



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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## **SCEPTICISM ON IMF LENDING TO ARGENTINA GAINS CONGRESSIONAL SUPPORT**

**WASHINGTON, D.C.** – The reluctance of the Bush Administration and the International Monetary Fund (IMF) to provide more subsidized IMF loans to Argentina won support today from two leading Congressional advocates of IMF reform. Majority Leader Dick Armey and Joint Economic Committee (JEC) Chairman Jim Saxton said the new approach should mark the end of automatic IMF bailouts and loan subsidies.

“The Treasury Department’s resistance to new IMF loans to Argentina sends a strong signal around the world that things have changed and we are entering a new era,” Majority Leader Armey said. “No longer will taxpayer funds automatically be used to subsidize bad economic policies in many countries.

“The U.S. Congress does not support open-ended IMF bailouts that simply create expectations of further bailouts. If sustained, this new approach would put everyone on notice that the era of lavishly subsidized IMF bailouts is ending. Investors should realize that in the future they cannot necessarily rely on the IMF to bail them out of their bad investments,” Armey concluded.

“The IMF’s new attitude towards bailouts deserves our support so long as it remains in place,” Saxton said. “Countries that maintain bad economic policies, and investors who seek extra-normal returns in high risk investment foreign investments, should not look to the taxpayers for an automatic bailout. As explained in many JEC research papers and hearings, past IMF lending policies have often been economically counterproductive and wasteful.

“Above all, the lack of IMF loan safeguards and accounting controls uncovered by JEC research is truly astonishing, although the IMF has attempted to address these concerns. I also look forward to IMF compliance with U.S. law requiring use of risk-adjusted interest rates in IMF emergency lending. As the case of Argentina shows, the use of excessively low subsidized IMF interest rates is not consistent with the Congressionally-mandated policy of risk-adjustment with respect to high-risk borrowers.

For more information on IMF reform, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

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