

108TH CONGRESS
1ST SESSION

H. R. 2482

To call for the cancellation of loans made to Iraq by multilateral financial institutions.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2003

Mrs. MALONEY (for herself and Mr. LEACH) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To call for the cancellation of loans made to Iraq by
multilateral financial institutions.

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 “Iraqi Freedom From
5 Debt Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) Debt cancellation can be an essential tool in
9 rebuilding a nation destroyed by war and humiliated
10 by its leadership. It is an effective development tool

1 that releases funds within a nation that can be used
2 to address poverty and meet essential human needs.

3 (2) A significant amount of Iraq’s outstanding
4 loans were taken out at the behest of Baath Party
5 leadership and rather than being used for the benefit
6 or the well-being of the Iraqi people were used for
7 building lavish palaces, secret police, prisons, and il-
8 legal weapons programs.

9 (3) According to international precedent, debts
10 incurred by dictatorships for the purposes of op-
11 pressing their people or for personal purpose may be
12 considered “odious”. In cases where borrowed money
13 is used in ways contrary to the people’s interest,
14 with the knowledge of the creditors, the creditors
15 may be said to have committed a hostile act against
16 the people. Under such reasoning, such debts may
17 be questioned.

18 (4) The United States set the first precedent of
19 odious debt forgiveness in 1898 when it seized con-
20 trol of Cuba from Spain.

21 (5) Odious debt includes illegal lending. The
22 United Nations Security Council Resolution 661 ex-
23 pressly forbade “the sale or supply...of any commod-
24 ities or products, including weapons or any other

1 military equipment”. Numerous countries appear to
2 have violated this resolution.

3 (6) The IMF and the World Bank have suffi-
4 cient resources to cancel or adjust significantly
5 downward all of Iraq’s debts to these institutions.
6 Such an action would set a precedent to follow for
7 other creditors, odious or not, throughout the rest of
8 the world.

9 (7) The World Bank group does not maintain
10 active operations in Iraq. The last time an institu-
11 tion in the group approved a loan for Iraq was in
12 1973. In 1990, Iraq entered into non-accrual status
13 (failure to make loan payments) with the Inter-
14 national Bank for Reconstruction and Development
15 (World Bank). Iraq’s obligations to the World Bank
16 total \$82,000,000.

17 (8) Iraq does not have any outstanding loans
18 from the International Monetary Fund (IMF), but
19 Iraq does have arrears of close to \$72,000,000
20 (slightly over 52,000,000 Special Drawing Rights)
21 on its use of Special Drawing Rights.

22 (9) The cancellation of all of Iraq’s debts would
23 remove a major impediment to poverty reduction
24 and economic growth in Iraq, enable Iraq to invest
25 its resources in health care, education, and poverty

1 reduction, and give Iraq a fresh start in the post-
2 war period.

3 **SEC. 3. RELIEF OF THE ODIOS DEBT OF IRAQ.**

4 (a) UNITED STATES POSITION IN THE INTER-
5 NATIONAL FINANCIAL INSTITUTIONS.—The Secretary of
6 the Treasury shall instruct the United States Executive
7 Director at each international financial institution (as de-
8 fined in section 1701(c)(2) of the International Financial
9 Institutions Act) to use the voice, vote, and influence of
10 the United States to induce the respective institution to
11 cancel or radically adjust downward all debts owed by Iraq
12 to the institutions in line with the Paris Club negotiations.

13 (b) SENSE OF THE CONGRESS.—The Congress urges
14 the President to commence immediately, within the Paris
15 Club of Official Creditors and elsewhere, efforts to urge
16 France, Russia, and all other public and private creditors
17 to cancel or radically reduce all debt owed by Iraq.

18 **SEC. 4. REPORT TO THE CONGRESS.**

19 Not later than December 31 of each year, the Presi-
20 dent shall—

21 (1) submit to the Committees on Financial
22 Services, on Appropriations, and on International
23 Relations of the House of Representatives and the
24 Committees on Foreign Relations, on Banking,
25 Housing, and Urban Affairs, and on Appropriations

1 of the Senate a report on the activities undertaken
2 under this Act; and

3 (2) make public a copy of the report.

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