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EBAP/86/129

June 2, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Staff Association Committee - 1986 Compensation Review

The attached memorandum to the Managing Director from the Chairman of the Staff Association Committee is circulated for the information of the Executive Directors.

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Department Heads

International Monetary Fund Staff Association

MEMORANDUM

May 30, 1986

TO: The Managing Director

FROM: Chairman, Staff Association Committee *Ch. P.*

SUBJECT: 1986 Compensation Review

On behalf of the staff, I want to thank you for your efforts during the 1986 general salary review, first in bringing the issue to the Executive Board, and then in standing resolutely for implementation of the agreed system on May 21. As you know, the Staff Association Committee (SAC) made a considerable effort on the staff's behalf to uphold the principle of maintaining the existing compensation system, even though the increase would not have matched the cost-of-living increase, and the differential nature of the increase was detrimental to staff unity. The unfortunate decision by the Executive Board has had a profound impact on the staff, and we have to deal with this new situation.

The SAC believes that the Board's unilateral decision to withhold the general salary increase was unwarranted, a major breach of trust with the staff and illegal. The staff has accepted the principle of a comparator system of compensation, even though it has produced an erosion in average Fund real salaries, and expects the Executive Board to live up to its commitments until such time as the system is modified and accepted by all parties. The staff cannot be held hostage to future recommendations of a Joint Committee, which started out to undertake a minor review of the compensation system in light of recent experience and is now taking what in our view is an extraordinary length of time to pursue an agenda of its own making and on its own terms.

The staff is particularly disadvantaged on this occasion, because there is no established system to challenge decisions which are not in accordance with recognized rules affecting staff welfare. The Fund is the only national or international institution we know in which its staff members have no recognized recourse outside the institution. Staff representatives have repeatedly pointed out that this situation is an anachronism and a denial of due process. It has been officially maintained that the absence of such safeguards puts an extra obligation on the institution to ensure that its staff are treated fairly. These assurances have a hollow ring today.

The Fund has benefited for years from the exceptional commitment of its staff, who have been willing to work long hours of overtime, normally

without compensation and often under very difficult personal and physical circumstances. Staff members have routinely foregone contractual benefits, such as annual leave, and sacrificed family commitments to maintain a high standard of professionalism. The demands on staff are likely to increase even further because of the recently adopted budget, which calls for no nominal increase in outlays and a consequent reduction in real Fund resources at a time when demands on the staff are increasing.

The staff has been routinely willing to give a generous interpretation to its contract of employment with the Fund--an interpretation much less rigorous than that of its employer--because of the belief that its work was important and that its employer valued the contributions it made. In the context of the recent protest, we agree with the principle of no pay for no work but would remind you that the Fund as a matter of course receives extra work for no pay. The GAOs, for example, provide for compensatory leave on the basis of eight hours off for 20 extra hours worked, a ratio of 1 to 2.5. Many staff do not even receive that much. Mission members often travel at weekends and work through the night without questioning whether there are rules demanding such commitment. This level of commitment is being called into question as the staff begins to perceive that the institution is willing to abuse the staff's trust and that there are no established avenues for the staff to pursue redress. If these conditions are not addressed quickly and responsibly, the Fund staff may soon lose its commitment to efficiency. If this loss of dedication is coupled with a uncompetitive level of remuneration, the Fund will become an unchallenging and unappealing work place.

Consequently, we urge you to bring the compensation issue to the Executive Board again as soon as possible. The effect of the Board's decision on staff morale amply justifies such a move well before the end of 1986. In the meantime, the Executive Board's unwillingness to honor its commitments forces us to consider what courses of action we can undertake to protect the staff. We are organizing meetings with Fund staff to identify longer-term courses of action, and to collect further evidence of the actual conditions of work at the Fund compared with alternatives outside. We have begun with our legal counsel to undertake a legal challenge to the Board's decision, which depending on his recommendation, will involve an appeal to an Administrative Tribunal, such as that at the United Nations or the ILO, or redress in the courts of the home country. We are supporting the efforts of staff in contacting the Executive Directors of their home countries to make them aware of the damage being inflicted on the Fund. The SAC is continuing to explore other options for future action. The staff response will be sustained until such time as the injustice of last week is redressed.

As always, we stand ready to review with you the current situation. We would be grateful if you could notify the Board of the views expressed in this memorandum.

cc: The Deputy Managing Director
Mr. Brown