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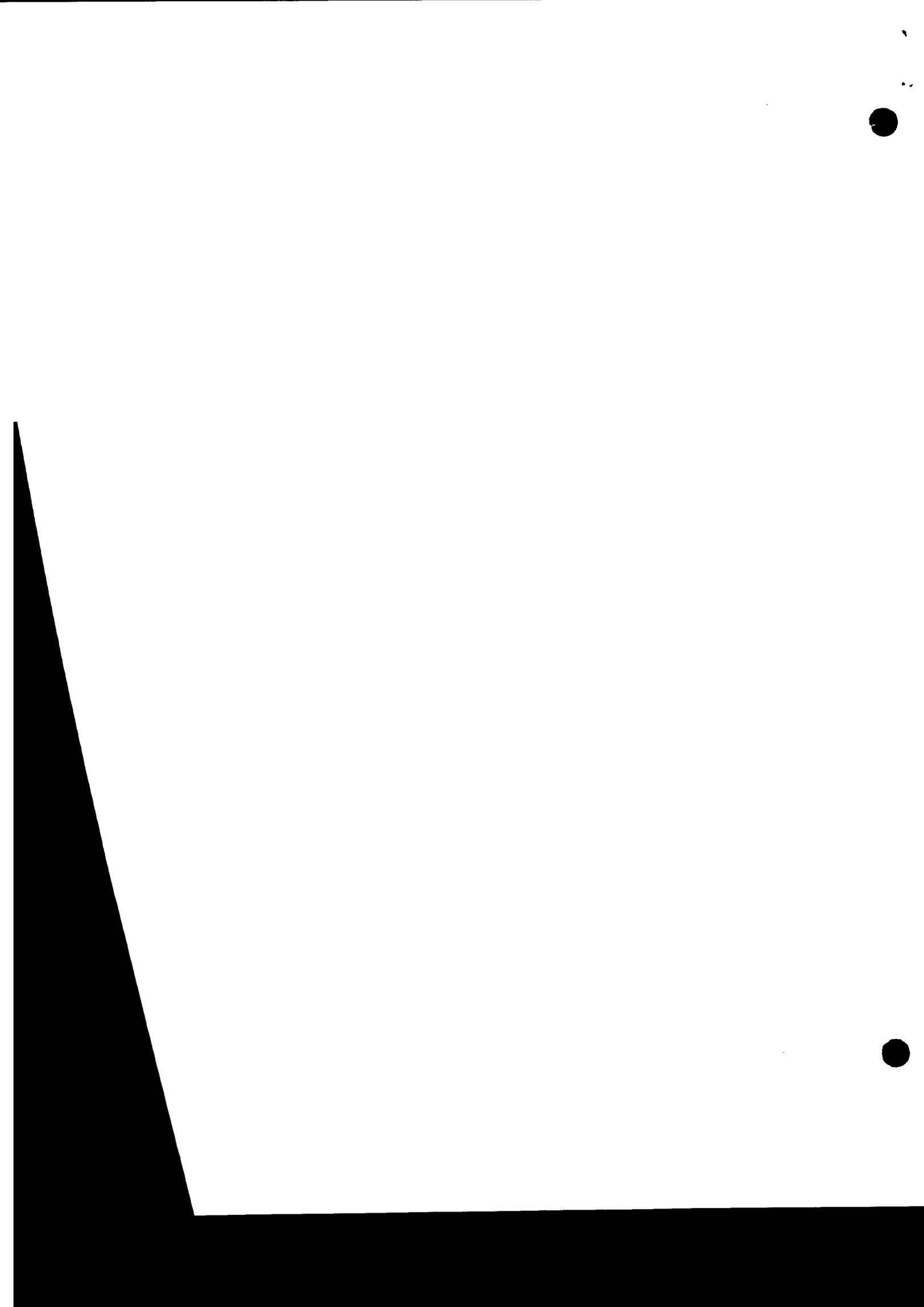
To: Members of the Executive Board
From: The Acting Secretary
Subject: Information on the Economist Program

Attached for the information of the Executive Directors is a memorandum from the Director of Administration which has been prepared in response to a request from an Executive Director at Executive Board Meeting 88/74 (5/18/88) on the Staff Compensation Review.

Mr. Swain (ext. 6565) or Mr. Kibuka (ext. 8774) is available to answer questions relating to this memorandum.

Att: (1)

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Department Heads





Office Memorandum

TO : Executive Directors

FROM : Director of Administration

SUBJECT : Information on the Economist Program

DATE: June 6, 1988

This memorandum, which outlines the operation of the Economist Program, with particular reference to experience in the 1980s, has been prepared in response to a request from an Executive Director at Executive Board Meeting 88/79 (5/18/88) on the 1988 Staff Compensation Review.

1. Background

The Economist Program, formerly designated the Young Professionals Program, was instituted in 1970 with the aim of recruiting to the Fund a steady supply of young, highly trained economists whose technical and personal qualifications indicate the potential for a successful long-term career in the organization. The Program, open to candidates below the age of 33 years, is of two years' duration in the course of which participants (EPs) undertake two one-year assignments in different departments; typically, either one area and one functional department or two area departments. Up to 25 EPs are recruited annually through two intakes, one in the spring and one in the fall. Appointments to the Program are made on a two-year fixed-term basis and those who perform consistently well are offered regular appointments at the end of the two-year period. Those who do not perform up to the required standard are not offered a regular appointment and leave the Fund upon the expiration of their fixed-term appointment.

2. Administration and scope of the Program

The Program is administered by a committee of senior staff, representing all departments employing economists, which, inter alia, selects those to be admitted to the Program and determines their departmental assignments. The selection process is a rigorous one comprising two rounds of interviews, including one by a panel of senior staff, and reviews of academic records, references, and samples of the candidates' written work. In reaching a final selection decision, the committee ranks candidates in order of suitability, primarily on the basis of their credentials as economists but mindful of the need to achieve as broad a nationality distribution as possible. The assignment of EPs during the Program is determined by the committee on the basis of the needs and absorptive capacity of each department taking account, where appropriate, of specific skills (eg. languages) and, for those moving to their second year assignments, the individual preferences of EPs themselves. The placement of EPs onto the regular staff at the conclusion of the Program is an exercise in matching requests from departments with the staff vacancy situation in each department, taking into account to the extent possible the assignment preferences of the individual EPs.

The Economist Program has become the Fund's primary source of career economist staff. Since it began, a total of 337 individuals have been recruited to the Program, of whom 55 ¹/₂ are current participants or will be joining within the next few months. Of the 282 former participants, 33 (11.7 percent) were not offered regular staff appointments following their term in the Program and 13 (4.6 percent) voluntarily resigned from the Fund either during or upon completion of the Program. Thus, a total of 236 individuals moved from the Program into regular staff positions, of whom 189 (80 percent) remain on the staff, representing over one-third of the Fund's current stock of career economists and including 26 senior staff members at Grades B1-B3. Most of the attrition has occurred among nationals of European industrial countries (excluding France, Germany, and the United Kingdom) and Australia; 48 percent of former Program participants from these countries are no longer in the Fund. The attrition rate among Japanese nationals, at 40 percent, is the next highest, followed by U.S. nationals at 22 percent.

3. Training and experience of participants

The period since the Economist Program was established has been one of restrained growth in staff resources while, at the same time, the volume and complexity of the Fund's workload has continued to increase. In order for the organization to meet its commitments, it has been necessary to ensure that only most highly qualified candidates are recruited to the staff. In the case of the Economist Program, this means attracting individuals who combine a strong academic training with the ability and interest to pursue a career in the type of operational and applied research work undertaken in the Fund. As indicated in Attachment 1, over 80 percent of EPs recruited since 1981 have been enrolled in doctoral programs, as compared to just over 70 percent in the period 1970-1980. In the early years of the Program, entry was limited to candidates under the age of 29 years. It became apparent over time, however, that such an age limit excluded an important segment of prospective applicants who had acquired some work experience following their studies which, although useful, was insufficient to qualify them for direct entry to the staff. In order to capture this segment of the market, therefore, the age limit was raised to 32 years in 1978. Consequently, as illustrated in Attachment 1, approximately 70 percent of EPs recruited since 1981 have had some prior work experience, as compared to only 35 percent of those hired during the first ten years of the Program.

4. Sources of recruitment

The great majority of EPs obtained their highest academic degrees at universities located in the United States and Europe. As shown in Attachment 2, approximately 55 percent of all participants attended U.S. universities. This reflects two important factors. First, in the United States there are a very large number of universities providing quality, advanced training in macroeconomics and related fields

includes 10 appointees who will enter on duty in October 1988.

of interest to the Fund; to date, EPs have been drawn from 56 different universities in the United States. Second, U.S. university graduate programs attract nationals of many different countries, some of whom have also pursued undergraduate degrees in the United States but the majority of whom have obtained their first degrees in their home country. Attachment 3 shows that Economist Program participants in the period 1981-1988 have included nationals of 15 industrial countries and 24 developing countries who received their highest degrees from U.S. universities; nationals of the United States accounted for only 22 percent of the total. European universities have been the other major source of EP recruitment with about 36 percent of those joining the Program having received their highest degrees from a European university. Within Europe, universities in the United Kingdom have accounted for almost one-half of the total, in large part attributable to the high number of non-U.K. nationals pursuing postgraduate degrees at U.K. universities. As indicated in Attachment 2, however, the proportion of EP recruits educated at U.K. universities has declined by one-third during the 1980s, while the proportion of those who received their highest degrees from French and German universities has increased markedly. The latter development is a direct result of more intensive recruitment efforts in these countries during recent years; unfortunately, during the past two years, however, these efforts have been largely offset by growing difficulties in attracting candidates.

A desire to broaden the sources of EP recruitment coincided with the policy objective, introduced in the early 1980s, of significantly increasing the number of economist fixed-term appointments as a means of improving staff nationality distribution. In an attempt to meet these goals, the scope and frequency of recruitment missions, as shown in Attachment 4, have increased considerably in the past several years. While these expanded recruitment efforts have proven fairly successful in locating candidates for fixed-term appointments, however, they have yielded disappointing results in terms of the Economist Program, with the notable exceptions of France and Germany. A number of factors have hampered attempts to recruit EPs from a wider range of countries. Chief among these are limited facilities or opportunities for advanced economic training in some countries, language constraints, and the declining attractiveness of the Fund as an employer. The latter is attributable, inter alia, to the buoyancy of domestic job markets for economists, especially in the industrial countries, the availability of higher remuneration and/or job status in the home country, and the lack of spouse employment possibilities in the United States. These obstacles notwithstanding, efforts are continuing to explore and tap new sources of EP candidates.

5. Nationality distribution

In selecting candidates for the Economist Program, the Fund aims to achieve as broad a nationality distribution as possible, subject to the paramount importance of maintaining the highest standards of professional competence. In the period since the Program started in 1970, the

proportions of participants from industrial countries and developing countries have remained fairly constant at approximately two-thirds and one-third respectively; these proportions correspond quite closely to the share of Fund quotas for industrial and developing countries. Attachment 5 provides a breakdown of nationality distribution in relation to Fund quotas by region. Among the industrial countries, the representation of U.S. nationals has shown a small increase in the 1980s but remains below the United States' Fund quota. Similarly, the representation of French, German, and Japanese nationals also rose during this period while that of the U.K., other European countries, and Australia, Canada, and New Zealand declined. In the case of the developing countries, representation of African and Western Hemisphere country nationals has increased during the 1980s while representation from Asian and Middle Eastern countries has declined, the latter by a substantial amount, reflecting a lack of applications from many countries in the area.

6. Rejection of appointment offers

In my memorandum to Executive Directors of April 20, 1988, I outlined the increasing difficulties which have been experienced in attracting the best candidates to the Economist Program. So far this year, 15 out of 34 offers of appointment to the Program have been turned down for a rejection rate of 44 percent; previously, the highest number of rejections (8) was in 1986. As indicated in Attachment 6, approximately three-quarters of those who have rejected appointments to the Program since 1981 were nationals of industrial countries. During this period, there have been few rejections from nationals of developing countries, except for the years 1983, when all five appointment offers were turned down by developing country nationals, and 1988. Attachment 6 also presents a table showing alternative employment accepted by those who declined offers to the Program. Among those cases where alternative employers were identified, two-thirds of those who declined offers to the Fund did so in favor of academic positions, with the remainder going either to public sector institutions or other international organizations.

Attachments

Educational Background and Work Experience of Economist Program Participants

Years	No. of E.P. Participants	Degree			Type of Experience					Length of Experience (in years)			
		Ph.D. ^{1/}	M.A.	B.A.	None	Academic ^{2/}	Public Sector	Private Sector	Other Int'l Organizations	less than 1	1-2	3-4	5+
1970-80	162	116	40	6	105	24	26	7	--	n.a.			
1981	21	19	2	--	8	8	2	2	1	2	2	7	2
1982	22	17	5	--	5	9	6	1	1	1	2	8	6
1983	24	19	4	1	8	8	3	2	3	3	4	2	7
1984	24	20	4	--	14	5	4	--	1	2	2	3	3
1985	21	16	5	--	5	12	1	3	--	7	5	2	2
1986	20	16	3	1	5	7	5	1	2	6	2	4	3
1987	23	20	3	--	5	13	2	3	--	2	7	6	3
1988	<u>20</u>	<u>18</u>	<u>2</u>	<u>--</u>	<u>2</u>	<u>9</u>	<u>5</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>5</u>	<u>1</u>
1981-88	175	145	28	2	52	71	28	14	10	26	33	37	27

^{1/} Includes all candidates recruited from Ph.D. (or equivalent) programs, irrespective of whether degree completed.

^{2/} Excludes teaching and research assistantships.

Location of Universities 1/ Attended by Economist Program Participants
(1970-1988)

University Location	1970 - 1980		1981 - 1988		1970 - 1988	
	No.	%	No.	%	No.	%
United States	86	53.1	99	56.6	185	54.9
Canada	6	3.7	5	2.9	11	3.3
Europe	55	34.0	65	37.1	120	35.6
- France	(2)	(1.2)	(14)	(8.0)	(16)	(4.7)
- Germany	(4)	(2.5)	(14)	(8.0)	(18)	(5.3)
- U. K.	(33)	(20.4)	(24)	(13.7)	(57)	(16.9)
- Other	(16)	(9.9)	(13)	(7.4)	(29)	(8.6)
Australia and New Zealand	8	4.9	2	1.1	10	3.0
Other	<u>7</u>	<u>4.3</u>	<u>4</u>	<u>2.3</u>	<u>11</u>	<u>3.3</u>
Total	162	100.0	175	100.0	337	100.0

1/ University from which highest degree obtained.

Recruitment Missions: By Region (1975-1987) 1/

Year	North America		Europe			Africa <u>3/</u>	Asia <u>3/</u>	Middle East <u>3/</u>	South America <u>3/</u>	Total Missions
	Universities <u>2/</u>	AEA Mtgs.	U.K. <u>2/</u>	Europe <u>3/</u>	Rest of Europe <u>3/</u>					
1975	x (24)	x	x (1)	x (6)						5
1976	x (20)	x		x (9)		x (1)			x (3)	6
1977	x (18)	x	x (6) x (3)							4
1978	x (17)	x	x (3)							3
1979	x (15)	x	x (3)	x (4)						4
1980	x (8)	x	x (3)	x (2)	x (4)				x (4)	6
1981	x (13)	x	x (3)	x (4)	x (4)	x (4)				7
1982	x (12)	x	x (3)	x (2)					x (4)	5
1983	x (13)	x	x (3)	x (4)	x (3)	x (2)				6
1984	x (13)	x	x (3)	x (2)	x (3)				x (4)	6
1985	x (15)	x	x (3)	x (3)	x (3)	x (1)				6
1986	x (14)	x	x (9)		x (3)					6
1987	x (16)	x	x (3)	x (3)	x (5)			x (3)	x (5)	7

1/ Excludes recruitment missions for translators only.
2/ Number in parentheses refers to universities visited.
3/ Number in parentheses refers to countries visited.

Source: Recruitment Division.

Economist Program Participants by Region

	<u>1970 - 1980</u>		<u>1981 - 1988</u>		<u>Total</u>		<u>Fund Quotas</u>
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>1970 - 1988</u>	<u>%</u>	
<u>Industrial Countries</u>	<u>108</u>	<u>66.7</u>	<u>116</u>	<u>66.3</u>	<u>224</u>	<u>66.5</u>	<u>67.92</u>
United States	24	14.8	29	16.6	54	16.0	19.91
United Kingdom	14	8.6	13	7.4	27	8.0	6.88
Japan	2	1.2	7	4.0	9	2.7	4.69
France	6	3.7	8	4.6	14	4.1	4.98
Germany	7	4.3	15	8.6	22	6.5	6.00
Other European	37	22.8	37	21.1	74	21.9	19.88
Canada, Australia and New Zealand	18	11.1	7	4.0	25	7.4	5.58
<u>Developing Countries</u>	<u>54</u>	<u>33.3</u>	<u>59</u>	<u>33.7</u>	<u>113</u>	<u>33.5</u>	<u>32.06</u>
Africa	11	6.8	13	7.4	24	7.1	5.19
Asia	18	11.1	18	10.3	36	10.7	9.54
Middle East	12	7.4	7	4.0	19	5.6	8.48
Western Hemisphere	13	8.0	21	12.0	34	10.1	8.85

ECONOMIST PROGRAM 1981-1988

Nationalities of Candidates Who Declined Appointment Offers

	1981	1982	1983	1984	1985	1986	1987	1988	Total
<u>Industrial Countries</u>	<u>3</u>	<u>4</u>	-	<u>3</u>	<u>5</u>	<u>7</u>	<u>5</u>	<u>12</u>	<u>39</u>
United States	1	2	-	-	3	2	1	6	15
United Kingdom	-	-	-	1	-	-	-	1	2
France	1	-	-	-	-	-	-	-	1
Germany	-	-	-	-	-	-	1	-	1
Other European	1	2	-	-	1	5	3	3	15
Canada, Australia, and New Zealand	-	-	-	1	1	-	-	2	4
<u>Developing Countries</u>	-	<u>1</u>	<u>5</u>	-	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>12</u>
Africa	-	1	-	-	-	-	-	-	1
Asia	-	-	-	-	-	-	-	1	1
Middle East	-	-	-	-	-	-	-	1	1
Western Hemisphere	-	-	<u>5</u>	-	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>
<u>Total</u>	3	5	5	3	6	8	6	15	51

Alternative Employment Accepted by Those Who Declined OffersEmployment

University	2	2	2	-	2	5	4	11	28
Public sector institutions	-	2	1	-	1	-	1	4	9
Other international organizations	-	-	1	1	1	1	1	-	5
Other/unknown	1	1	1	2	2	2	-	-	9