

Talking Points for Dinner Hosted by Mr Iglesias
Inter-American Development Bank
August 2, 2001

- Thanks. Great pleasure to be here – as always. [Albeit at an exceptionally difficult time for the region.]
- One of the pleasures of my job over the last seven years has been to work with Enrique and others here at the IDB, and with other friends throughout Latin America.
- My interest and involvement in the region long predates my arrival at the IMF – in fact, my first appointment at the University of Chicago was partly financed through Al Harberger's Latin American Workshop.
- That was the first time I started studying Spanish, something I do periodically; perhaps I can actually get somewhere with my Spanish in my next life.
- The region has alas been cursed with interesting problems – disinflation, choice of exchange rate regime etc. Bad for Latin America, but good for academics.
- I remember visiting Buenos Aires while I was at MIT in 1986, and writing an article for a local newspaper entitled "Argentina at the Crossroads – Again". Alas history has a way of repeating itself.
- As an academic, it was also a pleasure to teach so many talented people who are now working in the region, in finance ministries and central banks. Interestingly, many of them were students at Chicago during the four years I was there.
- Whether their educations have contributed to or detracted from the region's performance is not for me to say!
- My interest and involvement in the region deepened during my years at the Bank, and intensified during the seven years I have been at the Fund.
- Looking back a decade or so, the relationship between the Fund and the region was not good. We were needed, but we were resented and less effective than we should have been as a result.
- Relations are fortunately much better now [but we need to worry about how current events will affect the views of the region about the Fund, the development banks, and Washington more generally.]

- Relations are better in part because of greater consensus on good policies. But also better personal relations, helped by interflow between Fund staff, board, authorities and academia.
- Relations have even remained good even in times of great difficulty eg. Brazil at the beginning of 1999. Greater mutual understanding all round.
- The IDB has been a vital and valued ally of the region, and of the Fund in its work with the region.
- IDB role has been particularly noticeable in Central America and small countries, for example. IDB understands the politics and is nimble.
- But helpful in big countries too. For example, maintaining dialogue with Ecuador.
- The IDB has also joined us in providing financial help. Help with big countries: Argentina, Brazil, and Mexico. Also biggest contributor to HIPC in the region, coming up with money despite a heavier financing burden than most other IFIs.
- IDB not just helpful in crises. Its work on institution-building and structural reform is very complementary to ours and helps convert short-term gains into longer-term ones.
- With Enrique at the helm, IDB is always focused on the job at hand. I treasure our phone calls. When he calls, it is most likely to be from Miami airport, or Europe, or Latin America. Reminds me of the story that used to be told in the Bank of Israel about Jacob Frenkel: "What's the difference between God and Jacob Frenkel? God is everywhere; Jacob is everywhere but Jerusalem".
- Typical phone call with Enrique: "Stan, what's going on in? I talk. "Claro, claro". More talk from me. Enrique: "Claro. That man is a catastrophe." Me: "What do you think Enrique?" There follows an excellent political analysis, always concluding that we have to help. Otherwise we will have "a calamity". "Enrique, what can you do?" "Oh, we have a loan of \$250 million we can disburse immediately ...". Enrique is always ready and willing to help. IDB does not agonise about mission and vision. It gets things done.
- In short, Enrique.
 - is a true ambassador for Latin America in the IFIs and the industrialised world.
 - has earned the trust, confidence and friendship of numerous politicians and policymakers across the region. He can break political logjams.
 - and of course he is a fabled raconteur, Renaissance man, and excellent host.

- In my mind, I will always picture him close to his close friend and mine, Michel Camdessus, with whom he has so much in common, not least their passion for using the positions they have been given to try to improve the situation of all people, especially the poorest.
- Of course, I know this a bad time to be leaving the Fund -- when uncertainty and instability are again overshadowing the region.
- It is more important now than ever that policymakers in the region and the IFIs stand together and do what is right. I am sure that the Fund will continue to play its part. And I am equally sure that the IDB will do that.
- Thanks again and best of luck.