CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE
EXECUTIVE DIRECTOR

PRESS RELEASE

For Immediate Release
November 17, 1998

Press Release #105-197
Contact: Daniel Guido
(202) 224-0379

IMF MOVE TO NORMALIZE RELATIONS WITH IRAQ DRAWS FIRE
— Explanation of IMF Initiative on Iraq Demanded —

WASHINGTON, D.C. — Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.) today called for a public explanation of the International Monetary Fund's (IMF) plans to normalize relations with Iraq.

In a recent interview with a London Arabic newspaper, a top IMF official, Paul Chabrier, said: "Despite the existence of tension and friction between Iraq and the United Nations, I think we are moving towards a form of normalization with it (Iraq)." Chabrier also disclosed plans for an IMF mission to Iraq to lay the groundwork for normalized relations between the IMF and Iraq. Saxton said today that the IMF and U.S. Treasury Department have an obligation to explain the IMF's plans in light of the Iraq crisis and the resulting U.S. military buildup.

"The existence of IMF preparations to normalize relations with Iraq is unbelievable under current conditions," Saxton said. "A public explanation of how the IMF determined this appalling course of action is urgently needed. While many of the economic issues related to the IMF are ones upon which reasonable people can disagree, the IMF's move to normalize its relations with Iraq raises fundamental and serious questions about how the IMF is managed.

"The IMF's opening to Iraq contradicts and undermines the policy of major IMF donors, the largest of which is the United States, which alone contributes more than one quarter of the IMF's usable funds. While the U.S. and its allies were supporting preparations for possible military action in Iraq, an organization they fund was moving to normalize relations with and perhaps even offer technical assistance to Iraq.

"The U.S. Treasury, which has long presented the IMF as a key ingredient in U.S. policy, should take immediate steps to pressure the IMF to abort its overture to Iraq and cancel its scheduled mission to Baghdad. The Treasury should also explain how it views the IMF's initiative on Iraq and whether Treasury was informed about it. The existence of the planned IMF mission to Baghdad can only deepen questions about the consistency of U.S. policy towards Iraq.

"As I have said before, international outlaws and supporters of terrorism such as Iraq should not even be members of the IMF in the first place," Saxton said. "This episode only reinforces the point that IMF membership standards should be significantly tightened for a variety of reasons. I was shocked to learn of the IMF's plans to normalize relations with Iraq, but the additional disclosure of an upcoming IMF mission to Libya only deepens my concerns."

###