

Hearing on International Financial Institutions
Committee on Financial Services
Rep. Maxine Waters
Statement for the Record
April 19, 2005

Thank you, Chairman Oxley, for organizing this hearing on the state of the global financial system and international financial institutions.

This past weekend, the G-7 Finance Ministers, the IMF and the World Bank squandered yet another opportunity to end the cycle of debt that afflicts the world's poorest countries. While the United States and other G-7 members have been discussing the need for 100% debt cancellation for these countries for several months, various newspaper reports over the weekend suggested that no progress towards this important goal was made at the weekend meetings.

I am especially concerned by a statement in a press release issued by the Treasury Department after this weekend's meetings that said, "We are not persuaded by arguments for IMF debt relief, and we do not believe market or 'off-market' gold sales are necessary or warranted." Prior statements by Treasury officials suggested that the Administration supported debt cancellation, but had not reached agreement with other G-7 members regarding how debt cancellation should be financed. Has the Administration changed its position? Secretary Snow must clarify whether the Administration continues to support full debt cancellation, and he must explain the Administration's position on how to achieve this goal.

Impoverished countries will never be able to eradicate poverty as long as they must continue to make payments on old loans that they never will be able to repay. Money that impoverished countries must send to creditors such as the IMF and the World Bank is money that is not spent on pressing social needs like health care, education and clean water. The people of impoverished countries need a chance; they need full debt cancellation.

Many poor countries are being forced to pay debts that resulted from loans to corrupt and brutal dictators, who used the money to enrich themselves or repress their populations. Nigeria's debt was incurred under the dictatorship of Sani Abacha. The Philippines' debt was incurred by Ferdinand Marcos. Nicaragua's debt was incurred during the Somoza dictatorship, and South Africa's debt is the result of decades of white minority rule under *apartheid*. These loans did not benefit the vast majority of the people in the countries that received them, and it is unjust and immoral to expect them to pay back the debts.

On March 3, I reintroduced *the JUBILEE Act*, now H.R. 1130, a bipartisan bill to cancel completely the multilateral debts of fifty of the world's poorest countries. The *JUBILEE Act* would free poor countries from the debt burden and allow them to invest their resources in health care, education, poverty reduction and other programs that meet human needs. The *JUBILEE Act* now has fifty-five cosponsors, including several members of the Financial Services Committee.

Last Friday, I sent a letter to Treasury Secretary John Snow urging him to negotiate an agreement to provide 100% multilateral debt cancellation to poor countries during the weekend meetings. In sending this letter, I was joined by Representatives James Leach, the former Chairman of the Banking Committee; Barney Frank, the Ranking Member of the Financial Services Committee; Spencer Bachus, the former Chairman of the Subcommittee on Domestic and International Monetary Policy; and Carolyn Maloney, the Ranking Member of the Subcommittee on Domestic and International Monetary Policy.

I hope that Secretary Snow will clarify the Administration's position on debt cancellation during his testimony this afternoon. I especially look forward to hearing him explain the role he played in discussions of debt cancellation and the progress that was made towards an agreement to provide debt cancellation at last weekend's meetings.