INTERNATIONAL ACTIONS AGAINST IMF SUPPORT FOR SOUTH AFRICA

April, 1983

Recent Developments at the IMF

The controversy over the $1.1 billion loan to South Africa in November 1982 was unprecedented in the history of the IMF. Executive directors representing 68 countries opposed the loan and marshalled well-researched arguments for why South Africa’s request did not meet the economic requirements established by the Fund itself. [See CIP Aid Memo, January 6, 1983]

The Center for International Policy has learned that South Africa has stopped collecting disbursements of its IMF loan because the rising price of gold has wiped out the country’s balance of payments need, according to IMF sources. Immediately after its loan was approved on November 3rd, South Africa collected the entire compensatory financing loan of $689 million and one credit tranche, or 44 percent, of the $394 million standby loan. However, South Africa refrained from collecting another $43 million from the standby loan that became available at the end of December and collected nothing during the first quarter of 1983. This development confirms the argument by the five Third World executive directors last November that South Africa did not really need the loan, and that the IMF staff should not have accepted the South African projection of the gold price at $315 per ounce. Gold was selling at $425 per ounce when the IMF met, and its price has averaged $450 per ounce since then.

International Strategy on South Africa and the IMF for 1983

The planned increase in IMF quotas and enlargement of the General Arrangements to Borrow (GAB) in 1983 will require contributions of $43 billion, largely from the industrial and oil-exporting countries. Fulfillment of these quota increases will require legislative consent in all of these countries that have legislatures. We therefore have a strategically-important opportunity to raise the level of opposition to western backing for IMF support for South Africa. Since quota increases occur only every three to five years, we will not get a similar opportunity again soon. Organizing has already begun in some countries. Here are the reports we have received.

From Jim Morrell and Chris Root at the Center for International Policy.

U.S.A.: 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, and these members are now planning a further Congressional initiative. Rep. Julian Dixon (D-Calif.), a member of the Black Caucus, Rep. Mike Lowry (D-Wash.), a member of the Banking Committee, and 64 of their colleagues have introduced a bill (H.R. 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 (H.R. 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. Public support for the South Africa amendment is urgently needed.

From Eric Erichsen at Mellemfølkeligt Samvirke (Danish Association for International Cooperation), Denmark: In response to organized pressure by anti-apartheid groups in Sweden, Norway and Denmark, the Nordic foreign ministers are considering the future positions of their governments on IMF loans to South Africa. Their representative to the Fund says that he was following instructions from the central banks when he supported the South African loan, and that he never heard from the foreign ministers. Sweden foreign minister Lennart Bodström said in March that he continues to believe that "the Nordic executive director should criticize proposals for loans to South Africa ... in accordance with the IMF's purpose." This is the first suggestion of support from a Western government for the technical arguments against the loan that were put forward by Third World directors.

From Peter Sluiter at Komitee Zuidelijk Afrika, Netherlands: The Labor party spokesperson on third world issues, Eivin Herfkens, criticized the Dutch support for South Africa's loan in parliament, arguing that this position violated the Finance Minister's own stance on economic aid to countries that violate human rights. The Christian-Democratic party has remained silent, however, and a parliamentary majority cannot be mustered without their support.

From Jan Vanheukelom at Aktiekommittee Zuidelijk Afrika, Belgium: Social Democratic parliamentarian Jef Sleeck questioned Minister of Finance de Clercq on the government's support for South Africa. His only reply was, "The credit for South Africa is a purely technical matter."

From B. Pilley at Anti-Apartheid Movement, U.K.: Labor Party spokesperson Denis Healey, former chancellor of the exchequer, opposed the loan in Parliament before the IMF meeting in November.

From Toronto Committee for the Liberation of Southern Africa and the Taskforce on the Churches and Corporate Responsibility, Canada: Pauline Jewett, foreign policy spokesperson of the opposition New Democratic Party, questioned the government in parliament on its support for the South African loan.

Need for Immediate International Cooperation

A session on work against western support for South Africa through the IMF will be held at the international conference on Namibia on April 30. Representatives from all anti-apartheid groups are welcome to attend. Mr. B. Pilley, Vice President of the British Anti-Apartheid Movement, has expressed his willingness to coordinate parliamentary actions on this issue in Europe. We would also appreciate your keeping the Center for International Policy informed of your activities. Let us know how we can be of assistance.