Congress to Consider IMF Loans to South Africa

April 18, 1983

American opponents of apartheid will soon have an important -- and rare -- opportunity to oppose U.S. support for the Botha government through loans by the International Monetary Fund. The Congress is currently considering a bill that authorizes an increase in the US quota to the IMF. This provides an occasion for raising the issue of IMF support for South Africa. Since IMF legislation comes before the Congress only every three to five years, we need to act now. We ask people whose representatives sit on the House Banking Committee, which has jurisdiction over this legislation, to urge them to oppose further IMF lending to South Africa.

International Background

The IMF approved a $1.1 billion loan to South Africa in November, despite unprecedented opposition. Sixty-eight countries opposed the loan; it was agreed to by only a 52-percent majority in a voting system heavily weighted in favor of the West. This was the first time Third World nations have mounted opposition to South Africa within the Fund itself, and marshalled arguments based on the Fund's own economic criteria. They argued that South Africa did not really need the loan, that the loan did not meet the standards of conditionality imposed on all other borrowers, and that the "structural rigidity" of apartheid causes inefficiency in the labor market and fueled inflation.

Congressional Background

The Congressional Black Caucus, the Ad Hoc Monitoring Group on South Africa and House Africa Subcommittee chairman Howard Wolpe urged the Reagan administration last November to oppose the South African loan in the IMF. Administration officials were notably unresponsive, even though the Congressmen warned that they would consider taking legislative action if the Executive branch did not heed their concern. Now they are making good on their word. Rep. Julian Dixon (D-Calif.), Rep. Michael Lowry (D-Wash.), and 69 of their colleagues have introduced a bill (HR 1083) that would instruct the US director to the Fund to oppose loans to any country that practices apartheid. It is probable that the language of this bill will be offered as an amendment to the IMF authorization bill (HR 1907). The House Banking Committee will hold a hearing on South Africa on May 4, focusing on the economic arguments against the loan, and will vote on the IMF bill soon thereafter.
Why Should Local Activists Target the IMF?

Many people feel that the IMF is a far-away institution that is so firmly controlled by the West that there is no point in attempting to exert pressure against South Africa in that arena. Here are two strong counter-arguments.

African countries decided last year to go beyond the UN General Assembly -- where a resolution opposing the loan to South Africa was adopted by an overwhelming vote of 121 to 3 with 23 abstentions -- and take their case directly to the IMF. Here they succeeded in making this the most controversial loan in the IMF's history. Following their lead, anti-apartheid groups and friendly parliamentarians throughout Europe and North America publicly criticized their governments' support for the South African loan, and they plan to raise the issue again when the IMF quota increases are acted on in each country. Stopping Western support for South Africa through the IMF is now part of a growing international campaign.

Another reason to target the IMF is much closer to home. The divestment movement has been one of the most potent campaigns against apartheid in the United States during the last two decades. It has been taken to college campuses, corporate board rooms, sidewalk pickets outside banks and Krugerrand dealers, state legislatures and city councils. Massive loans from the IMF undercut the successes achieved by the divestment movement, giving South Africa an infusion of money on concessionary terms that softens the loss of private bank loans that have been stopped by public pressure.

What You Can Do

We urge you to write to your representative soon to urge them (1) to support the Dixon bill (HR 1093) and, (2) if they are a member of the International Trade, Investment and Monetary Policy (shown by * in list below), to attend the hearing on May 4. Try to bring this issue before several civil rights, labor, religious or foreign policy groups in the district during the next several weeks, and ask them to communicate with your representative as well. We need to generate as much support for the Dixon bill as possible by the middle of May. Please let us know what you do, and what response you get from your legislator.

The following members of the House Banking Committee have not yet publicly taken a stand on HR 1093: Democrats: St. Germain (RI-1), Gonzalez (TX-20), Minish (NJ-11), Annunzio (IL-11), Neal* (NC-5), Patterson* (CA-38), Hubbard (KY-1), LaFalce* (NY-32), D'Amours (NH-1), Lundine* (NY-34), Barnard* (CA-10), Patman* (TX-14), Coyne* (PA-14), Roemer* (LA-4), Lehman* (CA-18), Cooper* (TN-4), Erdeich (AL-6), Levin* (MI-17), Carper (DE-All), Torres (CA-34). Republicans: Wylie (OH-15), McKinney (CT-4), Hansen* (ID-2), Leach* (IA-1), Paul (TX-22), Bethune (AR-2), Shumway* (CA-14), Parriss* (VA-8), McCollum* (FL-5), Wortley (NY-27), Roukema* (NJ-5), Lowery (CA-41), Bereuter (NE-1), Dreier* (CA-33), Hiler (IN-3), Ridge (PA-21), Bartlett (TX-3).

Eight Democrats on the Committee are already co-sponsors of HR 1093. They are: Mitchell (MD-7), Fauntroy (DC), Oaker (OH-20), Vento (MN-4), Garcia (NY-18), Lowry (WA-7), Schumer (NY-10), Frank (MA-4), Morrison (CT-3), and Kaptur (OH-9).

You can write to any member of the House at: U.S. House of Representatives, Washington, D.C. 20515.

Thank you in advance for whatever help you can give between now and mid-May. Please call or write Jim Morrell or Chris Root at the Center for International Policy if you need more background information about South Africa and the IMF or for an update on developments in the Congress.