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JOINT ECONOMIC COMMITTEE

CONGRESSMAN JIM SAXTON

PRESS RELEASE

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IMF GOLD SALE PROPOSAL DRAWS CONGRESSIONAL SCRUTINY

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Contact: Christopher Frenze
Executive Director
(202) 225-3923

WASHINGTON, D.C. – Any proposal to sell gold held by the International Monetary Fund (IMF) will attract intense Congressional review of IMF finances and would legally require a vote in Congress, Congressman Jim Saxton said today. The IMF reportedly is studying gold sales as a way to cover IMF debts owed by poor countries. Saxton long has favored IMF debt relief through write-offs financed out of the IMF's other resources.

In effect, IMF gold sales would amount to hidden contributions of gold profits legitimately belonging to IMF donor countries and their taxpayers. Such gold sales would violate the principle of transparency, and also raise a host of other problems including a potential impact on commodity markets. However, the Congress has a legal responsibility for oversight and approval of open market gold sales.

“The expected IMF study on gold sales arises from the IMF's extension of burdensome loans to borrowers that are either unable or unwilling to repay,” Saxton said. “The bottom line is that the IMF has made billions of dollars of loans for almost its entire history without basic lending safeguards and accounting controls in place. Not surprisingly, some of these loans have gone bad, and the consequences should not be papered over. As a former IMF research director has noted, ‘the IMF would serve better if it made no loans,’ ” Saxton concluded.

The potential gain from gold sales arises because the IMF understates the value of its total gold holdings in its financial statements. A hidden reserve of gold profits arises from the difference between the IMF book value and the market value of the gold. The IMF gold could be sold or revalued without apparent cost to IMF donor countries and their taxpayers, a procedure that lacks transparency. Over the years, Saxton has criticized IMF financial statements on other grounds for their lack of transparency, as has a former IMF research director.

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