

106TH CONGRESS  
1ST SESSION

# H. R. 3049

To cancel the bilateral debt owed to the United States by the heavily indebted poor countries, to prohibit United States funding of the International Monetary Fund until debt owed to the International Monetary Fund by the heavily indebted poor countries has been canceled, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1999

Ms. MCKINNEY (for herself and Mr. ROHRABACHER) 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

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## A BILL

To cancel the bilateral debt owed to the United States by the heavily indebted poor countries, to prohibit United States funding of the International Monetary Fund until debt owed to the International Monetary Fund by the heavily indebted poor countries has been canceled, and for other purposes.

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 “Debt Emancipation  
3 to Enable Democracies (DEED) Act of 1999”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) The International Bank for Reconstruction  
7 and Development and the International Monetary  
8 Fund (IMF) have classified 40 countries as heavily  
9 indebted poor countries (HIPC).

10 (2) According to the Department of the Treas-  
11 ury, as of August 1998, these countries owe the  
12 United States a total of \$6,752,100,000 in  
13 concessional, nonconcessional, and guarantee debt.

14 (3) 83 percent of these countries are classified  
15 by the United Nations as being in its lowest cat-  
16 egory of human development based on life expect-  
17 ancy, literacy, and per capita national income.

18 (4) Since the early 1980’s, these poor countries  
19 have had increasing difficulty servicing their debt,  
20 resulting in the total amount of money being owed  
21 by these countries to external creditors to increasing  
22 from an average of \$122,000,000,000 for the 1983–  
23 1985 period to \$221,000,000,000 for the 1993–  
24 1995 period.

1           (5) The debt overhang faced by these countries  
2       blocks needed spending for development and discour-  
3       ages productive investment.

4           (6) Efforts to promote good governance, ac-  
5       countability, transparency, and active participation  
6       of civil society in public decision making and dis-  
7       courage corruption are undermined by diversion of  
8       resources to debt service and by the micromanage-  
9       ment of economic policy by external actors which is  
10      currently part of debt negotiations.

11          (7) The Jubilee 2000 campaign, an inter-  
12      national movement in over 40 countries supported  
13      by many prominent religious leaders such as Pope  
14      John Paul II, is calling for the cancellation of the  
15      external debts of the poorest countries.

16 **SEC. 3. ELIGIBLE COUNTRIES.**

17      In this Act, the term “eligible country” means a heav-  
18      ily indebted poor country, as determined by the Inter-  
19      national Bank for Reconstruction and Development and  
20      the International Monetary Fund for purposes of the  
21      Heavily Indebted Poor Country (HIPC) Initiative, and  
22      Haiti.

1 **SEC. 4. CANCELLATION OF BILATERAL DEBT OWED TO THE**  
2 **UNITED STATES GOVERNMENT BY HEAVILY**  
3 **INDEBTED POOR COUNTRIES.**

4 (a) CANCELLATION OF DEBT.—

5 (1) IN GENERAL.—The President shall cancel  
6 all amounts owed to the United States (or any agen-  
7 cy of the United States) by any eligible country as  
8 a result of concessional and nonconcessional loans  
9 made, guarantees issued, or credits extended under  
10 any provision of law.

11 (2) REQUIREMENT TO PROMOTE DEMOCRACY.—  
12 Paragraph (1) shall apply only to a country the gov-  
13 ernment of which—

14 (A) was chosen by and permits free and  
15 fair elections;

16 (B) promotes civilian control of the mili-  
17 tary and security forces and has civilian institu-  
18 tions controlling the policy, operation, and  
19 spending of all law enforcement and security in-  
20 stitutions, as well as the armed forces;

21 (C) promotes the rule of law, equality be-  
22 fore the law, and respect for individual and mi-  
23 nority rights, including freedom to speak, pub-  
24 lish, associate, and organize; and

25 (D) promotes the strengthening of polit-  
26 ical, legislative, and civil institutions of democ-

1           racy, as well as autonomous institutions to  
 2           monitor the conduct of public officials and to  
 3           combat corruption.

4           (b) ADDITIONAL REQUIREMENTS.—

5           (1) CANCELLATION OF DEBT NOT CONSIDERED  
 6           TO BE ASSISTANCE.—A debt cancellation under this  
 7           section shall not be considered to be assistance for  
 8           purposes of any provision of law limiting assistance  
 9           to a country.

10          (2) INAPPLICABILITY OF CERTAIN PROHIBI-  
 11          TIONS RELATING TO CANCELLATION OF DEBT.—  
 12          Debt may be cancelled under this section, notwith-  
 13          standing section 620(r) of the Foreign Assistance  
 14          Act of 1961 (22 U.S.C. 2370(r)).

15 **SEC. 5. CONDITIONAL BAN ON PROVIDING APPROPRIATED**  
 16 **FUNDS TO THE IMF UNTIL DEBT OWED TO**  
 17 **THE IMF BY HEAVILY INDEBTED POOR COUN-**  
 18 **TRIES HAS BEEN CANCELED.**

19          None of the funds appropriated in any Act may be  
 20          obligated or made available to the International Monetary  
 21          Fund until the International Monetary Fund—

22          (1) has canceled all debts owed to the Inter-  
 23          national Monetary Fund by any eligible country;

24          (2) has terminated the Enhanced Structural  
 25          Adjustment Facility; and

1           (3) the Secretary of the Treasury has certified  
 2           to the Committee on Banking and Financial Services  
 3           of the House of Representatives and the Committee  
 4           on Foreign Relations of the Senate that—

5                   (A) the debts referred to in paragraph (1)  
 6                   have been canceled; and

7                   (B) the International Monetary Fund has  
 8                   ceased linking loans to any eligible country to  
 9                   the implementation of structural adjustment  
 10                  policies.

11 **SEC. 6. ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT**  
 12 **CORPORATION IN HEAVILY INDEBTED POOR**  
 13 **COUNTRIES CONTINGENT ON USE OF DEBT**  
 14 **RELIEF FOR POVERTY REDUCTION.**

15           (a) IN GENERAL.—Title IV of chapter 2 of part I  
 16 of the Foreign Assistance Act of 1961 (22 U.S.C. 2191  
 17 et seq.) is amended by inserting after section 234A the  
 18 following:

19 **“SEC. 234B. ACTIVITIES OF CORPORATION IN CERTAIN**  
 20 **HEAVILY INDEBTED POOR COUNTRIES CON-**  
 21 **TINGENT ON USE OF DEBT RELIEF FOR POV-**  
 22 **ERTY REDUCTION.**

23           “The Corporation may issue insurance, guaranties, or  
 24 reinsurance, make loans, acquire any securities, or carry  
 25 out any other activity under section 234, or enter into risk

1 sharing arrangements authorized by section 234A, for a  
2 heavily indebted poor country with respect to which the  
3 United States has provided debt cancellation under section  
4 4 of the Debt Emancipation for Emerging Democracies  
5 (DEED) Act of 1999, or the International Monetary Fund  
6 has provided debt cancellation in accordance with section  
7 5 of such Act, only if the President certifies to the Con-  
8 gress that the government of such country is using funds  
9 available to the government because of such debt cancella-  
10 tion for poverty reduction in the country.”.

11 (b) EFFECTIVE DATE.—Section 234B of the Foreign  
12 Assistance Act of 1961, as added by subsection (a), ap-  
13 plies with respect to a contract or other agreement for in-  
14 surance, guaranties, or reinsurance, loans, the acquisition  
15 of securities, or any other activity authorized under section  
16 234 of that Act, or for risk sharing arrangements author-  
17 ized by section 234A of that Act, entered into on or after  
18 the date of the enactment of this Act.

19 **SEC. 7. NOTIFICATION.**

20 Not less than 30 days after the date of the enactment  
21 of this Act, the Secretary of the Treasury shall provide  
22 written notice to each eligible country that it is the policy  
23 of the United States—

24 (1) to cancel debts owed by the country to the  
25 United States;

1           (2) to advocate at the International Monetary  
2       Fund for the cancellation of the country's debts;

3           (3) that the proceeds of such debt cancellation  
4       should be used for poverty reduction; and

5           (4) to deny funding to such country from the  
6       Overseas Private Investment Corporation if the  
7       country does not use the proceeds of such debt can-  
8       cellation for poverty reduction.

9   **SEC. 8. ENFORCEMENT.**

10       (a) PRIVATE ENFORCEMENT.—A citizen of the  
11   United States may bring an action in any United States  
12   district court seeking compliance by the United States, or  
13   any department, agency, or officer of the United States,  
14   with any provision of this Act.

15       (b) APPROPRIATIONS LIMITATION.—None of the  
16   funds appropriated in any Act may be obligated or made  
17   available to the International Monetary Fund while any  
18   action brought under subsection (a) is pending.

19       (c) EFFECTS OF FINDING OF ARBITRARY CERTIFI-  
20   CATION BY THE SECRETARY OF THE TREASURY.—If, in  
21   an action brought under subsection (a), the court finally  
22   finds that the Secretary of the Treasury acted arbitrarily  
23   in making a certification required by this Act—

24           (1) the court shall award the plaintiff \$100,  
25       plus reasonable attorneys' fees and court costs; and



1           (2) no funds appropriated in any Act may be  
2           obligated or made available to the International  
3           Monetary Fund until the court subsequently finds  
4           that the Secretary has replaced the arbitrarily made  
5           certification with a certification that is not made ar-  
6           bitrarily.

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