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IMF FAILS TO STEM RUSSIAN TURMOIL

WASHINGTON, D.C. – The recent International Monetary Fund (IMF) assistance package has failed to stabilize Russian financial markets and raises questions about IMF policies, **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.)** charged today. In the wake of an announced \$11.2 billion IMF bailout, Russian financial markets have plunged, the currency has been devalued and the government has defaulted on its obligations.

Over the weekend, the situation worsened further when Russian President Boris Yeltsin dismissed reform-minded Prime Minister Sergei Kiriyenko, giving the job instead to former Prime Minister Viktor Chernomyrdin. Chernomyrdin is expected to name a new cabinet.

“The IMF program has failed completely to stabilize Russian financial markets and its political situation,” Saxton said. “The huge IMF bailout for Russia has not worked. About \$5 billion of disbursed IMF funds already have been wasted. This large and unsuccessful commitment of IMF resources raises serious questions about the management of IMF funds.

“Normal IMF loan guidelines have been flouted, resulting in IMF loans that are now highly concentrated in a limited number of countries that are very heavily indebted,” Saxton said. “The financial practices of the IMF have undermined the diversification and liquidity of fund assets by focusing its lending on a small number of countries which are mostly poor credit risks and whose ability to repay on schedule is doubtful.

“This financial exposure and the financial practices of the IMF need to be carefully monitored in coming months and years,” Saxton said. “Although the IMF is far from destitute, having access to over \$85 billion in resources, the JEC has documented that its lending practices create serious questions about its financial structure and management. ”

For more information on the need to reform the IMF, visit the JEC’s webpage at www.house.gov/jec/.

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