The anti-apartheid movement this week scored a major victory in Congress when the House Banking Committee adopted unequivocal language directing the President to instruct the U.S. executive director to the International Monetary Fund to actively oppose loans to any country that practices apartheid. An amendment to this effect, introduced by Reps. Mike Lowry (D-Mass.) and Jerry Patterson (D-Calif.), was adopted by voice vote in the Subcommittee on International Trade, Investment and Monetary Policy on May 5, after a substitute amendment offered by subcommittee chairman Stephen Neal (D-N.C.) was rejected by a vote of 8 to 9. Rep. Neal's substitute would have required only that the U.S. work for policies within the IMF that would take into account the economic effects of apartheid in designing any economic stabilization program accompanying a loan. On May 9, the full Banking Committee assented to the language adopted by the Subcommittee, when Banking Committee Chairman Fernand St. Germain (D-R.I.) endorsed the language and no member offered an amendment challenging it.

The success of this effort has surprised even its proponents. Beginning with a small group of members of Congress and organizers determined to take effective action to isolate South Africa economically, we succeeded in having our position incorporated into a major bill (H.R. 2957) authorizing an $8.4 billion replenishment of the U.S. quota to the IMF. The message conveyed by a hearing and extensive debate in the committee and one of its subcommittees is that this is a sound and viable legislative approach, backed by the committee and its chairman.

Analysis of the Banking Committee Debate

What were the factors in bringing about this success? First, witnesses at a May 3rd hearing before the Neal Subcommittee established that there was ample cause — both politically and economically — to oppose IMF loans to South Africa. Congressman Julian Dixon (D-Calif.) and two economists made these two basic points. Rep. Dixon, the current Chairman of the Congressional Black Caucus, argued that South African apartheid is unique, being the only system in the world in which racial discrimination is enshrined in the constitution and laws of the land. As Rep. Pat Turner (D-Md.) said, "Some evils are so monstrous and so venal that they require precedent-setting." Economists Dr. Richard Eckaus from M.I.T. and Dr. Colin Bradford from Yale University made a strong case against loans to South Africa based on the economic guidelines of the Fund itself. As Dr. Eckaus said, "Apartheid interjects the government into labor markets to distort employment, education, training and occupational and geographic mobility in labor... In order to be consistent, the IMF should have required South Africa to reduce the distortions of apartheid as it has required other, similar borrowers to reduce their sources of inefficiency."

Second, many members of the committee simply did not believe the administration’s argument that this amendment would set a precedent for politicizing the IMF. Evidence of prior U.S. politicization of the Fund is incontrovertible. The U.S. refused support for IMF standby loans to Vietnam in 1977 and 1981. It succeeded in reducing the amount and duration of a 1961 loan to Grenada by two-thirds because it opposed construction of an airport on the island that supposedly might be used by the Soviets. And in 1981 the United States pushed through a loan to El Salvador which had not been recommended by the IMF staff — another case where politics prevailed.

Furthermore, Rep. Stanley Lundine (D-N.Y.) pointed out that it was South Africa that politicized the IMF in the first place, requesting a loan when it did not really have a need for it. Indeed, South Africa has already stopped drawing down its standby loan.
Third, members of Congress built a record showing that a Congressional mandate over the U.S. action in the Fund was the only effective option left to them. The administration had rejected repeated offers to resolve this dispute in some less drastic way. Last November, the Treasury Department cancelled three meetings with Congressional Black Caucus members to discuss the loan. During the subcommittee consideration this spring, Rep. Patterson asked Treasury to provide him with a letter that might obviate the need for an amendment, but the response was just another defense of the U.S. position. Rep. Patterson concluded, "I am mortified that I am offering an amendment to be restrictive on the vote... But when pushed to the wall, one has to react."

Finally, our proponents convinced the committee that the entire IMF bill will have a better chance of House passage with the South Africa amendment than without it. Since the IMF quota replenishment is criticized from both the right and the left, members of the Black Caucus and the informal human rights coalition in the House can credibly claim that they hold the key to passage, and that they will support the quota replenishment only if it includes the South Africa amendment.

What You Can Do Now

The IMF bill will go to the full House sometime this summer. Our best indication so far is that the vote will come in July. Our biggest concern is that an amendment, perhaps along the lines of the Neal substitute offered in subcommittee, might be offered on the floor. This would destroy the effectiveness of the current prohibition on U.S. support for IMF loans to South Africa. We are confident that, with the necessary work, such an amendment can be defeated. In the Senate, neither the Banking Committee nor the Foreign Relations Committee addressed the South Africa issue when they considered the IMF bill. Nor do we anticipate that an amendment will be offered in the full Senate debate. Our strategy will be to keep the House-passed South Africa provision in the final bill, when selected House and Senate members meet in conference committee to iron out the differences between their two versions.

Here are things that you can do to support the ban on U.S. support for IMF loans to South Africa:

1. Send thank you letters to those members who voted for our position in the subcommittee or spoke for it in the full committee. The recorded vote in the subcommittee was as follows: Against Neal Substitute: Reps. Patterson, Lowry, Parkman (Tex.), Coyne (Penn.), Roemer, Lehman (Calif.), Kaptur (Ohio), Levin (Mich.), and Lesch (Iowa). For Neal Substitute: Reps. Neal, LaFalce (NY), Lundine*, Barnard (Ga.), Cooper (Tenn.), Arris (Va.), McCallum (Fla.), and Dreier (Calif.). (*Lundine later joined in the voice vote in support of the Lowry/Patterson amendment.) Chairman Fernand St. Germain, second-rank Republican Rep. Stewart McKinney (Conn.) and Rep. Parren Mitchell (D-Md.) spoke for the provision in the full committee.

2. Write or visit your own representative to ask him or her to support the South Africa amendment, as reported from the Banking Committee, when it reaches the House floor. This is the message to send: Vote "No" on any amendment to weaken or delete the South Africa section of the IMF bill, H.R.2957. If your representative agrees that the IMF should no longer lend to South Africa, ask him or her to become a co-sponsor of Rep. Dixon's original bill, H.R. 1982. It already has 90 co-sponsors; adding to this number will strengthen support for the South Africa provision in the House floor debate.

3. Help lobby members of the House and the Senate conferences. A list of key House and Senate members is available from the Center for International Policy upon request. Senators Charles Percy (R-Ill.), Charles Mathias (R-Md.), John Heinz (R-Penn.), William Proxmire (D-Wis.), Joseph Biden (D-Del.), Paul Sarbanes (D-Md.), and Christopher Dodd (D-Conn.) will probably be among the Senate conferences.

4. Educate your network about South Africa and the IMF and ask for their support. We can provide free resources on the IMF's record on South Africa (such as our latest report, "A Billion Dollars for South Africa") and information about the status of congressional action on the issue.

For any additional information that you may need, please contact Jim Correll or Christine Root at (202) 544-4666.