



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
November 18, 2003

HIDDEN COSTS OF IMF LENDING SHOULD BE BUDGETED AND SUBJECT TO CONGRESSIONAL APPROPRIATIONS

Press Release #108-77
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WASHINGTON, D.C. –The hidden costs incurred by the United States through its contributions to the International Monetary Fund (IMF) should appear as expenditures in the budget and be considered by Congress in the appropriations process, according to a study released today by Vice Chairman Jim Saxton. The new study, *Funding the IMF: How Much Does It Really Cost?*, was written by Adam Lerrick of the Gailliot Center for Public Policy at Carnegie Mellon University.

This week Saxton will introduce legislation to make the cost to the U.S. of these IMF subsidies transparent by giving them the same budget treatment as other spending. Saxton has long questioned the transparency of IMF finances and the economic rationality of IMF loan subsidies.

“According to the new study, the U.S. currently provides \$27 billion for IMF operations on highly subsidized terms,” Saxton said. “An objective financial analysis of U.S. subsidies to the IMF shows their annual cost to U.S. taxpayers currently is about \$2 billion a year. The cost of these American taxpayer subsidies provided to the IMF should be included as expenditures in the budget process and subject to Congressional appropriations. There is no valid reason these costs should remain hidden and immune from Congressional approval.

“Inclusion of the costs of IMF subsidies in the budget process would facilitate transparency and Congressional oversight of taxpayer interests. Had this been the established practice, it probably would have prevented the IMF’s tradition of subsidized lending to poor credit risks without minimal accounting controls and lending safeguards in place. In the 1990s, for example, many billions of dollars were lent by the IMF without such minimal safeguards, and these loans still carried below-market, subsidized IMF interest rates. (The IMF only last year adopted a permanent policy on lending safeguards.)

“Whatever one’s policy views on the desirability of IMF loan subsidies, transparency requires that these costs be made explicit, be included in the budget process, and be treated the same way as other spending,” Saxton concluded.

For more information on the IMF and international economic policy, please visit our website at www.house.gov/jec.

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