CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CONGRESSMAN JIM SAXTON

PRESS RELEASE

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IMF GOLD SALES WOULD DRILL TAXPAYERS FOR BILLIONS

-- Legislation Readied to Block Most IMF Gold Sales --

WASHINGTON, D.C. – Congress would reject any proposal by the International Monetary Fund (IMF) to sell gold unless it is in the form of restitution to donor countries, incoming Joint Economic Committee (JEC) chairman Jim Saxton predicted today. Under restitution, the profits from gold sales could be returned to the donor countries, such as the U.S., in the interest of their taxpayers, instead of being retained by the IMF. Saxton plans to introduce gold restitution legislation this week, modeled after a similar bill he introduced in 1999.

Under restitution, a term used in the IMF's own charter, gold could be sold to IMF member countries in proportion to their contributions during the period when gold was the central resource of the IMF. Instead, the IMF is considering gold sales as a way of papering over bad loans it has extended to borrowers that are now unable or unwilling to pay. The existence of these bad IMF loans is not surprising given the fact that the IMF has failed to have lending safeguards and accounting controls in place for almost all of its history, as a JEC inquiry first revealed in 1998.

"The potential for tapping hidden profits from gold sales arises from the understatement of the value of gold on the IMF's financial statements," Saxton said. "However, **the IMF can mine the gold profits only by drilling taxpayers**. This scheme would not be consistent with transparency or accountability on the part of the IMF.

"Congress has a responsibility to represent the taxpayers' interest and closely examine any proposed IMF gold sales in the context of IMF's current financial structure and operations. The IMF gold sales would extract billions that would more appropriately be returned to the donor countries and their taxpayers," Saxton concluded.

Saxton's position is similar to that expressed in Congress decades ago during another period when IMF gold sales were under consideration. As Senators Ribicoff and Taft said in a bipartisan 1975 JEC statement, "Either the gold belongs to the IMF, or it belongs to the member states, which contributed the gold in proportion to their quotas. **In either case, the profits should be distributed to the member nations in proportion to their quotas**."

For more information, please see the JEC study, *IMF Gold Sales In Perspective (August 1999)*, by visiting our website at www.house.gov/jec

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