



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON

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NEW IMF REFORM LEGISLATION TO BE INTRODUCED – Legislation to Enforce and Extend Congressional IMF Reforms –

WASHINGTON, D.C. — Legislation to consolidate and extend Congressional reform of the International Monetary Fund (IMF) will soon be introduced, Congressman Jim Saxton announced today. Saxton will serve as Vice Chairman of the Joint Economic Committee (JEC) in the 106th Congress. He initiated the IMF transparency and lending reforms that became law in the last Congress.

“I have some concerns about the IMF’s implementation of the reforms mandated by Congress last October, and also by the lack of priority given longer-term IMF reform,” Saxton said. “While some progress has been made in reforming the IMF, IMF interest rates still are too heavily subsidized, and movement toward more transparency seems to have slowed. The release of summaries of IMF executive board meetings, as required in the reform legislation, has yet to occur, despite the IMF’s stated commitment to a presumption of disclosure.

“As events have clearly shown, the IMF loan rates for Brazil were not appropriately adjusted for risk, as called for by the Congressional reforms. Ironically, other funds channeled through the Bank for International Settlements (BIS) to Brazil will be provided at a much higher interest rate, which is much more consistent with the Congressional reforms. The BIS interest rate formula better reflects the risks involved, even though the BIS funds are not covered under the Congressional IMF reforms.

“Legislation also is needed to ensure that future fundamental reform of the IMF remains a high priority. Many conceded the need for this IMF reform during the appropriations debate last year, but after the U.S. funds were approved, there has been little evidence of official commitment to serious reform. Fortunately, the new International Financial Institution Advisory Commission will provide another useful forum for consideration of IMF reform issues.

“I expect that this commission will seriously examine the ideas for IMF reform that were presented before the JEC in four hearings last year. For example, the highly detailed blueprint by Columbia University Professor Charles Calomiris, presented to the JEC last October, would provide a good basis for this reform. I have endorsed most of the main features of the Calomiris proposal, and these provisions will be the central elements of the new IMF reform legislation that will be introduced in the near future,” Saxton said.

For more information on IMF reform, please visit the JEC website at <http://www.house.gov/jec/>.

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