



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

VICE CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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## IMF SUBSIDY BUDGET BILL INTRODUCED

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**WASHINGTON, D.C.** – Legislation requiring that the hidden subsidies provided to the International Monetary Fund (IMF) by the U.S. be included in the budget process has been introduced, Vice Chairman Jim Saxton said today. The legislation, [H.R. 3533](#), requires that the cost of these subsidies be estimated, included in the budget, and subject to annual appropriations. Last week Saxton released a financial analysis showing that the value of these IMF subsidies to U.S. taxpayers is currently about \$2 billion annually.

“IMF operations are a web of credit subsidies, and it defies reason to think they are costless,” Saxton said. “The fact is that for many years U.S. taxpayers have provided resources to the IMF at interest rates that are lower than the rates available to the U.S. Treasury. These interest rate subsidies to the IMF, and the credit risk to taxpayer funds incurred through IMF lending, amount to significant hidden costs every year. In addition, there is a portion of U.S. resources used by the IMF that receives no interest, at a cumulative cost estimated by the General Accounting Office (GAO) to amount to nearly \$3 billion.

“Transparency and accountability require that the U.S. taxpayer cost of these subsidies for the IMF be included in the budget and subject to annual appropriations. There is no justification for the long-standing practice of obscuring these IMF costs. Despite the myth perpetuated by various officials over the years, most recently by Robert Rubin in his new book, U.S. participation in the IMF is not costless.

“For too long the fallacy that the IMF was costless undermined Congressional oversight of the international agency. Many billions of taxpayer dollars were lent in dubious ways without even minimal IMF accounting controls and lending safeguards in place, as discovered by the JEC in 1998. Under such circumstances, the notion that lending at artificially low interest rates was costless to taxpayers is especially far-fetched. In addition, the IMF has also failed to comply with Congressional conditions on past funding mandating that IMF bailouts carry interest rates adjusted for risk,” Saxton concluded.

(Note: The IMF adopted a permanent safeguards policy only last year.)

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