



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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Contact: Christopher Frenze  
Chief Economist to the V.C.  
(202) 225-3923

## IMF REFORM LEGISLATION NEEDED TO COMBAT CORRUPTION

### – New Disclosures of Ukraine Misreporting Raise Congressional Concerns –

**WASHINGTON, D.C.** – New disclosures of misleading information supplied to the International Monetary Fund (IMF) by Ukraine related to IMF lending shows the need for the anti-corruption provisions in a newly introduced IMF reform bill, Vice Chairman Jim Saxton of the Joint Economic Committee said today. In a similar case last summer, the IMF acknowledged lies by the Russian Central Bank, but proceeded to approve a new loan to Russia at the same time.

“The latest disclosures about the provision of misleading information to the IMF by a borrowing country are very disturbing and will raise Congressional concerns about current IMF procedures,” Saxton said. “Once again an IMF borrower has supplied false or misleading information to the IMF and to date has suffered no visible negative consequences. The IMF’s admission last summer that it had been lied to by the Russian Central Bank at the same time a new loan was approved does not show strong IMF concern about public integrity standards in borrowing countries.

“The belated disclosure of irregularities or deception is no substitute for strong safeguards to protect taxpayer money. As I have said before, the IMF’s traditional ‘see no evil, hear no evil’ approach to corruption must change. Yesterday’s IMF statement that it is considering what policy to adopt in such cases merely confirms the obvious fact that there has been no effective policy in place, even after the Russian admissions of last year.

“The *IMF Reform Act* I recently introduced contains provisions for responding to misreporting of information related to IMF lending. Any such falsification of information would trigger a cut-off of new loans to that country for five years. IMF safeguards would also be required to clarify that it is the IMF’s responsibility to ensure that its loans are not subject to misuse or corruption. Some accountability to IMF donors and their taxpayers is long overdue.

“To me, it is inconceivable that the IMF has no clear policy regarding the provision of false information by potential borrowers. Moreover, in the case of the Ukraine, it appears that the IMF had evidence of potential problems of this kind, but failed to respond effectively. The bottom line is that the lack of IMF accountability has led to an urgent need for reforms that the institution has little demonstrated ability to undertake on its own.

“Continued Congressional pressure will be needed to maintain the momentum for IMF reform, and the *IMF Reform Act* will assist Congress in achieving this objective,” Saxton concluded.

For more information on the IMF and international economics, or to read our study *Can IMF Lending Promote Corruption?*, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

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