

106TH CONGRESS  
2D SESSION

# H. R. 3750

To reform the International Monetary Fund.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 2000

Mr. SAXTON introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

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## A BILL

To reform the International Monetary Fund.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “IMF Reform Act of  
5       2000”.

6       **SEC. 2. REFORMS OF THE INTERNATIONAL MONETARY**  
7               **FUND.**

8       (a) IN GENERAL.—The Bretton Woods Agreements  
9       Act (22 U.S.C. 286–286nn) is amended by adding at the  
10      end the following:

1 **“SEC. 63. REFORMS OF THE INTERNATIONAL MONETARY**  
2 **FUND.**

3 “(a) ANNUAL REPORTS.—

4 “(1) CONTENTS.—The Secretary of the Treas-  
5 ury shall submit annually to the Committee on  
6 Banking and Financial Services of the House of  
7 Representatives and the Committee on Foreign Re-  
8 lations of the Senate a written report on whether the  
9 Fund has complied with the requirements of sub-  
10 section (b) throughout the 12-month period covered  
11 by the report. If, during such period, the Fund has  
12 instituted a quota increase, the report shall docu-  
13 ment the reasons why it is not feasible for the Fund  
14 to obtain sufficient funds from the private sector.

15 “(2) EFFECTS OF FAILURE TO SUBMIT REPORT  
16 OR FAILURE TO CERTIFY IMF COMPLIANCE WITH  
17 REQUIREMENTS.—If the Secretary of the Treasury  
18 fails to submit the report for a 12-month period be-  
19 fore the beginning of the first fiscal year that begins  
20 after the end of the 12-month period, or if the re-  
21 port submitted pursuant to this section fails to com-  
22 ply with the preceding sentence or fails to certify  
23 that the Fund has complied with each requirement  
24 of subsection (b) throughout the 12-month period,  
25 then subsection (c) shall apply for such fiscal year.

1       “(b) REQUIREMENTS.—The requirements of this sub-  
2 section are the following:

3               “(1) MARKET INTEREST RATES.—The Fund is  
4 prohibited from charging, and does not charge, in-  
5 terest on any loan unless the interest rate is—

6                       “(A) except as provided in subparagraph  
7 (B), comparable to the rates of interest in the  
8 financial markets, adjusted for risk; and

9                       “(B) is not less than 400 basis points  
10 greater than the London InterBank Offered  
11 Rate.

12               “(2) 1-YEAR LOAN MATURITY.—The Fund is  
13 prohibited from making, and has not made, a loan  
14 with a maturity of more than 1 year after the date  
15 on which made.

16               “(3) LOANS ONLY TO ADDRESS CURRENCY CRI-  
17 SES.—The Fund is prohibited from making, and  
18 does not make, a loan except for the purpose of ad-  
19 dressing a currency crisis.

20               “(4) TERMINATION OF ESAF.—The Fund has  
21 abolished the Enhanced Structural Adjustment Fa-  
22 cility of the Fund.

23               “(5) RELEASE AND REORGANIZATION OF OPER-  
24 ATIONAL BUDGETS.—The Fund is required to, and  
25 does, publish each operational budget of the Fund,

1 with any information that could disrupt financial  
2 markets or affect adversely the national security of  
3 any country redacted, and is required to, and does,  
4 reorganize and restate the publicly available finan-  
5 cial statements of the Fund in a manner consistent  
6 with the Fund's code of good practices, and with the  
7 principles of transparency and accountability.

8 “(6) NO LOANS FOR COUNTRIES FALSIFYING  
9 LOAN DOCUMENTS.—The Fund is prohibited from  
10 making, and has not made, a loan to or for the ben-  
11 efit of the government of any country which the Sec-  
12 retary of the Treasury or the Fund has found dur-  
13 ing the preceding 5 years to have falsified any item  
14 of information on any loan documentation submitted  
15 to the Fund. In addition, the Fund is required to in-  
16 stitute, and has implemented, accounting controls  
17 and safeguards to curb potential misuse of loans by  
18 borrowers, and in any case in which the controls and  
19 safeguards are considered insufficient to prevent  
20 such a misuse, the Fund is prohibited from making,  
21 and has not made, a loan.

22 “(7) EXHAUSTION OF OPPORTUNITIES FOR PRI-  
23 VATE BORROWING BEFORE INSTITUTING QUOTA IN-  
24 CREASE.—The Fund is required to exhaust, and has  
25 exhausted, all feasible opportunities to borrow from

1 the private sector before instituting a quota increase  
2 for the member countries of the Fund.

3 “(c) WITHDRAWAL OF AUTHORITY TO MAKE LOANS  
4 TO THE FUND; REDUCTION OF RESERVE TRANCHE POSI-  
5 TION OF THE UNITED STATES.—If this subsection applies  
6 for a fiscal year—

7 “(1) the Secretary of the Treasury may not  
8 make a loan under section 17 during the fiscal year;  
9 and

10 “(2) the Secretary of the Treasury shall cause  
11 the reserve tranche position of the United States at  
12 the Fund to be maintained at a level that is not  
13 more than \$5,000,000,000 less than the lesser of—

14 “(A) in the case of the first fiscal year for  
15 which this subsection applies, the level of the  
16 reserve tranche position immediately before this  
17 subsection applies; or

18 “(B) in the case of any other fiscal year,  
19 the level at which this subsection required the  
20 reserve tranche position to be maintained dur-  
21 ing the most recent prior fiscal year for which  
22 this subsection applied.”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall take effect 3 years after the date of the  
25 enactment of this section.

1 **SEC. 3. END OF UNITED STATES PARTICIPATION IN AND**  
2 **SUPPORT FOR THE ENHANCED STRUCTURAL**  
3 **ADJUSTMENT FACILITY OF THE INTER-**  
4 **NATIONAL MONETARY FUND.**

5 (a) PROHIBITION ON FUTURE FUNDING.—No offi-  
6 cer, employee, or agent of the United States may, directly  
7 or indirectly, provide any thing of value to the Inter-  
8 national Monetary Fund for the purpose of providing re-  
9 sources to, or supporting the activities of the Enhanced  
10 Structural Adjustment Facility or other concessional lend-  
11 ing facility of the International Monetary Fund.

12 (b) VETO OF USE OF AVAILABLE FUNDS.—Section  
13 5 of the Bretton Woods Agreements Act (22 U.S.C. 286c)  
14 is further amended by adding at the end the following:  
15 “The director appointed to represent the United States  
16 at the Fund shall use every effort to terminate the En-  
17 hanced Structural Adjustment Facility of the Fund within  
18 one year after the date of the enactment of this sentence.  
19 No director appointed to represent the United States at  
20 the Fund shall vote for any proposal to use resources of  
21 the Enhanced Structural Adjustment Facility of the Fund  
22 for any purpose, except for a proposal to abolish the Facil-  
23 ity and return any remaining resources to the member  
24 countries of the Fund in proportion to the quotas of such

- 1 countries during calendar year 1975, or to General Re-
- 2 sources of the Fund.”.

