

106TH CONGRESS
2D SESSION

H. R. 5085

To reduce the long-term lending activities of the IMF and its role in
developing countries, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. SANDERS (for himself, Mr. CAMPBELL, Mr. DEFazio, and Mr.
KUCINICH) introduced the following bill; which was referred to the Com-
mittee on Banking and Financial Services

A BILL

To reduce the long-term lending activities of the IMF and
its role in developing countries, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “IMF Reform Act of
5 2000”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

8 (1) the International Monetary Fund (IMF)
9 was conceived at Bretton Woods, New Hampshire,
10 to promote a stable international financial system;

1 (2) in the last 2 decades, the IMF has taken on
2 the role of lending to governments which cannot pay
3 their international debts, managing negotiations over
4 international debt repayments and access to credit
5 markets, and imposing and encouraging “structural
6 adjustment” policies in developing countries;

7 (3) structural adjustment policies have in many
8 cases led to economic instability, increased poverty
9 and inequality, the destruction of productive enter-
10 prises, and environmental degradation, while failing
11 to reduce debt burdens;

12 (4) the policies of the IMF in lending to and
13 managing the international debts of developing coun-
14 tries have often ignored the human rights and basic
15 needs of the majority of people in developing coun-
16 tries, and have allowed repressive regimes to borrow
17 money without popular consent, with the burden of
18 repayment left to the people;

19 (5) the international financial institutions have
20 sometimes encouraged developing countries to bor-
21 row money for policies and projects later acknowl-
22 edged by such institutions to have failed economi-
23 cally;

24 (6) the international financial institutions have
25 often lent money to corrupt regimes, which misspent

1 or misappropriated the money, which then had to be
2 paid back by the population; and

3 (7) in managing the issue of the international
4 debt, the IMF has not adequately responded to con-
5 cerns about the morality of forcing developing coun-
6 tries to repay unjust debts, and indeed has ignored
7 the human toll that servicing these debts has caused,
8 and so another mechanism is needed for addressing
9 these issues.

10 **SEC. 3. ACTIONS TO REDUCE LONG-TERM LENDING BY THE**
11 **IMF.**

12 (a) REDUCTION OF LONG-TERM LENDING BY THE
13 IMF.—Title XVI of the International Financial Institu-
14 tions Act (22 U.S.C. 262p–262p–7) is amended by adding
15 at the end the following:

16 **“SEC. 1625. CANCELLATION OF DEBT OWED TO THE IMF BY**
17 **ELIGIBLE POOR COUNTRIES.**

18 “(a) IN GENERAL.—

19 “(1) CANCELLATION OF DEBT.—In order to
20 achieve multilateral debt cancellation and promote
21 human and economic development and poverty alle-
22 viation in eligible poor countries the Congress urges
23 the President to commence immediate efforts, within
24 the Paris Club of Official Creditors, the Inter-
25 national Monetary Fund (IMF), and other appro-

1 appropriate multilateral development institutions to ac-
2 complish the following:

3 “(A) The IMF shall cancel all debts owed
4 to the IMF by eligible poor countries, the can-
5 cellation of which can be financed from ongoing
6 operations, procedures, and accounts of the
7 IMF established as of the end of the most re-
8 cent fiscal year, including the Poverty Reduc-
9 tion and Growth Facility (formerly known as
10 the ‘Enhanced Structural Adjustment Facility’
11 or ‘ESAF’).

12 “(B) Any waiting period before receiving
13 debt cancellation shall not exceed 4 months
14 from the date of an eligible poor country’s ap-
15 plication for debt cancellation.

16 “(C) The government of each eligible poor
17 country shall be encouraged to allocate 20 per-
18 cent of its national budget, including the sav-
19 ings from the cancellation of debt owed by the
20 country to the IMF, for the provision of basic
21 health care services, education services, and
22 clean water services to individuals in each coun-
23 try as provided for in the international 20/20
24 Initiative. In providing such services, the gov-

1 ernment should seek input from appropriate
2 members of civil society.

3 “(2) PROHIBITIONS ON CERTAIN NEW LENDING
4 PRACTICES.—In order to ensure lasting reduction of
5 long-term lending by the IMF, the Congress urges
6 the President to commence immediate efforts, within
7 the Paris Club of Official Creditors, the IMF, and
8 other appropriate multilateral development institu-
9 tions to accomplish the following:

10 “(A) PROHIBITION OF NEW CONCESSIONAL
11 LOANS.—The IMF shall not issue any new
12 concessional loans, guarantees, insurance, or
13 credits to any country which receives cancella-
14 tion of debt under this section, within 3 years
15 after the date on which the country receives
16 such cancellation.

17 “(B) PROHIBITION OF PRIVILEGE FOR IMF
18 CREDIT.—The IMF shall not require or allow
19 any country receiving new concessional loans to
20 privilege the IMF as a creditor over the United
21 States or private creditors.

22 “(3) REPORT FROM THE COMPTROLLER GEN-
23 ERAL.—Within 90 days after the date of the enact-
24 ment of this section, the Comptroller General of the
25 United States shall prepare and submit to the Com-

1 mittee on Banking and Financial Services of the
2 House of Representatives and the Committee on
3 Banking, Housing, and Urban Affairs of the Senate
4 a report on the availability of the ongoing oper-
5 ations, procedures, and accounts of the IMF for can-
6 celing the debt of eligible poor countries.

7 “(4) REPORT FROM THE PRESIDENT.—Not
8 later than December 31 of each year, the President
9 shall submit to the Committees on Banking and Fi-
10 nancial Services, and on International Relations of
11 the House of Representatives and the Committees
12 on Foreign Relations and on Banking, Housing, and
13 Urban Affairs of the Senate a report, which shall be
14 made available to the public, on the activities under-
15 taken under this section, and other progress made in
16 accomplishing the purposes of this section, for the
17 prior fiscal year. The report shall include a list of
18 the countries that have received debt cancellation, a
19 list of the countries whose request for such debt can-
20 cellation has been denied and the reasons therefore,
21 and a list of the countries whose requests for such
22 debt cancellation are under consideration.”.

23 (b) PROMOTION OF EQUITABLE BURDEN SHAR-
24 ING.—In order to promote equitable burden-sharing by bi-
25 lateral, multilateral, and private creditors, the Congress

1 urges the President to commence immediately efforts to
2 ensure that such creditors draw upon their own resources
3 to finance debt reduction to the extent possible without
4 diverting funds from other high priority poverty alleviation
5 programs.

6 **SEC. 4. ACTIONS TO PROTECT ELIGIBLE POOR COUNTRIES**
7 **FROM HARMFUL IMF AND WORLD BANK**
8 **POLICIES.**

9 Title XVI of the International Financial Institutions
10 Act (22 U.S.C. 262p–262p–7) is further amended by add-
11 ing at the end the following:

12 **“SEC. 1626. PROTECTION AGAINST HARMFUL IMF AND**
13 **WORLD BANK POLICIES.**

14 “(a) IN GENERAL.—In order to protect against
15 harmful International Monetary Fund (IMF) and Inter-
16 national Bank for Reconstruction and Development
17 (World Bank) policies in eligible poor countries the Con-
18 gress urges the President to commence immediate efforts,
19 within the Paris Club of Official Creditors, as well as the
20 World Bank, the IMF, and other appropriate multilateral
21 development institutions to accomplish the following:

22 “(1) The IMF and the World Bank shall not
23 impose, encourage, approve of, or endorse any gov-
24 ernment policy which has the intention or effect of
25 reducing access to basic social services, including

1 health, education, nutrition, clean water, and sanita-
2 tion.

3 “(2) The IMF and the World Bank shall not
4 impose, encourage, approve of, or endorse any gov-
5 ernment policy which has the intention or effect of
6 undermining the ability of workers to exercise their
7 internationally recognized worker rights. For pur-
8 poses of this section, the term ‘internationally recog-
9 nized worker rights’ has the meaning given that
10 term in section 502(a)(4) of the Trade Act of 1974.

11 “(3) The IMF and the World Bank shall not
12 impose, encourage, approve of, or endorse any gov-
13 ernment policy which has the intention or effect of
14 damaging local small-scale enterprises and farms.

15 “(4) The IMF and the World Bank shall not
16 impose, encourage, approve of, or endorse any gov-
17 ernment policy which has the intention or effect of
18 degrading the environment.

19 “(5) The IMF and the World Bank shall not
20 impose, encourage, approve of, or endorse any gov-
21 ernment policy which has the intention or effect of
22 undermining democracy, including free and fair elec-
23 tions; civilian control of military, law enforcement
24 and security forces; the rule of law, equality before
25 the law and respect for individual and minority

1 rights; and freedom of speech, publication, and asso-
2 ciation.

3 “(b) REPORT TO THE CONGRESS.—Not later than
4 December 31 of each year, the President shall submit to
5 the Committees on Banking and Financial Services and
6 on International Relations of the House of Representa-
7 tives and the Committees on Foreign Relations and on
8 Banking, Housing, and Urban Affairs of the Senate a re-
9 port, which shall be made available to the public, on the
10 activities undertaken under this section, and other
11 progress made in accomplishing the purposes of this sec-
12 tion, for the prior fiscal year.”.

13 **SEC. 5. PROHIBITION OF STRUCTURAL ADJUSTMENT PRO-**
14 **GRAMS.**

15 (a) PROHIBITION OF STRUCTURAL ADJUSTMENT
16 CONDITIONS.—In order to promote human and economic
17 development and poverty alleviation in eligible countries
18 the Congress urges the President to commence immediate
19 efforts, within the Paris Club of Official Creditors, as well
20 as the International Bank for Reconstruction and Devel-
21 opment (World Bank), the International Monetary Fund
22 (IMF), and other appropriate multilateral development in-
23 stitutions to accomplish the following: The provision of
24 debt cancellation to poor countries shall not be conditioned
25 on any country adopting or implementing any structural

1 adjustment program. In this section, the term “structural
 2 adjustment program” means any structural adjustment
 3 program of the Enhanced Structural Adjustment Facility
 4 (ESAF) or its successors, any structural adjustment pro-
 5 gram operated or overseen by the IMF or the World Bank,
 6 or any other program of the IMF.

7 (b) REPORT TO THE CONGRESS.—Not later than De-
 8 cember 31 of each year, the President shall submit to the
 9 Committees on Banking and Financial Services and on
 10 International Relations of the House of Representatives
 11 and the Committees on Foreign Relations and on Bank-
 12 ing, Housing, and Urban Affairs of the Senate a report,
 13 which shall be made available to the public, on the activi-
 14 ties undertaken under this section, and other progress
 15 made in accomplishing the purposes of this section, for
 16 the prior fiscal year.

17 **SEC. 6. ELIGIBLE POOR COUNTRIES.**

18 In this Act, the term “eligible poor countries” means
 19 any poor country which has a functioning democratic gov-
 20 ernment and which is among the entities identified by Ju-
 21 bilee 2000 UK as needing significant debt cancellation, in-
 22 cluding Angola, Benin, Bolivia, Burkina Faso, Burundi,
 23 Cameroon, Central African Republic, Chad, Democratic
 24 Republic of Congo, Republic of Congo, Cote d’Ivoire,
 25 Equatorial Guinea, Ethiopia, Ghana, Guinea, Guinea-

1 Bissau, Guyana, Honduras, Kenya, Lao PDR, Liberia,
2 Madagascar, Malawi, Mauritania, Mozambique, Nica-
3 ragua, Niger, Rwanda, Sao Tome and Principe, Senegal,
4 Sierra Leone, Tanzania, Togo, Uganda, Vietnam, Yemen,
5 Zambia, Bangladesh, Cambodia, Gambia, Haiti, Jamaica,
6 Morocco, Nepal, Nigeria, Peru, Philippines, and
7 Zimbabwe.

8 **SEC. 7. ADVISORY COMMISSION; INTERNATIONAL DEBT**
9 **CONFERENCE.**

10 (a) ADVISORY COMMISSION.—

11 (1) ESTABLISHMENT.—The Secretary of the
12 Treasury shall establish an International Debt Advi-
13 sory Commission (in this section referred to as the
14 “Commission”).

15 (2) DUTIES.—The Commission shall—

16 (A) conduct a study of—

17 (i) the debts owed to the international
18 financial institutions (as defined in section
19 1701(c)(2) of the International Financial
20 Institutions Act), the servicing of which
21 prevents the governments of developing
22 countries from providing that their citizens
23 have access to basic education and health
24 care;

1 (ii) the debts owed to the inter-
2 national financial institutions as a result of
3 lending for projects or policies now ac-
4 knowledgeed by the international financial
5 institutions to be economic failures;

6 (iii) the ecological damage that has re-
7 sulted from lending to developing countries
8 by international financial institutions; and

9 (iv) excess mortality and morbidity in
10 developing countries since 1982 as a result
11 of the implementation of “structural ad-
12 justment” policies designed by the inter-
13 national financial institutions; and

14 (B) make recommendations concerning
15 how the debt crisis may be definitively resolved
16 and such crises be averted in the future, which
17 recommendations may include proposals to re-
18 move the international financial institutions
19 from their central role in managing inter-
20 national debt, and to institute mechanisms in
21 debtor and creditor countries to deter the accu-
22 mulation of unsustainable debt.

23 (3) MEMBERSHIP.—

24 (A) IN GENERAL.—The Commission shall
25 be composed of 12 members, as follows:

1 (i) 3 members appointed by the
2 Speaker of the House of Representatives.

3 (ii) 3 members appointed by the ma-
4 jority leader of the Senate.

5 (iii) 3 members appointed by the mi-
6 nority leader of the House of Representa-
7 tives.

8 (iv) 3 members appointed by the mi-
9 nority leader of the Senate.

10 (B) DEADLINE FOR APPOINTMENTS.—All
11 appointments to the Commission shall be made
12 not later than 45 days after the date of the en-
13 actment of this Act.

14 (C) TERM OF OFFICE.—Members of the
15 Commission shall be appointed for the life of
16 the Commission.

17 (D) VACANCIES.—Any vacancy in the
18 Commission shall be filled in the same manner
19 as the original appointment was made.

20 (E) NO PAY.—Members of the Commission
21 shall serve without pay.

22 (F) TRAVEL EXPENSES.—Members of the
23 Commission shall receive travel expenses, in-
24 cluding per diem in lieu of subsistence, in ac-

1 cordance with sections 5702 and 5703 of title
2 5, United States Code.

3 (G) CHAIRMAN.—The majority leader of
4 the Senate, after consultation with the Speaker
5 of the House of Representatives and the minor-
6 ity leaders of the House of Representatives and
7 the Senate, shall designate 1 member of the
8 Commission to serve as Chairman of the Com-
9 mission.

10 (4) STAFF.—

11 (A) IN GENERAL.—The Commission may
12 appoint and fix the pay of additional personnel
13 as the Commission considers appropriate.

14 (B) EXPERTS AND CONSULTANTS.—The
15 Commission may procure temporary and inter-
16 mittent services under section 3109(b) of title
17 5, United States Code.

18 (5) POWERS.—

19 (A) HEARINGS AND SESSIONS.—The Com-
20 mission may, for the purpose of carrying out
21 this subsection, hold hearings, sit and act at
22 times and places, take testimony, and receive
23 evidence as the Commission considers appro-
24 priate. The Commission may administer oaths
25 or affirmations to witnesses appearing before it.

1 (B) POWERS OF MEMBERS AND AGENTS.—

2 Any member or agent of the Commission may,
3 if authorized by the Commission, take any ac-
4 tion which the Commission is authorized to take
5 by this subsection.

6 (C) MAILS.—The Commission may use the
7 United States mails in the same manner and
8 under the same conditions as other departments
9 and agencies of the United States.

10 (D) OBTAINING OFFICIAL INFORMATION.—

11 The Commission may secure directly informa-
12 tion that the Commission considers necessary to
13 enable the Commission to carry out its respon-
14 sibilities under this Act. Upon request of the
15 Chairperson of the Commission, the head of
16 that department or agency shall furnish that in-
17 formation to the Commission.

18 (E) ADMINISTRATIVE SUPPORT SERV-

19 ICES.—Upon the request of the Commission,
20 the Administrator of General Services shall pro-
21 vide to the Commission, on a reimbursable
22 basis, the administrative support services nec-
23 essary for the Commission to carry out its re-
24 sponsibilities under this Act.

1 (6) REPORT.—Within 180 days after the date
2 of the enactment of this Act, the Commission shall
3 submit to the Committees on Banking and Financial
4 Services and on International Relations of the House
5 of Representatives and the Committees on Foreign
6 Relations and on Banking, Housing, and Urban Af-
7 fairs of the Senate a written report on—

8 (A) whether the International Monetary
9 Fund (IMF) has canceled the debts owed to it
10 by the eligible poor countries;

11 (B) whether new IMF lending to such
12 countries has ceased; and

13 (C) the role, if any, the IMF is playing in
14 these countries.

15 (7) TERMINATION.—The Commission shall ter-
16 minate 6 months after the first meeting of the Com-
17 mission, which shall be not later than 30 days after
18 the appointment of all members of the Commission.

19 (b) INTERNATIONAL DEBT CONFERENCE.—Not later
20 than 180 days after the Commission submits the report
21 required by subsection (a)(6), the President of the United
22 States shall call for a conference of representatives of the
23 governments of the member countries of the IMF and the
24 International Bank for Reconstruction and Development
25 (World Bank) to consider and enact proposals for resolu-

tion of the international debt crisis, and to consider and enact proposals to prevent recurrence of international debt crises, including such recommendations as are proposed by the Commission pursuant to subsection (a).

SEC. 8. CONDITIONAL BAN ON PROVIDING FUNDS TO THE IMF.

(a) IN GENERAL.—None of the funds appropriated in any Act may be obligated or made available to the International Monetary Fund (IMF) unless—

(1) the IMF has cancelled all debts owed to it by eligible poor countries as described in the amendment made by section 3 of this Act;

(2) the IMF has taken actions to protect eligible poor countries against harmful IMF policies as described in the amendment made by section 4 of this Act;

(3) the IMF has terminated its involvement in the Enhanced Structural Adjustment Facility and its successors and has ceased to condition debt relief on implementation of structural adjustment programs as described in section 5 of this Act; and

(4) the Secretary of the Treasury has certified to the Congress that the conditions referred to in paragraphs (1), (2), and (3) have been met.

1 (b) LIMITATION.—Subsection (a) shall not apply to
 2 any funds appropriated to provide debt relief to poor coun-
 3 tries.

4 **SEC. 9. PROHIBITION ON CERTAIN ACTIONS BY UNITED**
 5 **STATES GOVERNMENT OFFICIALS RELATING**
 6 **TO ELIGIBILITY FOR UNITED STATES BILAT-**
 7 **ERAL ASSISTANCE OR LOAN PROGRAMS.**

8 Notwithstanding any other provision of law, no offi-
 9 cer or employee of the United States Government may re-
 10 quire, as a condition of eligibility of a country for United
 11 States bilateral assistance or loan programs, that—

12 (1)(A) the country have an agreement with the
 13 International Monetary Fund (IMF) or the Inter-
 14 national Bank for Reconstruction and Development
 15 (World Bank); or

16 (B) in the judgment of IMF or World Bank of-
 17 ficials, the country have adhered to past agreements
 18 with the IMF or World Bank; or

19 (2) the country have adopted a particular eco-
 20 nomic policy, unless this requirement has been spe-
 21 cifically approved by the Congress.

22 **SEC. 10. DELINKING WORLD BANK CONDITIONS FROM IMF**
 23 **CONDITIONS.**

24 (a) POSITION OF THE UNITED STATES.—The Sec-
 25 retary of the Treasury shall instruct the United States Ex-

1 ecutive Director at the International Bank for Reconstruc-
2 tion and Development (World Bank) to vote to oppose the
3 linkage of World Bank loans to policy conditions designed
4 by the International Monetary Fund, and to use the voice
5 and influence of the United States to urge the other execu-
6 tive directors at the World Bank from other countries to
7 oppose such linkage.

8 (b) CONDITIONAL BAN ON PROVIDING FUNDS TO
9 THE WORLD BANK.—None of the funds appropriated in
10 any Act enacted after the enactment of this Act, including
11 appropriations for callable capital, may be obligated or
12 made available to the World Bank unless the World Bank
13 has ceased conditioning its loans on whether a country has
14 an agreement with the International Monetary Fund
15 (IMF), or whether in the judgment of IMF officials such
16 country has adhered to an agreement with the IMF. The
17 preceding sentence shall not apply to any funds appro-
18 priated to provide debt relief to poor countries, or to pro-
19 vide resources for the International Development Associa-
20 tion.

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