



CONGRESS OF THE UNITED STATES

***JOINT ECONOMIC COMMITTEE***

VICE CHAIRMAN JIM SAXTON

---

---

**PRESS RELEASE**

---

---

For Immediate Release  
December 6, 1999

Press Release #106-68  
Contact: Christopher Frenze  
(202) 225-3923

**ADMINISTRATION IMF SHIFT WELCOMED BY SAXTON**  
**– IMF Reform Legislation Readied for Early Introduction –**

**WASHINGTON, D.C.** – An apparent shift in the Treasury's position on the International Monetary Fund (IMF) and its lending objectives was welcomed today by Vice Chairman Jim Saxton of the Joint Economic Committee (JEC). It was reported today that Treasury Secretary Larry Summers will propose that the IMF focus more on emergency lending and less on development lending. This position is a similar, if somewhat weaker, version of the IMF reform position outlined by Saxton last year.

"The Treasury's apparent shift may be tactical in nature, but it is encouraging nonetheless," Saxton said. "There is now broad bipartisan agreement that fundamental reform of the IMF and its activities is needed. As I pointed out many times last year, the devolution of the IMF into another development bank should be halted, and the IMF's exclusive focus should be on emergency lending. The Administration seems to be coming around to the logic of this position. The case for this position was presented during four JEC hearings held last year, and in a number of JEC research papers and statements.

"In October 1998, I chaired the fourth hearing of the Joint Economic Committee on the IMF at which these and related issues were explored at great depth. Professor Charles Calomiris was invited to present his case for fundamental reform of the IMF, and former IMF research director Jacob Frenkel testified in response. On this occasion I endorsed the central elements of the Calomiris IMF reform, which were philosophically consistent with legislation that I had already introduced, but were much broader in scope. Dr. Calomiris was subsequently appointed to the Meltzer Commission reviewing the IMF.

"The JEC's hearings, research activities and two-year push for IMF transparency were based on the notion that once critical facts were forced into the public domain, the policy implications would become clear. The status quo at the IMF is very hard to defend once information has become public about the heavy financing burden of the donor countries, the growing concentration of borrowing, the emergence of the IMF as a development lender, the nexus of economically inefficient IMF interest subsidies, and other related issues.

"The IMF and the Treasury resisted the JEC's push for IMF financial transparency every step of the way, but to no avail. Much important IMF financial information has now been made public and is available on our website. The Congress will never again be forced to rely on incomplete or misleading information provided by the IMF or Treasury Department. While much more IMF transparency is needed, the groundwork now has been laid for significant IMF reform.

"Early next year I am planning to introduce IMF reform legislation to mandate an end to subsidized interest rates on all IMF loans, reduce loan maturities to less than one year, and eliminate IMF development lending. We have researched some intriguing new enforcement mechanisms that would ensure IMF compliance with any reform legislation," Saxton said.

For more information on the IMF and international economic policy, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

###