



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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CONGRESS IS PREPARED TO STOP IMF BOONDOGGLE -- Iran, Syria, Sudan and Venezuela Among Potential Beneficiaries --

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WASHINGTON, D.C. – An International Monetary Fund (IMF) proposal to provide hidden subsidies to a variety of countries, including some hostile to the U.S., was exposed today in a new study released by Joint Economic Committee Vice Chairman Jim Saxton. The study examining this proposal, *Opening a Back Door to Foreign Aid: The SDR Department at the IMF*, was authored by Adam Lerrick of the Gailliot Center for Public Policy at Carnegie Mellon University.

The study analyzes the murky operations of the IMF's SDR Department, including a proposed allocation of Special Drawing Rights (SDRs) to nations that have contributed little or nothing to the financial resources of the IMF. The SDR allocation would provide a veiled way to redistribute funds from the IMF's main donor countries, the largest of which is the United States, to the IMF's developing members. The IMF has noted that the pending SDR allocation awaits only the approval of the United States Government. The IMF proposal is subject to approval by the Congress.

The study finds that the proposal would increase total financing to the following governments, among others: \$465 million to Iran, \$90 million to Syria, \$100 million to Sudan, and \$840 million to Venezuela.

"I call on the IMF to drop its SDR allocation proposal at its upcoming meetings later this month," Saxton said. "The proposal violates the principle of transparency, and is merely a disguised way of siphoning off more taxpayer money for loan subsidies.

"As noted in the study, the IMF proposal will further increase taxpayer exposure to risky lending to unsound borrowers. Furthermore, under the IMF proposal, the U.S. would be compelled to provide subsidies to hostile governments, including Iran and Syria. There is a case to be made for some foreign aid, but this proposal is exactly the wrong way to provide it.

"The IMF should have no doubt that the U.S. Congress will reject ratification of the SDR proposal under any conceivable circumstances. There will never be an opportune time for its ratification, so the SDR proposal should be taken off the table," Saxton concluded.

For more information on the International Monetary Fund, please visit our website at www.house.gov/jec

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