

## CONGRESS OF THE UNITED STATES

## Joint Economic Committee

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE EXECUTIVE DIRECTOR

## PRESS RELEASE

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## IMF IS STILL NOT DESTITUTE DESPITE ADMINISTRATION CLAIMS

**WASHINGTON, D.C.** – Administration claims of International Monetary Fund (IMF) destitution were rejected today by **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.).** 

"The Administration has made misleading statements since January that understate IMF resources," Saxton said. "The IMF, however, has access to \$43 billion in quota resources, \$23 billion in the General Arrangements to Borrow (GAB) and \$32 billion in gold. This amounts to \$87 billion, after subtracting the Russian loan, a tidy sum even if all of it isn't available for lending. The IMF could also borrow \$50 or \$60 billion in private financial markets.

"The Treasury has used arbitrary adjustments to lower the purported amount of IMF resources. For example, up to \$35 billion of quota resources are set aside in a reserve not found in IMF financial documents. Creative accounting can be used by the Administration to plead poverty on IMF's behalf, but it is not a sound basis for public policy and should not be accepted by Congress. This approach only further undermines Administration credibility.

"The real issue is that the IMF has been provided with \$130 billion in usable contributions, which is more than enough to deal with international financial emergencies. The IMF has diverted much of these funds to other purposes, such as financing long-term structural changes in several countries. The current liquidity of the IMF is caused largely by its own failure to properly prioritize its lending and structure its loans in conformity with the maturity of its liabilities.

"In addition, the IMF concedes it has the authority to borrow funds in financial markets but argues that this should not be done because it has never used this authority in the past. This argument reflects the bureaucratic outlook and procedures of the IMF. The IMF should accept the fact that its current and past ways of doing business are not going to be supported by the Congress, which provides the largest single source of funds. The reforms in the IMF Transparency and Efficiency Act (H.R. 3331) are a good first step, but more fundamental institutional reform also will be needed," Saxton said.

A straightforward presentation on the finances of the IMF is available on the JEC web site (www.house.gov/jec/) in a General Accounting Office report to the JEC dated July 23, 1998.

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