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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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KEY IMF REFORMS ENDORSED BY BLUE RIBBON COMMISSION

– Saxton Welcomes Emerging Consensus for IMF Reform –

WASHINGTON, D.C. – The reforms of the International Monetary Fund (IMF) recommended by a prestigious government commission were welcomed today by Vice Chairman Jim Saxton of the Joint Economic Committee (JEC). The International Financial Institution Advisory Commission's findings and proposals are supportive of Saxton's efforts to reform the IMF, most recently reflected in his *IMF Reform Act of 2000*.

"I would like to congratulate Chairman Allan Meltzer and the members of the Commission for a job well done," Saxton said. "As I know from our research at the JEC, the economic issues related to the IMF are extremely challenging and difficult, and producing a report of such high quality is a tremendous accomplishment.

"The release of the Commission's bipartisan report today will spark a long overdue debate over the proper roles of the IMF and World Bank. For too long the IMF has been allowed to drift from its appropriate function of crisis lender into myriad other activities. The IMF's traditional lack of financial transparency has shielded it from scrutiny, but this veil of secrecy has now been partially removed. I look forward to a debate on reform of the IMF based on what we now know about the IMF's sources and uses of funds.

"This debate should be focused on the substantive issues of international economic policy, and should not be deflected by attempts to politicize any of the related issues. The extensive research of the Commission, as well as that of the Joint Economic Committee, provides the factual and analytical information necessary for a thoughtful and informed consideration of the economic and policy issues related to the IMF.

"I am encouraged by the Commission's recommendations to refocus the IMF as a crisis lender. The philosophical basis of the Commission's work, as well as the JEC's, has been the classic principles formulated by Walter Bagehot concerning the lender of last resort.

"The Commission has recommended ending IMF long-term lending and credit subsidies, closing the Enhanced Structural Adjustment Facility (ESAF), and restating IMF financial accounts to provide some semblance of transparency, accountability, and intelligibility. All of these objectives are addressed in the *IMF Reform Act* introduced last month.

"The bottom line is that over the years the Congress has provided taxpayer money to the IMF for the primary purpose of crisis lending, but that much of this taxpayer money has been used for other unauthorized purposes. Consequently, the standing of the IMF in Congress has never been lower. The IMF's lack of transparency has hidden the facts from Congress and the public for many years. Now Congress has the information needed to scrutinize IMF operations, protect the taxpayers' interest, and pass needed IMF reform legislation," Saxton concluded.

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