

Public Law 96-389
96th Congress

An Act

To amend the Bretton Woods Agreements Act to authorize consent to an increase in the United States quota in the International Monetary Fund, and for other purposes.

Oct. 7, 1980

[S. 2271]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Bretton Woods
Agreements Act,
amendment.

INCREASE IN UNITED STATES QUOTA

SECTION 1. The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding at the end thereof the following new section:

“SEC. 32. The United States Governor of the Fund is authorized to consent to an increase in the quota of the United States in the Fund equivalent to 4,202.5 million Special Drawing Rights, to such extent or in such amounts as are provided in appropriation Acts.”.

22 USC 286e-1g.

BASIC HUMAN NEEDS

SEC. 2. (a) The Bretton Woods Agreements Act is further amended by adding at the end thereof the following new section:

“SEC. 33. (a) The President shall instruct the Secretary of the Treasury, the Secretary of State, and other appropriate Federal officials to use all appropriate means to encourage countries, in formulating economic adjustment programs to deal with their balance of payments difficulties, to design those programs so as to safeguard, to the maximum feasible extent, jobs, investment, real per capita income, policies to reduce the gap in wealth between rich and poor, and social programs such as health, housing, and education.

International
Monetary Fund
economic
adjustment
programs.
22 USC 286s.

“(b) To ensure the effectiveness of economic adjustment programs supported by Fund resources and the reinforcement of those programs by longer term efforts to promote sustained growth and improved living conditions—

“(1) United States representatives to the Fund shall recommend and shall work for changes in Fund guidelines, policies, and decisions that would—

“(A) permit stand-by arrangements to be extended beyond three years, as necessary to enable Fund members to implement their economic adjustment programs successfully;

“(B) provide that in approving any economic adjustment program the Fund shall take into account the effect such program will have on jobs, investment, real per capita income, the gap in wealth between the rich and poor, and social programs such as health, housing, and education, in order to seek to minimize the adverse impact of those adjustment programs on basic human needs; and

“(C) provide that letters of intent submitted to the Fund in support of an economic adjustment program reflect that the

Review.

member country has taken into account the effect such program will have on the factors listed in subparagraph (B);

“(2)(A) before voting on the approval of any standby arrangement with respect to any economic adjustment program, the United States Executive Director shall review—

“(i) any analysis of factors prepared by the Fund or the member country in accordance with subparagraphs (B) and (C) of paragraph (1), or

“(ii) if no such analysis is prepared and available for such review, an analysis which shall be prepared by the United States Governor of the Fund which examines the effect of the program on the factors listed in subparagraph (B) of paragraph (1); and

“(B) the United States Executive Director of the Fund shall take into account the analysis reviewed pursuant to subparagraph (A) of this paragraph in voting on approval of that standby arrangement;

“(3) United States representatives to the Fund, to the Bank, and to other appropriate institutions shall work toward improving coordination among these institutions and, in particular, shall work toward formulation of programs in association with economic adjustment programs supported by Fund resources which (A) will, among other things, promote employment, investment, real income per capita, improvements in income distribution, and the objectives of social programs such as health, housing, and education, and (B) will, to the maximum extent feasible and consistent with the borrowing country's need to improve its balance of payments position within a reasonable period, ameliorate any adverse effects of economic adjustment programs on the poor;

“(4) United States representatives to the Fund and the Bank shall seek amendments to decisions on policies on the use of Fund and Bank resources to provide that, where countries are seeking Extended Fund Facility or upper credit tranche drawings from the Fund and are eligible to receive financing from the Bank, the Fund and Bank will coordinate their financing activities in order—

“(A) to take into account the effects of economic adjustment programs on the areas listed in clause (A) of paragraph (3),

“(B) to provide, to the extent feasible, Bank project loans designed to safeguard and further basic human needs in countries adopting economic adjustment programs supported by Fund resources, and

“(C) to provide, as appropriate, Bank financing for programs of structural adjustment that will facilitate development of a productive economic base and greater attainment of basic human needs objectives over the longer term; and

“(5) United States representatives to the Fund and the Bank shall request the Fund and the Bank to provide periodic analyses of the effects of economic adjustment programs supported by Fund or Bank financing on jobs, investment, real income per capita, income distribution, and social programs such as health, housing, and education.

“(c) The National Advisory Council on International Monetary and Financial Policies shall include in each of its annual reports to the Congress a statement detailing the actions and progress made in

Annual reports
to Congress.

carrying out the requirements of subsections (a) and (b) of this section.”.

(b) Section 30 of the Bretton Woods Agreements Act (22 U.S.C. 286e-9) is amended—

(1) in subsection (a) by striking out “entered into pursuant to loans from the Supplementary Financing Facility”;

(2) in the first sentence of subsection (b) by striking out “entered into pursuant to loans from the Supplementary Financing Facility”; and

(3) in the second sentence of subsection (b) by striking out “by the Supplementary Financing Facility”.

SEC. 3. Strike section 7 of Public Law 95-435, the Bretton Woods Agreements Act Amendments of 1978, which reads: “Beginning with Fiscal Year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.”, and insert in lieu thereof: “The Congress reaffirms its commitment that beginning with Fiscal Year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.”.

31 USC 27.

RECYCLING BALANCE-OF-PAYMENTS SURPLUSES

SEC. 4. (a) It is the sense of the Congress that (1) the interests of the United States and those of other member countries require an effective International Monetary Fund equipped with resources adequate to facilitate orderly balance-of-payments adjustments; (2) persistent balance-of-payments surpluses in oil exporting countries have placed, and will continue to place, severe strains on the resources of oil importing countries and on the liquidity of the Fund; (3) these strains can only be relieved if the oil exporting countries assume a greater burden for financing balance-of-payments deficits through direct methods of recycling their surpluses and through proportionally greater contributions to the Fund and to the international lending institutions; and (4) the Fund must explore innovative proposals to encourage more direct recycling of oil surpluses and to increase its own liquidity.

22 USC 286t
note.

(b) The Bretton Woods Agreements Act is further amended by adding at the end thereof the following new sections:

“SEC. 34. The Secretary of the Treasury, in consultation with the United States Executive Director of the Fund, shall study and, following consultations with member countries, shall report to the Congress prior to May 15, 1981, with respect to—

Study and report
to Congress.
22 USC 286t.

“(1) the current adequacy of Fund resources, together with projected needs of the Fund over the next five years;

“(2) the feasibility of increasing Fund liquidity by encouraging the Fund to borrow directly from the governments of oil exporting countries;

“(3) the feasibility of increasing Fund liquidity by encouraging the Fund to borrow in private capital markets through the issuance of securities backed by Fund resources;

“(4) the feasibility of an offer by the Fund of incentives to oil exporting countries, including financial guarantees by the Fund for government-to-government loans to countries with balance-of-payments deficits, in order to promote more direct recycling of oil surpluses; and

“(5) methods to enhance cooperation between commercial banks and the Fund to promote the availability of adequate resources for balance-of-payments financing.

Report to
Congress.
22 USC 286u.

"SEC. 35. It is the sense of the Congress that the Secretary of the Treasury and the United States Executive Director of the Fund shall encourage member countries of the Fund to negotiate a dollar-Special Drawing Rights substitution account in which equitable burden sharing would exist among participants in the account, and shall report to the Congress prior to May 15, 1981, with respect to progress toward achieving this goal."

DEBT RESCHEDULING COMPARABILITY

22 USC 286e-8.

SEC. 5. Section 29 of the Bretton Woods Agreements Act is amended by striking out "on the use of the facility".

TAIWAN

International
Monetary Fund
membership.
22 USC 286v.

SEC. 6. The Bretton Woods Agreements Act is further amended by adding at the end thereof the following new section:

"SEC. 36. It is the sense of the Congress that it is the policy of the United States that Taiwan (before January 1, 1979, known as the Republic of China) shall be granted appropriate membership in the Fund and that the United States Executive Director of the Fund shall so notify the Fund."

PALESTINE LIBERATION ORGANIZATION

22 USC 286w.

SEC. 7. The Bretton Woods Agreements Act is further amended by adding at the end thereof the following new section:

"SEC. 37. It is the policy of the United States that the Palestine Liberation Organization should not be given membership in the Fund or be given observer status or any other official status at any meeting sponsored by or associated with the Fund. The United States Executive Director of the Fund shall promptly notify the Fund of such policy.

Presidential
report to
Congress.

"In the event that the Fund provides either membership, observer status, or any other official status to the Palestine Liberation Organization, such action would result in a serious diminution of United States support. Upon review of such action, the President would be required to report his recommendations to the Congress with regard to any further United States participation in the Fund."

ASSISTANCE TO THE PRIVATE SECTOR OF EL SALVADOR AND OTHER NATIONS

22 USC 286x.

SEC. 8. The Bretton Woods Agreements Act is further amended by adding at the end thereof the following new section:

"SEC. 38. It is the sense of the Congress that in providing assistance through loans or other means to any nation, in particular El Salvador and Nicaragua, the Fund and the Bank should encourage programs which assist the private sector to create an environment which will stabilize the economy of the nation; and that the United States representatives to the Fund and the Bank shall promote the use of assistance by the Fund and the Bank to encourage such programs."

International
Monetary Fund
salaries and
travel costs.
22 USC 286a
note.

SEC. 9. The United States Executive Director to the Fund shall seek to insure (a) that Fund salaries do not exceed those levels endorsed by the Fund Bank Joint Committee on Staff Compensation Issues; and (b) that travel costs are minimized by limiting first class and super-sonic travel to instances where no reasonable alternative exists.

ROLE OF GOLD IN INTERNATIONAL MONETARY SYSTEMS

SEC. 10. (a) The Secretary of the Treasury shall establish and chair a commission consisting of—

Commission,
establishment.
31 USC 822a
note.

(1) three members of the Board of Governors of the Federal Reserve System and two members of the Council of Economic Advisors, all of whom shall be designated by the Secretary of the Treasury;

(2) one majority and one minority member each from (A) the Joint Economic Committee of the Congress, (B) the Committee on Banking, Housing, and Urban Affairs of the Senate, and (C) the Committee on Banking, Finance and Urban Affairs of the House of Representatives, who shall be designated by the Speaker of the House of Representatives and the President of the Senate, respectively, upon the recommendations of the majority and minority leaders of the respective Houses; and

(3) four distinguished private citizens with business, finance, or academic backgrounds who shall be designated by the Secretary.

(b) The commission shall conduct a study to assess and make recommendations with regard to the policy of the United States Government concerning the role of gold in domestic and international monetary systems, and shall transmit to the Congress a report containing its findings and recommendations not later than one year after the date of enactment of this Act.

Study and report
to Congress.

(c) Sums appropriated pursuant to section 5 of Public Law 95-612 shall be available to the commission to carry out its functions.

92 Stat. 3092.

FULL APPROPRIATIONS REQUIRED

SEC. 11. Section 32 of the Bretton Woods Agreements Act, as added by section 1 of this Act, is amended by striking "to such extent or in such amounts as are provided in appropriations Acts" and inserting in lieu thereof "limited to such amounts as are appropriated in advance in appropriation Acts."

22 USC 286e-1g.

EFFECTIVE DATE

SEC. 12. This Act shall take effect on its date of enactment, except that funds may not be appropriated under any authorization contained in this Act for any period prior to October 1, 1980.

22 USC 286s
note.

Approved October 7, 1980.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-1018 accompanying H.R. 7244 (Comm. on Banking, Finance and Urban Affairs).

SENATE REPORTS: No. 96-693 (Comm. on Foreign Relations) and No. 96-794 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 126 (1980):

June 16, considered and passed Senate.

Sept. 17, 18, H.R. 7244 considered and passed House; passage vacated and S. 2271, amended, passed in lieu.

Sept. 23, Senate concurred in House amendments.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 16, No. 41:
Oct. 7, Presidential statement.