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JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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IMF ADOPTION OF PERMANENT SAFEGUARDS IS SUPPORTED

-- Lack of IMF Safeguards was Uncovered in 1998 by Congress --

WASHINGTON, D.C. -- The recent adoption of permanent lending safeguards by the International Monetary Fund (IMF) was supported today by Joint Economic Committee (JEC) Chairman Jim Saxton. The lack of such IMF accounting controls and safeguards was first uncovered by Joint Economic Committee research in 1998, and made public by Saxton during the debate in that year on IMF reform and the IMF quota increase.

“Many of us in Congress were astonished in 1998 by our finding that such safeguards were not already long established as a matter of routine,” Saxton said. “The IMF’s ‘hear no evil, see no evil’ approach in its lending ultimately resulted in embarrassing press reports and speculation about the lack of minimum standards to protect taxpayers and help ensure that IMF loans were properly used. In February of 2000, IMF reform legislation was introduced mandating the adoption of effective IMF accounting controls, a step that should not have been necessary for a major lending institution supported by taxpayers’ contributions.

“In March 2000, the IMF established a panel of experts to develop accounting and other safeguards. The IMF accepted, and provisionally implemented, this panel’s eminently sensible recommendations to improve the quality of information provided by borrowers. These included requirements of internal controls for the banking, accounting, and foreign exchange departments of central banks, and disclosure requirements for institutions affiliated with the central banks.

“With the IMF’s permanent adoption of these and other safeguards, taxpayer contributions to the IMF are better protected, and the quality of information provided to the IMF will be improved. Although I remain mystified by the fact that such safeguards have not been in place through many decades of IMF lending, I am pleased that this significant and overdue reform has now been permanently implemented. This adoption of safeguards is in the best interest of the IMF as well as the taxpayers of its donor nations,” Saxton concluded.

For more information on IMF reform, please visit the JEC website at www.house.gov/jec

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