



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
April 27, 2004

IMF REFORM PUSH IS WELCOMED

Press Release #108-120
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WASHINGTON, D.C. – The G7 nations’ call for a strategic review of the International Monetary Fund (IMF) was welcomed today by Vice Chairman Jim Saxton. Saxton has longed advocated reform of IMF policies, including a focus on crisis lending and an end to IMF loan subsidies. In 1998, Saxton also pointed out the amazing lack of IMF accounting controls and lending safeguards through its entire history of sizeable bailouts. Saxton recently introduced legislation requiring that IMF loan subsidies be presented in the annual budget submission and subject to annual appropriations.

“I have no doubt that fundamental reform of the IMF would be supported by the U.S. Congress,” Saxton said. “The fact is that there is virtually no support in Congress for the way the IMF currently does business. The lack of IMF lending safeguards is just one of several factors that emerged during the 1998 IMF financing debate that raised serious questions about the way the IMF operates. Although the IMF belatedly adopted a safeguards policy in 2002, its willingness to lend many billions of taxpayer dollars over several decades without minimal accounting controls or lending standards in place was a great shock to many in Congress.

“The IMF’s highly concentrated portfolio of loans implies a high risk exposure for the taxpayers of donor nations. Furthermore, instead of focusing on crisis lending, the IMF has sought to broaden its activities into development lending, a role that could undermine its ability to act swiftly in a crisis. The IMF’s pervasive use of below-market interest rates is another area requiring scrutiny from Congress,” Saxton concluded.

For more information on IMF reform, please visit our website at www.house.gov/jec.

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