



CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE
EXECUTIVE DIRECTOR

PRESS RELEASE

For Immediate Release
October 30, 1998

Press Release #105-191
Contact: Daniel Guido

G7 ACCEPTS CONGRESSIONAL REFORMS OF IMF
— Reform's Focus Shifts To IMF Compliance —

WASHINGTON, D.C. – The G7 endorsement of congressional reforms of the International Monetary Fund (IMF) was welcomed today by **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.)**.

Saxton, who initiated several of the IMF reforms, cautioned “it is too early to know whether the IMF will fully implement the reforms in line with the intent of the U.S. Congress.”

“With the G7’s endorsement, the spotlight shifts to the implementation and enforcement of the reforms by the IMF,” Saxton said. His “concerns about whether the enforcement mechanism in the legislation is sufficient” led Saxton to ask the General Accounting Office (GAO) to monitor the IMF’s compliance. “I believe the GAO’s involvement will help ensure the IMF implements the reforms in line with the letter and the spirit of the law,” he said.

“The congressional transparency and lending reforms mark a significant change in IMF policy,” Saxton said. “As one news service has observed, under these reforms, the trickle of IMF information could become a flood. That would be the intended result.”

“The end of deeply subsidized interest rates on typical IMF bailout loans is to be very broadly applied, and is not limited by current IMF practices. The JEC and the GAO will be closely monitoring IMF compliance with these reforms over the next several years,” Saxton said.

The transparency and lending reforms will compel the IMF to become more open and efficient, which was the intent of the IMF Transparency and Efficiency Act on which these reforms are based. For many decades, the IMF has practiced excessive secrecy, though it has opened up slightly under steadily intensified pressure in the last 12 months. With respect to lending policy, currently the IMF departs from the use of deeply subsidized interest rates only in “exceptional” cases, which for practical purposes has meant hardly ever. Under the lending reforms, market interest rates adjusted for risk would become routine in IMF bailout lending.

For more information on the IMF reforms, consult the JEC website at www.house.gov/jec/.

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