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VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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SAXTON INTRODUCES BILL TO ENCOURAGE WRITE- DOWN OF IRAQI DEBT AND PROTECT TAXPAYERS

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WASHINGTON, D.C. – Iraq’s creditors would be encouraged to forgive much of Iraq’s outstanding foreign debt, rather than wait for a potential bailout from the International Monetary Fund (IMF), under legislation introduced today by Vice Chairman Jim Saxton.

The prospects for Iraq’s economic recovery are clouded by an unsustainable debt burden. A significant write-down of Iraq’s debt would greatly improve Iraq’s economic outlook. Saxton’s legislation provides that the U.S. Executive Director of the IMF would oppose IMF lending to Iraq unless safeguards are in place to prevent bailouts of Iraq’s creditors.

“One of the major challenges to improving the potential of the Iraqi economy is the heavy burden of foreign debt accumulated under the regime of Saddam Hussein,” Saxton said. “The hated regime is gone, but its financial legacy should not continue to oppress the Iraqi people, undermining their economic potential. Forgiving much of Iraq’s foreign debt is the right thing to do, but foreign creditors may be hesitant if they anticipate an opportunity for a bailout indirectly through the IMF.

“This legislation would encourage forgiveness of at least a large part of Iraq’s debt by blocking a potential bailout of Iraq’s creditors. As I have pointed out many times before, the IMF should not be used as a bailout agency, as this practice creates a potential for misuse of IMF funds. Taxpayer money should not be used to bail out investors in high risk ventures,” Saxton concluded.

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