managing director told us nothing is taboo. And that is the motto of the fourth pillar, including, you know, raising money for your own NGO on the website.

And, Binny, the thoughts of the -- Binny was involved in a project of New Rules that we did -- we concluded in early ’08, but did a lot of the work in 2007–on IMF board accountability. And there we tried
to limit our recommendations to stay within the Articles of Agreement. So everything we recommended could be passed immediately by the board.

With this conversation, we are not limited by the current language in the Articles. We know the Articles are going to have to be changed, given so many of the recommendations that have been discussed by the other pillars and by the executive board just a few weeks ago.

MS. BUCHORI: Okay.

SPEAKER: Right. That’s useful, very useful.

MS. GRIESBERGER: Hi, Don. I see you.

MR. MARUT: Yes. I wanted to talk about the transparency.

IMF until now is still perceived as an external organization, or external institution. It appears that, like randomized evaluations, Indonesia, Indonesia is not part of IMF. So when IMF comes, it means then that an organization or an institution coming from Washington, coming to intervene in the country’s economy. And this is actually mainly because there is not much information about IMF for the public.

So what I want to include also here in the “Transparency” is that IMF should regularly publish
information about what they are doing, and what they perceive or what they assume about the country’s economic situation and the global economic situation -- not only to disclose their policies, but also what they are doing, actually, in daily life, so that the public will know that IMF is also our citizen. It’s not the U.S. institution, it’s not European institution, or it’s not an institution controlled by the developed countries, but also we have stake, we have a (inaudible) in IMF.

So IMF should behave as a public institution, as a global public institution, not as an independent, external organization that is detached from the public or the country.

So there should be regular information disclosed about what the IMF is doing, not only in one country, but in other countries also.

MS. GRIESBERGER: May I play devil’s advocate to just that one piece?

Is that the IMF’s responsibility? OR is that the government’s -- and especially the executive director’s office? You have an executive director from Indonesia. How often do you talk -- I believe it’s a woman again, if I’m not mistaken.
SPEAKER: (Off mike)
SPEAKER: What’s her name?
SPEAKER: Nobody knows.
MS. GRIESBERGER: She’s -- actually, she’s from Thailand. She’s from Thailand this time. You had an Indonesian before —
SPEAKER: (Off mike)
MS. GRIESBERGER: -- no, wait -- you had -- Thailand heads the constituency in which Indonesia participates, but there is a senior advisor on the staff of that executive director’s constituency. We’re getting the name right now, but I don’t promise —
SPEAKER: Okay, so it’s -- it’s a Thailand women. Yes, can I —
MS. SARI: Yes. If we are talking about transparency, this will be very connected with participation. We can only participate if there’s so broad transparency by IMF.

And I hope that this transparency should be based on right to the information, meaning that if we are know what is the government and IMF relationship, this is a public agreement, so all the documents, all
the information documents and process should be published to the public. So every people, every single people can see what is that partnership or agreement so we can give input, we can criticize, as a part of our participation act.

The other is for the participation, when -- I’m very concerned about conduction of participation. We can only participate with a good, really serious participation if we have good information, where information on all the process and all the what is the meaning of the substance of the agreement or partnership between our government and IMF.

The other is evaluation. I just ask to the IMF where is the position of the people? There’s where the --

SPEAKER: (Off mike)

MS. SARI: -- oh, yes -- there is what is some of word from government to take about evaluation, but there is no space for the people, especially people who are affected by IMF and government agreement.

So if evaluation should be included about public audit, so people can make their audit based on their -- what is their experiences, especially for people who positioning as (inaudible).
The other is "Accountability." I think that accountability is not for the government, or the governance of IMF, just say okay, we have (inaudible) for analysis, or we have -- well, this, we have not enough information setting up what is—just say what this, the situation, especially what the problem arise, because IMF and government partnership.

But the other important is accountability should include recovery and compensation if there is people become victims or affected that partnership or what is regulation or what is imposed through the government to take actions some for policy or everything that is imposing in the condition, as a condition of the aid agreements.

So it's not just confess that, okay, we are wrong and so on and so on, and just keep find on a new debt to the government, but this should be include recovery and compensation to the victims.

Thank you.

MS. GRIESBERGER: Thank you.

Who's next?

MS. BUCHORI: Can I —

MS. GRIESBERGER: Binny?

MS. BUCHORI: Can I just answer -- can I just
-- yes, I would like to follow up Dian, also to respond to your question.

You asked earlier to Don whether such a responsibility should be beared by the ED or the IMF.

I think, in terms of responsibility, I would agree, Jo Marie, that it should be the responsibility of the executive director, but that we need to have a mechanism in place to check whether he or she is going to do that, in terms of publishing and also doing the meaningful and comprehensive consultancy.

And I would like to reiterate what Dian has said earlier, that meaningful participation such as actually -- actual (inaudible) the outreach -- yeah? -- because there is no use in having all these documents sitting in the IMF office in the country, and only accessible to the elites. When we said about meaningful participation is actually the strife to try to -- how they pose that? -- do the site for attacking the hegemony of holding the information.

So, in here, of course there is the responsibility of the civil society in the country to make sure that there is regulations in place of the rights to information, but the responsibility of the IMF and, in this case, the executive director, is to
ensure that they are equipped with either personnel or office or finance, whatever, to do the outreach.

MS. GRIESBERGER: Okay. Thank you.

Is that—let me—

SPEAKER: Can I—

MS. GRIESBERGER: Oh, I’m sorry. Go ahead, India.

MR. SRIVASTAVA: Anurag.

I just want to know how we are moving with the discussion I have a comment to one of the comments from Jakarta. And that is about IMF liability to consider losses or damages because if its policies.

I think that’s hard terrain to get into. How do we determine what the certain kind of policy and loss of livelihoods. And it’s a pretty indirect relationship. And it’s just a question if that something can be concretized — no, I don’t mean — please, do not — understand me. I mean, it cannot always be a direct relationship, probably, because cases differ so much. Right.

So, for instance, I think, between — I mean, I would like to know more, but that we can save for later on. But — because phenomena — I mean — well, I would like to know more about that, if it’s very
concrete.

I’m not saying there is no relationship. Of course, there’s a direct relationship. There is one. But it would be a difficult thing to establish, I would say, and some kind of ex ante surveillance mechanisms, and those mechanisms being methodologically sound would be more, I think -- would make more sense, not that impact on people.

Also, another thing is, how are we moving about discussing this paper. Are we -- we have one participant from Jakarta who has perhaps shared all of your comments on the entire paper. And Jo Marie suggested we go section by section.

How do we -- shall we --

MS. GRIESBERGER: Okay.

MR. SRIVASTAVA: -- how do we proceed.

MS. GRIESBERGER: Okay. Thank you. You’re trying to introduce discipline into a CSO conversation.

SPEAKER: Can I ask one -- sorry -- but if we are talking about transparency, accountability, evaluation and participation, there is connected one and the other. So sorry if I am so -- I am really sorry.

And one thing, I absolutely will -- I think
that (inaudible) the connection between macroeconomics which the IMF is imposing, or IMF, what is in the operation or suggestion to the government, give negative impact to the people, because as somebody who works in law, as a lawyer, I can respect the problem and the negative impact.

Thank you.

MS. GRIESBERGER: Okay. Well, let’s try and stay -- let’s try and stay with transparency, if we can. And let me just point out that in the paper there are some suggestions for transparency that haven’t surfaced yet.

One is for transcripts of board meetings and a public record of votes. What has surfaced at another conversation is that policy papers be distributed at least on the web before the board accepts them, so that there is public input beforehand, and not just the final paper after the fact.

We have had considerable conversations with other sites about the role of parliament. And also it addresses the question of whose responsibility is it to release documents, because many of the documents are -- belong to -- some of the documents belong to the government, and therefore the Fund cannot release them.
I think -- India, I mean, Jakarta, your microphone’s on. Okay. The -- I’m sorry, your microphone is on. Thank you. Okay. We’re getting a lot of paper.

So the -- I lost the train of my thought. Right. On transparency.

The government is free to release to the public any of the documents it signs. But right now, even executive directors are not permitted to release the transcripts of board meetings, because those belong to the institution.

So there are a lot of these issues, in terms of information, as to whom do they belong.

But the government is the -- the principle that’s in place right now is that there is a presumption of disclosure for all documents related to surveillance and loans, unless the government holds them back.

So that’s -- and likewise, the question of regular reports, that suggests the issue of translation, particularly, I suspect, in Indonesia, but possibly in India, as well. I just don’t know. And is that the Fund’s responsibility, to translate all documents into all local languages? Or is that a
government responsibility?

I suspect it’s government responsibility, but it comes down to resource scarcity sometimes.

So just on the transparency issues, those are some other items that have surfaced.

MR. SRIVASTAVA: Yes, can I respond, please?

Anurag.

MS. GRIESBERGER: Go ahead.

MR. SRIVASTAVA: I think this one is particularly well framed. And in response to some of the points that we -- what we see here is that you write, “These standards are appropriate -- ” -- point in the transparency -- these standards appropriate because the IMF is a public institution, funded by public -- and in many cases serves a de facto legislative function, especially with or for individual borrowing member states.

I think that’s a very important point. And it’s very important also to establish the rules between the governments and the IMF. And that also brings me — I would digress a bit and, Jakarta, to your idea of the impact assessment of IMF policies, I’m not saying there has not been a impact of IMF policies in the developing world. But all I am saying is, who is
accountable?

It might well be the case, some poor, really poor, national policies, national economic policies --

sheer money laundering, or sheer wastage of national resources in the hands of democratically elected or

military-junta backed leaders could have created the chaos, and it was politically feasible to completely blame it on the IMF, you know? It’s like “Blame it on the rain,” blame it on the IMF.

There have also been cases -- so people have been impacted. The IMF policies have impacted people adversely, and there’s no doubt about that. But who’s responsible, and who’s accountable? Well, in large, we know the bigger -- well, I mean, there are other factors that get into that. So let’s not get into that for now.

But that does not endorse any of the IMF maneuvering so far. And when it comes to transparency, I would argue that this part, in particular, about making things in the open, about the kind of loans and agreements the government is getting because it’s going to impact people, because it’s public money -- I don’t see any reason, there is nothing private here. It’s public money, it’s going to affect people.
We have, in the private sector, we argue for disclosing information on what the toothpaste is made up of, what a drug is made up of. We want to know so many issues. There is a whole consumer movement. We’ll that’s not successful -- let’s say in principle something exists there, and I do not understand why this can be so closed.

So if we completely endorse all the points under the “Transparency” mechanisms -- we’ll just quickly revise and discuss it, my colleagues, and if you have something to add, we’ll get back to you. Thank you.

MS. GRIESBERGER: Thank you.

Go ahead.

(Pause)

MS. GRIESBERGER: Yes, we’re waiting for “India Two.” Sorry. Keshav?

MR. PARTHASARTHY: I would just like to make one point here. When it comes to transparency, one area where the IMF has not been transparent and where information comes from critiques is, coming back to your first point of conditionalities.

So I think all these, both these points are interlinked, and the IMF can strengthen its public
information system by giving information about the (inaudible) put on the loan. Because there is a time such information is not available to the public. Evaluation of the IMF becomes pretty (inaudible).

And the solution to this, like in your next point, which is “Participation.” As long as you have adequate participation from various countries, the problem of getting information about conditionalities and loans is impossible.

So three issues are interlinked here. One is about transparency on the conditionalities and loans, and it comes back to your first point of conditionality. And the solution to this problems lies in greater participation and greater effort and (inaudible) of country.

MR. SRIVASTAVA: And this is here on -- Anurag.

It is here, when we look at participation that I have some questions.

I think you’ve said something on renegotiation of the quota formula. It’s in the passing. It’s three points: adding population to the formula, calculating GDP as purchasing power parity, and returning basic votes to a steady 11 percent of the
total votes.

We have some questions on that. Can we have those questions now, Jo Marie?

MS. GRIESBERGER: Let me check with Jakarta and see if you have anything else, Jakarta, on transparency.

The question of impact assessment we’ll pick up in the fourth point of “Accountability,” which is an external complaint mechanism. So we’re not dropping it -- okay?

Anything else on transparency?

SPEAKER: Okay. At this time, for us, no more.

MS. GRIESBERGER: Okay. Thank you, Jakarta.

SPEAKER: (Off mike)

MS. GRIESBERGER: India, we’re now going to switch to “Participation,” and we’ll focus on the quota. And you have some specific questions there. Go ahead.

MR. PARTHASARTH: Yes, Keshav.

Could you just explain the kind of renegotiation of the quote formula? The three points you’ve mentioned here?

MS. GRIESBERGER: Yes.
First of all, for those of you who want any in-depth reading on the quota formula -- especially as it was negotiated and fought in 2008 -- go to the Brookings Institution website. It’s “Brookings -- with an “S” -- .org.” Under “Experts,” look up “Ralph Bryant,” “B” like “boy,” R-Y-A-N-T, Bryant -- Ralph Bryant. And in April 2008 he produced two virtually identical papers, and he explores the elements of the formula as they were proposed by the IMF, and actually accepted by the IMF in 2008, and alternative approaches.

Now, population right now is not considered full-stop. It is not one of the elements of the formula. The measurement of GDP, for the first time, is measured, in part, in purchasing power parity. Previously, it had been exclusively measured in terms of the value of your economy in hard currency. In other words, you don’t use the rupee, you translate rupee into the current value in dollars, yen, Euro and, I think, it’s pounds sterling. So you have to translate it. And it you have just devalued your currency, guess what? The size of your economy is smaller.

And China, by holding the value of the RMB
stable, not allowing it to increase, it keeps the size of its economic as measured in hard currency, it keeps the size of its domestic economic low.

There is another measurement of the size of openness of your economy, or how much international trade you have. This favors the small European countries, because every time Belgium, the Netherlands, France, exchange a loaf of bread, it’s an “international trade.” So when somebody goes from Geneva to France to buy French bread and a bottle of wine, they’re involved in “international trade.”

So the European Union -- the Euro Zone, particularly -- we -- I argue, Ralph Bryant argues -- is actually more domestic trade and should be valued that way. But it strengthens the size of the European representation on the board of the IMF.

I should say, on the basic votes, a basic vote is what every country gets, the same amount of votes per member. It started out, in 1944, as 11.3 percent, I believe. Maybe 11.4 percent -- but it was just over 11 percent of the total votes came from basic votes, being a member, all countries are equal. This is a bow in the direction to the equality of member states.
Because of the dilution of the quota -- every country got 250 basic votes, but when you increase the quota, there’s a larger share of the total votes that comes from the quota.

So, over the years, the total share of basic votes, or membership votes, has been reduced to just over 2 percent.

Now, in 2008, the basic votes were tripled, so every country how has 750 basic votes, and that represents just over 3 percent, I believe. So the suggestion here is to increase basic votes such that it is at a stable 11 percent or 10 percent.

What this does -- it’s virtually the only way that the low-income countries get a larger vote. Because no matter how you measure the economy of Mali, Mali has virtually nothing, except a lot of sand -- okay? So, some countries aren’t going to get additional votes any which way. In fact, for the new formula, in order to prevent low-income countries from losing votes, Ralph Bryant describes some tricks or questionable techniques to ensure. And there, the United States did not accept any additional quota, any additional votes, and they cut off the two extremes in the distribution. They cut off the top and bottom 5
percent, to keep it in the middle, so that the low-income countries wouldn’t lose, and the richest wouldn’t gain. So there’s a fault in the formula according to Bryant.

But what you need to know is that are only 100 percent of votes. And if India’s going to gain votes, who loses?

And according to the by-laws, no country can lose their share of votes without approving it. So you have to agree to have a haircut. And no one wants to agree to that. So the trick around that is to increase the quota and to say how the quota will be allocated. And the de facto outcome is a loss of votes for some countries. Okay? That’s very difficult.

The Europeans currently have either eight or 10 of the chairs, out of 24 seats. The Africans, two. The United States has only one chair. The Europeans have eight.

So I say, if it’s by proportional to size of economy, I want eight chairs, too. But that’s just a, you know, a rhetorical thing.

So your ideas on the quota.

MR. SRIVASTAVA: Thank you very much, Jo Marie.
I think we would like to have a look at the paper by Bryant, and we’ll probably be — I think we can work on this through the next one week or 10 days and we’ll get back to you on that.

MS. GRIESBERGER: That would be great. Try to make it quickly, because Domenico is writing very quickly. Because we need to get the paper out to you in draft form on the web. You get your feedback to us. We revise the paper, and turn it over to the board -- are you ready for this date? -- September 1. Okay? And I’m going on vacation in the meantime.

So we are working very fast. Okay?

MR. SRIVASTAVA: If we are able to catch up -- if we can find -- well, we are very interested if we can find time, we’ll try. Or at least, we will see what can be done.

MS. GRIESBERGER: Great. It doesn’t have to be fancy. Just your thoughts, very quickly.

Jakarta, anything on quota reform?

MS. BUCHORI: Hi, Jo Marie. This is Binny (inaudible).

I agree with your proposal. I have no problem whatsoever with the proposal. This is been our talk for a long time. It’s so good to have it written
down in black and in a paper submitted to the IMF.
Thank you.

MS. GRIESBERGER: Oh -- you're welcome. Thank you.

I'm not used to that.

Go ahead, Jakarta. Who's next?

MS. SARI: Yes. What we -- this thing about voting power, is this new formula of voting power is how to democratizing IMF. If we have new formulas we should check if the new formula will bring new (inaudible) to the democracy. The important thing is this democracy.

But the other is not only voting power among the (inaudible) of the IMF members, I think, the problem is the inequality relationship within IMF and the poorer world. That's the problem, the serious problem, in the relationship between IMF and the poorer countries, the recipient countries.

And in your paper you said about in the fourth point is the recognition and exercise of rights of national parliaments to be informed. I ask you to attention, to pay attention about Indonesian law, because in our constitution, Article Number 11, third article, enshrining that all the international
agreements must discuss the parliament, and must approved by parliament.

I think what is the (inaudible) IMF and government agreement today, there is not in discussion with IMF. And I think that this unconstitutional action, then if we see that in an international instrument saying that Vienna Convention 1986, that a violation on the fundamental law in a country, it will be effective as illegitimate or in (inaudible) of agreement.

Thank you.

MS. GRIESBERGER: Thank you. That’s very interesting, and I’m just -- that, I think, is an important issue for division of labor and responsibility between the IMF and the government. And especially when there is a less than democratic government in a country, it’s extremely difficult.

MR. SRIVASTAVA: Could I just add one more point to the quota reforms?

MS. GRIESBERGER: Sure. Quickly.

SPEAKER: Yes. This point is about the quota reforming (inaudible) drawings contribution as well as voting power.

Now, if the quota determines all these three
things, there are going to be conflicts of interest. So there needs to be some changes made in what the quota actually determines.

When it comes to contributions and voting power, it might still hold. But when it comes to drawings, and the developing and the last developed countries having the lowest quota, it clearly goes against the objective of IMF to lend to countries which need it the most.

So the quota should not determine all these three things. There should be a separate system which determines each of these things: contribution, drawings, as well as voting power.

MS. GRIESBERGER: I think you’ve named a very important issue. And if you can develop your thinking, that’s then identified elsewhere, but people haven’t written on it, or it hasn’t shown up in our writing yet.

If you could send me an e-mail on that point, please.

Also -- suddenly we are running out of time. We’re down to 20 minutes. We have looked at “Participation.” We know the importance of the role of the parliament.
On "Evaluation," I just -- and Binny knows this very well -- that the managing director, the deputy managing directors, the executive directors, the executive boards, do not undergo any sort of evaluation. And so we have -- this is a very internal process, but it’s something that we strongly recommend, in terms of evaluation.

And just to synthesize our next set of feedback from you all, who are the important talkers, not me, let’s also look at external complain mechanism. Here, this is the brainchild of Danny Bradlow is the response, but it’s a core element of accountability. And we have come up with two approaches.

One is a recognition that it’s very hard to go backwards in time and track the impact, and to hold people responsible in the past. Therefore, the importance -- one -- of learning from the past through the ombudsman and, two, the ex ante poverty impact assessment.

And here, New Rules is working with Sussex on designing qualitative analysis that could be done in-country, with short timeframe and very limited money. We’re trying to design this tool, but we have to get some money to design the inexpensive tool.
So if we could get your thoughts -- maybe beginning with Jakarta -- on those two elements: evaluation and external complaint mechanisms.

(Pause)

MS. GRIESEBERGER: Who's going first?

Dian?

MS. SARI: Yes, if we are talking about evaluation, I think that it's very important to include people, or specially people who are affected by this agreement between government and IMF.

And I would suggest that it will be a public audit. It's not just about financial audit, it's about all of competency, about its byproducts. We know that we have audits in (inaudible), but we need more strong (inaudible) for a public audit.

And that's a relationship with external complaint mechanism, I think the important thing is how independent of this body. If the external complaint mechanism, this body is not independent, if this body's under IMF, I think that it's very difficult to ask, to think that this body will be very objective to evaluate, or to receive a complaint from people who have, or file it by agreement by government and IMF. So that's an important thing, is the independency of
the body, whatever it is -- ombudsman or the, whatever the name of that body.

The other is mechanism of ombudsman work. If (inaudible) non-stakeholder, we are concerned about if it’s a non-stakeholder, who is this group. And where is the position of the victims who are file it, or who are victims seeking from the agreement of the, for this collaboration between government with IMF.

MS. GRIESEBERGER: Dian, could you write up your —

SPEAKER: (Off mike)

MS. GRIESEBERGER: -- Dian, could you please write up your concerns and send me an e-mail? Because what I want to do is I want to send your concerns to the person who was talking about and designing the ombudsman, Danny Bradlow -- for you, Binny, because you know him. And I’ll make him answer those questions.

MS. SARI: Oh, okay, I’ll do my best.

MS. GRIESEBERGER: Thank you.

Okay, who’s next? Go Ahead?

MR. SRIVASTAVA: Can I just —

MS. GRIESEBERGER: Yes.

MR. SRIVASTAVA: India. Anurag. I just wanted to make one very quick comment.
I my opinion, we might as well evaluate the costs of having this office of the ombudsman. On the face of it, I would say it does not seem to serve a very useful purpose, except probably having a mechanism for complaints, and long mechanisms, and you have an office in place. And that might increase the costs also.

Because IMF financing, itself, is also going to be quite a challenge. I think some of the issues that are contended also come because of the need for the IMF to raise money for its own sustenance. Ombudsmen offices in various organization, I’m not sure that that’s -- that’s a good principle, but how it turns out in practice is something that perhaps we can write our comments and mail them to you. Yes.

Thank you.

MS. GRIESBERGER: Thank you. I love having Danny have problems to wrestle with, because he always challenges me.

I’d also say an issue that has not, did not appear in the “Civil Society” paper -- which has come up since -- is the whole evaluation of the IMF work, per se.

In the past, some of you remember, the ESAF
external evaluation, which was extremely important in
gaining the attention of the board on the problems with
conditionality. Right now, there is not such an
external evaluation mechanism. The Independent
Evaluation Office sets its own agenda, and it sets it
out three years in advance. But the ongoing, normal
evaluation of projects and policies is carried on
internally by the Strategy Planning and Review
Department. It used to be called “PDR” -- “Policy
Development Review.” It’s now the SDR -- right? SPR,
Strategy, Policy and Review. I can’t do that.

Some of us, in our off moments, compare it to
the Holy Office of the Inquisition, but we won’t go
there now. And that’s very cruel. Office of the
Propagation of the Faith. Sorry -- some of us were
raised too Catholic.

Okay -- anyone else on these two points? On
evaluation and on the ombudsman?

MS. BUCHORI: If I may?

MS. GRIESBERGER: Sure, Dian.

MS. BUCHORI: No, this is me, Binny.

MS. GRIESBERGER: Binny! Hi, Binny. Well,
come on.

MS. BUCHORI: I think, I agree, actually, with
these two designs. I think the real challenge is actually at the national level. It’s how much political space, how much freedom of speech, how much freedom of association there is in the country, I think, that would be the main concern.

So, in terms of design and mechanism at the Fund, I think it’s fine. But how do you ensure that this is taking place in all the country members of the IMF? That’s my concern.

MS. GRIESEBERGER: Yes. And that’s a very different set of issues, which -- it’s huge, you know.

MS. BUCHORI: Yes.

MS. GRIESEBERGER: And it’s true in the United States, as well. We thought we elected a President who would, you know, set the world spinning in the other direction, and it hasn’t happened yet.

Okay, we are --

MS. BUCHORI: Oh, well, give him time.

MS. GRIESEBERGER: Oh, I know. I know.

Okay, we have --

MR. MARUT: Yes, umm --

MS. GRIESEBERGER: Who is this?

MR. MARUT: For the improvement --

MS. GRIESEBERGER: Who’s speaking?
MR. MARUT: Don.

MS. GRIESBERGER: Don. Okay, Don. Thank you.

MR. MARUT: For the (inaudible) of parliament, for the informing of parliament, maybe we should elaborate it more in the "Evaluation," and also in the "Participation," about how the parliament participates. Whether it can, for example, there be a parliamentary, international parliamentary oversight on the whole IMF, or at the national level there should be also control by the parliament to the IMF through the governor or the executive.

Because for the executive director, they are actually recruited from the bureaucracy. And they are not responsible to the parliament, they are only responsible to their own bureaucratic line. So it is quite difficult to have, you know, democratic control, or democratic oversight to what IMF is really working on a daily basis.

So we have to elaborate what the parliament is participating in this process.

MS. GRIESBERGER: Okay. That’s your —

SPEAKER: (Off mike)

MS. GRIESBERGER: -- Don, that’s your paragraph to write up.
MS. SARI: Just one minute, can I add?
MS. GRIESBERGER: Sure, Dian.

MS. SARI: Yes, I just want to suggest, can we connect what is IMF process in -- what? -- reform process with the U.N. process? Because now U.N. has Special Rapporteur on Debt who -- well, from extreme poverty and impact of structure assessment. Maybe we can connect that process between IMF and U.N. process.

So if we are talking about external evaluation, it will be very difficult to say that the external evaluation which is funded by IMF will be very objective.

I suggest that the other body, whether it’s beside ombudsman, if we can use the U.N., we can strengthen the U.N. position?

MS. GRIESBERGER: Okay. This is a very interesting point. It goes way beyond what the board is thinking about, but it does challenge us to look at the structure of global institutions.

And I can tell a lawyer is thinking. On the website, look at the submissions by -- umm -- what’s his name? From Vienna? Kunibert Raffer. Kunibert Raffer has two very legalistic submissions on the website that I gave you. You will love what he has to
say.

The fact of the matter is, there’s no international court that can serve to monitor and evaluate and correct what other bodies do. We have a very decentralized global governance. There’s no global government. And so there’s no recourse to a court, with regard to the IMF’s actions, or any other international organization’s actions.

So holding an international organization in check is a political action, say, through the G-20, or it’s a national government action. On the global level, there’s a court function that’s totally absent. And this is what you’re naming.

I’d also say, on the U.N. question, there are two people who are wrestling with it, on our website. One is Harris Blechman, on the Fourth Pillar website, and Barry Hermann, have also tried to address the way the U.N. relates to the IMF, or to the IFIs, plural. So you might want to look at that.

In writing the paper, we have a challenge. It’s for the executive board. They have little tolerance for long papers, and they have less tolerance for the U.N.

So there’s the challenge. I’m not saying
these aren’t real problems, I’m just saying there’s a tension between the global dynamics and the narrow audience of the particular paper.

SPEAKER: (Off mike)

MS. GRIESBERGER: So this is -- and, India, you wanted to come in on this? We are down to seven minutes, and at the magic hour, the screen goes blank. So, go ahead, India?

MR. SRIVASTAVA: No, I think practically all of this goes -- there are some questions that we have, I think, in building on this paper. Right in the beginning you do mention the Universal Declaration of Human Rights, and that’s one question I had. But you kind of resolve that, and I think that would require some kind of hard thinking in the future.

Keshav? So -- well -- for the day, we’ll write our comments to you on the different sections of the paper.

Keshav, do you have something to say?

MR. PARTHASARthy: Just about the external country mechanism, I guess. Their costs need to be valued before such a mechanism comes into place. Because all it does is, in fact, over the past few years, IMF -- one of the reasons why IMF has not been
able to prevent a crisis from happening, or forecasting a crisis is because it gets its main business from the crisis. So, because this is the time when its lending activities start, then it starts getting money after that.

So that’s an inability present in the IMF. And if you have an external complaint mechanism adding to the cost of IMF, the prediction of a crisis goes down even further.

So you need to weigh the costs and the benefits accordingly. And even if such a mechanism -- in almost all activities of IMF, representativeness is the key.

MS. GRIESBERGER: Thank you.

Okay -- Jakarta? Your last words. One minute apiece.

MS. BUCHORI: I’m fine.

MS. GRIESBERGER: Thanks, Binny.

Who else?

Don, how are you?

MR. MARUT: (Inaudible.)

MS. GRIESBERGER: You’re okay?

MR. MARUT: Yes. No more.

SPEAKER: (Off mike)
MS. GRIESEMBERG: Thank you very much.

Okay, we’re going to be signing off. So we have five minutes.

Thank you for participating. I cannot promise you that everything you’ve said today will be in the paper, because otherwise the paper would be 100 pages long. We have six transcripts for Domenico to read.

Do send us the paragraphs that you’ve sent. And, who knows? Some of you could write -- I’ll turn over all the materials, and the two of you in India could write a great book on the role of international law, human rights, the U.N. and conditionality and the IMF.

But, listen, you’ve been terrific, and thank you for sharing your evening.

So -- bye-bye.

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