

106TH CONGRESS
1ST SESSION

H. R. 3027

To propose principles governing the provision of International Monetary Fund assistance to Russia.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 5, 1999

Mr. WELDON of Pennsylvania (for himself, Mr. ABERCROMBIE, Ms. KAPTUR, Mr. ARMEY, Mr. MURTHA, Mr. COX, Mr. LEACH, Mrs. TAUSCHER, Mr. SAXTON, Mr. TAYLOR of North Carolina, Mr. KUCINICH, Mr. ROYCE, Mr. BURTON of Indiana, Mr. GILMAN, Mr. WICKER, Mr. HOLDEN, Mr. BRADY of Pennsylvania, Mr. GRAHAM, Mr. CRAMER, Mr. HAYES, Mr. ROHRBACHER, Mr. SHERWOOD, Mr. PITTS, Mrs. FOWLER, Mr. DELAY, Mr. GOSS, Mr. WATTS of Oklahoma, Mr. GIBBONS, Mr. BARTLETT of Maryland, Mr. SNYDER, Mr. ORTIZ, Mr. ANDREWS, Ms. BROWN of Florida, Mr. HINCHEY, Mr. SCHAFFER, Mr. SISISKY, Mr. GOODE, Mr. HOFFEL, Mr. DICKS, Mr. KANJORSKI, Mr. THORNBERRY, Mr. STENHOLM, Mr. PICKETT, Mr. CONDIT, Mr. PETERSON of Minnesota, Mr. RYAN of Wisconsin, Mr. HALL of Texas, Mr. LAZIO, Mr. REYES, and Mr. SANDERS) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committee on International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To propose principles governing the provision of International Monetary Fund assistance to Russia.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Russian Economic
3 Restoration and Justice Act of 1999”.

4 **SEC. 2. FINDINGS; GOALS.**

5 (a) FINDINGS.—The Congress finds that—

6 (1) the United States has spent billions of dol-
7 lars to aid Russia through the provision of funds to
8 the International Monetary Fund and other inter-
9 national financial institutions, and through other
10 programs;

11 (2) many of these funds have been siphoned off
12 by corrupt institutions; and

13 (3) the average Russian family has yet to see
14 an improvement in their standard of living.

15 (b) GOALS.—It is the sense of the Congress that—

16 (1) the United States must find a way to more
17 effectively support democracy and the establishment
18 of free markets in Russia; and

19 (2) the following principles should be applied to
20 international financial institution assistance to Rus-
21 sia:

22 (A) establish a joint Russian-United States
23 legislative oversight commission to monitor the
24 use of Western resources in Russia;

1 (B) focus Western resources on programs,
2 such as housing, that will help to develop a
3 Russian middle class;

4 (C) make Western resources available to
5 reform-minded regional governments;

6 (D) deny corrupt Moscow-based financial
7 institutions access to Western resources;

8 (E) reform the International Monetary
9 Fund;

10 (F) put the horse in front of the cart:
11 make reforms precede—not follow—the provi-
12 sion of resources;

13 (G) create a program which will link
14 United States business leaders with their Rus-
15 sian counterparts in order to provide Russian
16 businesses with a pool of resources to assist
17 them in making the successful transition to a
18 market-based economy; and

19 (H) bring 15,000 Russian students to the
20 United States to study economics, business ad-
21 ministration, and agricultural production so
22 that they can return to Russia to develop the
23 human capital to support a free market system.

1 **SEC. 3. PRINCIPLES GOVERNING INTERNATIONAL MONE-**
2 **TARY FUND ASSISTANCE TO RUSSIA.**

3 The Bretton Woods Agreements Act (22 U.S.C. 286–
4 286mm) is amended by adding at the end the following:

5 **“SEC. 61. PRINCIPLES GOVERNING INTERNATIONAL MONE-**
6 **TARY FUND ASSISTANCE TO RUSSIA.**

7 “(a) CONDITIONS AND LIMITATIONS OF ASSIST-
8 ANCE.—The Secretary of the Treasury shall instruct the
9 United States Executive Director at the Fund to use the
10 voice and vote of the United States to urge the Fund—

11 “(1) to not provide any assistance to the gov-
12 ernment of the Russian Federation or of any polit-
13 ical subdivision of the Russian Federation, or to any
14 other entity in the Russian Federation, until there
15 is in effect a Russian federal law that implements
16 the economic reforms described in subsection (b);
17 and

18 “(2) to provide assistance to the Russian Fed-
19 eration or a political subdivision of the Russian Fed-
20 eration only to aid the implementation of such re-
21 forms.

22 “(b) ECONOMIC REFORMS.—The economic reforms
23 described in this subsection are the following:

24 “(1) Land reform, including private ownership
25 of land.

1 “(2) Further privatization of state-owned indus-
2 trial enterprises.

3 “(3) Tax reform, including increased collection
4 of tax obligations.

5 “(4) Development of effective commercial law,
6 including the ability of individuals to seek enforce-
7 ment of contracts by an effective judicial system.

8 “(5) Establishment of residential mortgage fi-
9 nancing system for middle class individuals residing
10 in the Russian Federation.

11 “(6) The development of criteria for evaluating
12 the effectiveness of regional economic reform pro-
13 grams in the Russian Federation, and the use of
14 such criteria to assure that Western resources are
15 provided to the political subdivisions of the Russian
16 Federation on an equitable basis, taking into ac-
17 count the necessity to provide incentives for political
18 subdivisions to implement viable economic reforms
19 and to reward those that have made progress in im-
20 plementing such reforms.

21 “(7) The development of steps to make the re-
22 cipients of Western resources in the Russian Federa-
23 tion accountable for the use of such resources.”.

1 **SEC. 4. RUSSIAN-AMERICAN FINANCIAL OVERSIGHT COM-**
2 **MISSION.**

3 (a) IN GENERAL.—The Speaker of the House of Rep-
4 resentatives and the President of the Senate shall seek to
5 enter into negotiations with the State Duma and the Fed-
6 eration Council of the Russian Federation for the estab-
7 lishment of a commission which would—

8 (1) be composed of 8 Members of the United
9 States Congress and a total of 8 Deputies from the
10 State Duma and Federation Council;

11 (2) monitor expenditures of the funds provided
12 to the government of the Russian Federation or a
13 political subdivision of the Russian Federation by
14 the United States or the international community,
15 for the purpose of evaluating that the funds are used
16 for only for the purposes for which provided; and

17 (3) create a working group of financial experts
18 tasked with developing a comprehensive program to
19 reform, privatize, or close industrial enterprises in
20 the Russian Federation that are bankrupt and are
21 (or would be) not competitive under conditions of a
22 market economy without significant government fi-
23 nancial support.

24 (b) MEMBERSHIP.—On the successful conclusion of
25 negotiations under subsection (a), the Speaker of the
26 House of Representatives and the President of the Senate

1 are jointly authorized to appoint 8 Members of Congress
2 to the commission established pursuant to subsection (a).

3 **SEC. 5. SENSE OF THE CONGRESS.**

4 (a) ESTABLISHMENT OF JOINT UNITED STATES-
5 RUSSIAN BUSINESS, ECONOMICS, AND AGRICULTURAL
6 EDUCATION PROGRAMS.—It is the sense of the Congress
7 that the United States and the government of the Russian
8 Federation should conclude an agreement under which
9 students in the Russian Federation would enroll in col-
10 leges and universities in the United States at under-
11 graduate and graduate levels for the purpose of developing
12 a network of specialists in business administration, eco-
13 nomics, and agricultural production in the Russian Fed-
14 eration, and students so enrolled would, on completion of
15 their studies in the United States, be required to return
16 to the Russian Federation and work for the federal or a
17 regional government in Russia.

18 (b) LINKING OF UNITED STATES BUSINESS LEAD-
19 ERS WITH RUSSIAN FEDERATION BUSINESS LEADERS.—
20 It is the sense of the Congress that the United States and
21 the government of the Russian Federation should create
22 a program which would link successful United States busi-
23 ness leaders with their counterparts in the Russian Fed-
24 eration, so that companies in the Russian Federation will
25 be better able to access a pool of resources and knowledge

1 to assist them in their transition to successfully competing
2 in a market-based economy.

3 **SEC. 6. IMF REFORM COMMISSION.**

4 The Secretary of the Treasury shall instruct the
5 United States Executive Director at the Fund to use the
6 voice and vote of the United States to urge the Fund to
7 create a commission, composed of prominent international
8 financial experts, for the purpose of drawing up rec-
9 ommendations for reforming the Fund, with a view to
10 achieving more transparency in the structures of the Fund
11 and increasing the effectiveness of Fund programs while
12 decreasing financial risk.

13 **SEC. 7. RUSSIAN HOUSING LOAN PROGRAM.**

14 (a) LOAN PROGRAM.—There is hereby established a
15 pilot housing loan program for the people of Russia, with
16 such funds as may be made available, as the means by
17 which the average Russian citizen may attain affordable
18 home ownership.

19 (b) RESTRICTIONS.—None of the funds under this
20 section may be made available—

21 (1) for transfer to the Government of Russia;

22 or

23 (2) for the purposes of providing Russian mili-
24 tary housing.

1 (c) ESTABLISHMENT OF ADMINISTERING CORPORA-
2 TION.—

3 (1) IN GENERAL.—There is established a non-
4 profit corporation (in this section referred to as the
5 “Corporation”).

6 (2) PURPOSE.—The purpose of the Corporation
7 shall be to administer directly funds made available
8 under this section.

9 (3) RECOMMENDATIONS REGARDING THE MEM-
10 BERSHIP OF BOARD OF DIRECTORS.—It is the sense
11 of the Congress that the Corporation should consist
12 of a 13-member Board of Directors, the members of
13 which should be appointed by the President of the
14 United States from lists provided by the following
15 individuals:

16 (A) Two members from a list provided by
17 the Speaker of the United States House of Rep-
18 resentatives.

19 (B) One member from a list provided by
20 the minority leader of the United States House
21 of Representatives.

22 (C) Two members from a list provided by
23 the majority leader of the United States Senate.

24 (D) One member from a list provided by
25 the minority leader of the United States Senate.

1 (E) Two members appointed by the Presi-
2 dent of the United States at his discretion.

3 (F) Four members from a list provided by
4 the President of the Russian Federation.

5 (G) One member from a list provided by
6 the Chairman of the Russian State Duma.

7 (4) RECOMMENDATIONS REGARDING THE
8 CHAIRMAN OF THE BOARD OF DIRECTORS, TERMS
9 OF OFFICE, AND AUTHORITY.—It is the sense of the
10 Congress that the President of the United States
11 should select a Chairman of the Board of Directors
12 from among the 13 board members, that the Chair-
13 man should serve a single 2-year term, and that the
14 entire Board of Directors should serve a 2-year term
15 and have the authority to select other officers and
16 employees to carry out the purposes of the Corpora-
17 tion.

18 (d) LOAN SIZE AND TYPE.—Since it is the intent of
19 the housing loan program to provide loans for the average
20 middle-income potential Russian home buyer, loans shall
21 range between the equivalent of \$10,000 to \$50,000
22 (U.S.). This amount shall be determined by the Corpora-
23 tion and shall fluctuate in accordance upon market condi-
24 tions. Loans shall be for a term of 10 to 30 years and
25 may be prepaid at any time without penalty. Loan pay-

1 ments shall be amortized on a basis of level monthly pay-
2 ments.

3 (e) WORKING GROUPS.—The Corporation shall have
4 the authority to establish working groups comprised of
5 Russian and American experts, for the purpose of making
6 recommendations on topics essential to the success of the
7 program, including, but not limited to—

8 (1) the preparation of the necessary legal and
9 regulatory changes;

10 (2) the involvement of United States housing
11 trade and labor associations in providing materials,
12 training, and joint venture capital;

13 (3) ensuring adequate offsite infrastructure for
14 new housing sites; and

15 (4) other issues as deemed appropriate by the
16 Corporation.

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