IMF COMPROMISE

The House and Senate approved a compromise version of the IMF Authorization Bill (HR 2937/S. 893) last week, including a weakened version of the Dixon bill previously passed by the House. Two major points of contention had held up the IMF authorization. First, the House insisted that its bill to provide federal funds for the construction of low income housing be approved by the Senate. Second, the House was pushing for Senate acceptance of its South Africa language, which prohibited the US Executive Director at the IMF from supporting any loans to "countries which practice apartheid." Another controversial amendment, sponsored by Rep. Phil Gramm (R-TX), mandated a similar "no" vote to "communist dictatorships." This provision was also weakened by the House-Senate compromise.

The compromise South Africa language, the full text of which appears below, requires a "no" vote on IMF loans to South Africa unless the Secretary of the Treasury "certifies and documents" that several conditions are met. The four conditions are vague and confusing, making it easier for the administration to circumvent them if it desires to approve another IMF loan for the apartheid regime. In the past, the Reagan Administration has abused similar conditional legislation (e.g., conditions on sending military aid to El Salvador). Yet, the conditions do provide a handle of accountability which the anti-apartheid community can use in pressing its case against US support for IMF money to South Africa. Furthermore, the publicity and debate surrounding this issue has provided another hurdle for future IMF loans to the apartheid regime. We must use this important debate and congressional action as a base from which to work toward the complete economic isolation of the South African regime.

The conference for the Export Administration Act, which contains four important South Africa provisions, has been postponed until after the winter recess (late January). Please continue pressing your Senators on this bill.

DOMESTIC HOUSING AND INTERNATIONAL RECOVERY AND FINANCIAL STABILITY ACT: Section 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 Banking, Housing and Urban Affairs Committees 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.

###