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FILES

February 1, 1982

To: Members of the Executive Board  
From: The Secretary  
Subject: Final Minutes of Executive Board Meeting 81/109

The following correction has been made in EBM/81/109 (7/31/81):

Page 44, item 4, line 4: for "(EBD/81/155, 7/22/81)"  
read "(EBS/81/155, 7/22/81)"

A corrected page is attached.

Att: (1)

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Department Heads



He agreed with the staff's comments on natural gas pricing, regulatory reform, and the need to reduce protectionism, Mr. Casey said. It had been argued that, as the supply-side approach began to produce results, further steps could be taken to liberalize trade. The argument could be reversed: the supply-side approach might not begin to produce results until trade was liberalized. Indeed, reducing protectionism was indispensable to the whole supply-side approach. The Administration was clearly anxious to reduce excessive bureaucracy in the public sector, and he hoped that it succeeded and that the private sector would follow suit. Finally, he also hoped that the overall strategy worked; it might well set an example for other countries and place the United States in a position to increase its international development aid.

The Executive Directors agreed to continue their discussion of the staff report for the 1981 Article IV consultation with the United States in the afternoon.

## 2. WORK PROGRAM

Mr. Prowse said that the tentative schedule of Executive Board meetings published on July 13, 1981 included the review of the Philippines' stand-by arrangement on August 5, 1981. That date had been set on the basis of the best information then available, which had included the likelihood that the relevant discussions and staff paper would be completed in good time. Unfortunately, the circulation of the relevant staff report had been somewhat delayed because of ongoing discussions with the Philippine authorities. The discussions had subsequently been satisfactorily completed, and the staff report had been circulated on July 30, 1981. That date, of course, did not allow the normal period for consideration of staff papers before discussion in the Executive Board. However, he hoped that the Executive Directors would agree to depart from the normal practice concerning the timetable for discussing items on the agenda, and to proceed with consideration of the staff report on the review of the stand-by arrangement for the Philippines on August 5, 1981.

The staff and the authorities had made strenuous efforts to complete the relevant paper in time for it to be discussed before the coming recess of the Executive Board, Mr. Prowse went on. The continuing discussions had been directed at clarifying as far as possible the latest situation with respect to the budget and economic conditions in the Philippines, and the delay in the completion of the discussions and of the report was therefore justified. In addition, it was important to note that, while the stand-by arrangement with the Philippines was active and the Government had been making purchases under it and wished to continue to do so, no further purchases would be in order until the Executive Board had considered the staff paper on the review and had reached a decision on it.

In normal circumstances, Mr. Prowse went on, he would have proposed a delay of a week or so, consistent with the Executive Board's general practice. However, the Executive Board recess was scheduled to begin on August 10, 1981 and, because of both the recess and staff commitments, deferring the discussion in the Executive Board would mean that the review could be conducted no earlier than September 2, 1981, a solution that had obvious disadvantages. He hoped that the Executive Directors could agree to proceed with the consideration of the staff paper as scheduled, on August 5.

The Chairman remarked that the Executive Directors seemed to be prepared to accept Mr. Prowse's proposal as an exceptional departure from the Board's normal practice.

#### DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/81/108 (7/27/81) and EBM/81/109 (7/31/81).

#### 3. CYPRUS - EXCHANGE SYSTEM

The Fund extends approval of Cyprus' restriction on payments and transfers for current international transactions, as described in SM/80/155 (7/1/80) and SM/80/166 (7/10/80), until December 31, 1981, or the completion of the 1981 Article IV consultation with Cyprus, whichever is earlier. (EBD/81/192, 7/27/81)

Decision No. 6921-(81/109), adopted  
July 30, 1981

#### 4. PHILIPPINES - EXCHANGE SYSTEM

The approval of the Philippines' exchange restrictions under Decision No. 6586-(80/118), adopted August 4, 1980, is extended until September 30, 1981, or the completion of the next review of the stand-by program, whichever is earlier. (EBS/81/155, 7/22/81)

Decision No. 6922-(81/109), adopted  
July 27, 1981