

# **IMF FUNDING IS CRITICAL TO OUR RECOVERY, SECURITY**

This week, the House will consider the Fiscal Year 2009 Supplemental Appropriations bill, which includes funding for the International Monetary Fund (IMF). This investment is critical to strengthening our economy and protecting our national security.

## **Key Points on IMF Funding Request**

Provided by the U.S. Department of the Treasury

- As reported in the Wall Street Journal on May 27, the IMF has plainly stated that it has not negotiated with Hezbollah on a possible future lending program.  
*“We haven’t had any conversations (with Hezbollah) or provided assurances that there would be continued financing,’ after the IMF’s current loan to Lebanon expires next month.”* – Masood Ahmed, IMF Director of the Middle East, 5/27/09
- Iran, Venezuela, Zimbabwe and Burma do not currently borrow from the IMF, nor have they recently. Zimbabwe has had its voting rights in the IMF suspended.
- U.S. participation in the IMF is key to making us more secure. The Director of National Intelligence, Dennis Blair, stated in Congressional testimony that the “primary near term security concern of the United States is global economic crisis and its geopolitical implications.” Admiral Blair specifically noted the role of the IMF in helping address this threat.
- The U.S. is proposing to make available a line of credit to the IMF. Only if this credit line is drawn upon will the U.S. provide resources to the IMF. Any such drawings will be a claim on the IMF, and therefore a reserve asset of the United States and we will receive interest from the IMF on this asset.
- The increased resources will ensure the IMF has the ability to play its central role in resolving and preventing the spread of international economic and financial crises. Failure to prevent financial crisis from spreading would undermine the efforts we have taken in the U.S. thus far to stimulate and revive our economy. The costs on the U.S. economy of not taking these steps could be substantial.
- The IMF has taken strong action to improve its fiscal discipline. Among the reforms undertaken by the IMF, it just cut its staff by 10 percent in order to slash its costs by \$100 million per year.

## **Support Is Strong for IMF Funding**

Republican Administrations and respected leaders agree: not only does the U.S. have an obligation to fund the IMF, but playing an active role in the IMF is essential for our Nation’s prosperity.

**“A stronger and more responsive IMF is essential to the restoration of confidence in the global economy and financial system and thus to our own economic recovery.”** – Letter to Speaker Pelosi and Majority Leader Reid from the Bretton Woods Committee (Henry Kissinger, Condoleezza Rice, Henry Paulson, Robert Rubin, James A. Baker, Nicholas F. Brady, Colin Powell, Paul A. Volcker, Paul H. O’Neill, Robert McFarlane, Brent Scowcroft, Anthony Lake, Frank Carlucci, and Lee Hamilton), May 2009

**“The IMF is the linchpin of the international financial system...I have an unbreakable commitment to increased funding for the IMF.”** – President Ronald Reagan, 9/27/1983

**“The IMF and the World Bank are at the crossroads of our cooperative efforts.”** – President George H.W. Bush, 9/27/1989

**“We have an obligation to work with the International Monetary Fund.”** – Speaker Newt Gingrich, 6/26/1998

**“The United States pledges...to help ensure that the International Monetary Fund...[has] the resources to assist countries in crisis.”** – President George W. Bush, 11/26/08

*Prepared by the Office of Majority Leader Steny Hoyer, 6/16/09*