

Loan write-off would make best use of IMF gold sale

By Nancy Birdsall

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From Ms Nancy Birdsall.

Sir, It makes eminent sense for the International Monetary Fund to sell some of its gold to write down its bad loans, as Sony Kapoor writes (Letters, February 5). Any responsible creditor would use its capital or provisions to do so. It also makes sense for the IMF to sell gold to generate a stream of income that can finance such core operations as global financial surveillance, as the "eminent persons" panel will apparently suggest. Those decisions are up to the members, especially the US, without whose approval the IMF cannot sell any gold.

What does not make sense is to do the latter and neglect the former.

In the early 1980s the government of Liberia borrowed about \$300m from the IMF. Subsequent military and "warlord" governments failed to service that debt, which with accumulated interest and penalties has ballooned to \$800m. Now, pending resolution of its unpayable debts to the IMF and other creditors, an able and responsible democratic government has limited access to new grants and borrowing for reconstruction of its infrastructure and rebuilding of its public services. The US Congress ought to look kindly on any request for a limited gold sale meant to enable the IMF to write off its unrecoverable loans to Liberia, upholding the principle of creditor accountability, before other uses for the IMF's gold are debated.

Nancy Birdsall,

President,

Center for Global Development,

Washington, DC 20036, US

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