
CENTER FOR INTERNATIONAL POLICY A I D M E M O

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CONGRESS PASSES ANTI-APARTHEID AMENDMENT ON IMF

Here is the text of the amendment the House and Senate passed:

"Instructions to the United State Executive Director:

"Sec. 43 (b). The Congress hereby finds that the practice of apartheid results in severe constraints on labor and capital mobility and other highly inefficient labor and capital supply rigidities which contribute to balance of payments deficits in direct contradiction of the goals of the International Monetary Fund.

Therefore, the President shall instruct the United States Executive Director of the Fund to actively oppose any facility involving use of Fund credit by any country which practices apartheid unless the Secretary of the Treasury certifies and documents in writing, upon request, and so notifies and appears, if requested, before the Foreign Relations and the Banking, Housing and Urban Affairs Committee of the Senate and the Banking, Finance and Urban Affairs Committee of the House of Representatives, at least twenty-one days in advance of any vote on such drawing, that such drawing: (1) would reduce the severe constraints on labor and capital mobility through such means as increasing access to education by workers and reducing artificial constraints on worker mobility and substantial reduction of racially-based restrictions on the geographical mobility of labor; (2) would reduce other highly inefficient labor and capital supply rigidities; (3) would benefit economically the majority of the people of any country which practices apartheid; (4) is suffering from a genuine balance of payments imbalance that cannot be met by recourse to private capital markets. Should the Secretary not meet a request to appear before the aforementioned Committees at least twenty-one days in advance of any vote on any facility involving use of Fund credit by any country practicing apartheid and certify and document in writing that these four conditions have been met, the United States Executive Director shall vote against such program."

The passthrough (starting after "unless") was added by the Senate, based on a draft from Treasury. It came over from Utah Republican senator Jake Garn with the warning that Senators Helms and East and four other ultra-

conservatives were prepared to filibuster the whole bill--over thirty billion dollars in IMF, housing, Exim and multilateral banks--if the House didn't accept the loophole in the anti-apartheid amendment. The House agreed to the Senate language. The basic reason was that sixteen billion dollars for domestic low-income housing had been glued onto the IMF bill. If sent to the president alone, the housing would have been vetoed. Tied to the IMF, which the president wanted, it became veto-proof. The Congressional Black Caucus wanted the housing and was hesitant to jeopardize the bill over the apartheid issue. They reluctantly accepted the compromise.

The House did succeed in tightening up the certification conditions. It added: (1) "substantial reduction of racially-based restrictions on the geographical mobility of labor" (the pass laws) and (2) proof of genuine balance-of-payments need. Both went into the hastily-drafted bill. It was the best we could get.

To inform the debate the Center also supplied a research paper to the New York Times, resulting in the enclosed article on the crucial day. It made the rounds on the Hill.

While the Reagan administration is unpredictable, congressional staffers feel it would have a very hard time certifying to these conditions. The administration does certify the absurd on El Salvador. But since 1978 a law has barred South Africa from receiving U.S. Eximbank loan guarantees unless the administration certifies there has been substantial progress away from apartheid. The administration has not so certified and no loans have been made.

In short, we think we have probably stopped U.S. support of IMF loans to South Africa. This is an important victory but one that will require careful monitoring and similar action in other countries.