

**CONFIDENTIAL**

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FM UKDEL IMF/IBRD WASHINGTON

TO DESKBY 220800Z FCO

TELNO 287

OF 192300Z SEPTEMBER 86

PERSONAL FOR ADVANCE ADDRESSEES ONLY.

IMF: MANAGING DIRECTOR

SUMMARY.

1. LAROSIERE TO RESIGN AT END 1986. .

DETAIL.

2. AT A MEETING OF EXECUTIVE DIRECTORS THIS EVENING, LAROSIERE ANNOUNCED HIS INTENTION TO RESIGN WITH EFFECT FROM END -1986 OR AT THE LATEST VERY EARLY IN 1987.

3. EXPLAINING WHY HE WAS GOING EIGHTEEN MONTHS BEFORE HIS CONTRACT ENDS, HE SAID HIS REASONS WERE LARGELY PERSONAL. HIS SON AND DAUGHTER HAD RETURNED TO FRANCE. HIS WIFE WANTED TO BE WITH THEM AND SO HE FELT HE MUST GO TOO. BUT HE ALSO THOUGHT THAT THE TIME WAS RIPE FOR NEW LEADERSHIP: HE MENTIONED THE CHALLENGES THAT LAY AHEAD WITH THE NEGOTIATIONS ON THE NEXT QUOTA INCREASE AND THE EXPANDED ROLE OF MULTILATERAL SURVEILLANCE. FURTHERMORE, HE HAD SOME RESERVATIONS ABOUT GOING TO THE END OF HIS CONTRACT AND BECOMING A LAME DUCK MANAGING DIRECTOR.

4. HE WOULD ANNOUNCE HIS RESIGNATION IN HIS SPEECH AT THE ANNUAL MEETINGS BUT HE WISHED GOVERNORS TO BE WARNED IN ADVANCE SO THAT THEY COULD BEGIN CONSULTING ON THE SUCCESSION.

5. LAROSIERE SAID HE HOPED HIS DECISION COULD BE KEPT WITHIN THE CONFINES OF GOVERNMENTS UNTIL THE ANNOUNCEMENT (COMMENT: SOME HOPE).

COMMENT.

6. THIS IS SAD NEWS INDEED. I HAVE NO DOUBT THAT THE DECISION IS LARGELY FOR PERSONAL REASONS AND THAT HE CANNOT (REPEAT NOT) BE PERSUADED TO STAY. IF WE WISHED TO PUT FORWARD A BRITISH SUCCESSOR, WE WOULD CLEARLY NEED TO START LOBBYING AT NEXT WEEK'S MEETINGS.

7. FCO PLEASE ADVANCE TO PS/PRIME MINISTER, PS/CHANCELLOR, PS/GOVERNOR, SIR P. MIDDLETON, SIR G. LITTLER, H.P. EVANS AND CULPIN (TREASURY), AND LOEHNIS (BANK OF ENGLAND).

LANKESTER

(ADVANCED AS REQUESTED)

YYYY

ORWBAN 6462

MINIMAL

HD/ERD

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