



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
February 15, 2001

Press Release #107-7
Contact: Christopher Frenze
Executive Director
(202) 225-3923

IMF PRACTICES LEAD TO RENEWED CALLS FOR REFORM

- SECRETARY O'NEILL'S COMMENTS SEEN AS ENCOURAGING -

WASHINGTON, D.C. - Treasury Secretary Paul O'Neill's comments on bailouts conducted by the International Monetary Fund (IMF), reported today in the *Financial Times*, were welcomed by incoming Joint Economic Committee Chairman Jim Saxton.

"Secretary O'Neill's reported concerns about IMF bailouts are amply justified and certainly refreshing," Saxton said. "An open-minded official review of IMF activities and operations is long overdue. The Secretary's combination of pragmatism, experience, and good common sense would go a long way in improving the operations of the IMF.

"Over the last several years, to be fair, the IMF has made some improvements albeit under intense Congressional pressure. Much of the official secrecy has been curtailed, more information is available, and steps have been made to streamline and rationalize IMF lending facilities.

"Furthermore, the IMF has finally addressed what I have referred to as its traditional 'hear no evil, see no evil' attitude towards corruption in borrowing countries. A 1998 JEC review first arrived at the startling finding that no adequate accounting controls or loan safeguards were in place to ensure proper use of funds and to protect IMF donor countries. Last year the IMF finally began to implement some of these controls, though their effectiveness remains to be seen.

"However, IMF financial statements are still virtually unintelligible, high IMF subsidies remain that are inconsistent with U.S. law, and the nature of resource transfers at the center of IMF operations is obscured. What some have referred to as the socialization of risk remains a central problem.

"We in Congress have worked over the years to increase IMF transparency and reduce IMF credit subsidies, despite intense Clinton Administration resistance. Secretary O'Neill's recent comments suggest a new receptivity to reform that is most welcome," Saxton concluded.

For more JEC research and studies on the IMF, please visit our website at www.house.gov/jec.

###