

**INTERNATIONAL FINANCIAL INSTITUTIONS
LABOR ISSUES**

**The Frank Amendment
P.L. 103-306, SECTION 526 (E)**

Section 526 (e) of P.L. 103-306, the Foreign Operations, Export Financing, and Related Programs Appropriations Act for FY 1995, passed in August 1994, states:

(a) The Secretary of the Treasury shall direct the United States Executive Directors of the international financial institutions (as defined in Section 1701 (c)(2) of the International Financial Institutions Act) to use the voice and vote of the United States to urge the respective institution:

(1) to adopt policies to encourage borrowing countries to guarantee internationally recognized worker rights (within the meaning of section 507 (4) of the Trade Act of 1974) and to include the status of such rights as an integral part of the institution's policy dialogue with each borrowing country;

(2) in developing the policies referred to in paragraph (1), to use the relevant conventions of the International Labor Organization, which have set forth, among other things, the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, and certain minimum labor standards that take into account differences in development levels among nations including a minimum age for the employment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health; and

(3) to establish formal procedures to screen projects and programs funded by the institution for any negative impact in a borrowing country on the rights referred to in paragraph (1).

(b) The Secretary of the Treasury shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate by the end of each fiscal year a report on the extent to which each borrowing country guarantees internationally recognized worker rights to its labor force and on progress toward achieving each of the goals described in subsection (a) of this section.

IMF APPROPRIATIONS ACT

Section 610 (a) of the Appropriations Act states in relevant parts:

**SEC. 1503. ADVOCACY OF POLICIES TO ENHANCE THE GENERAL
EFFECTIVENESS OF THE INTERNATIONAL MONETARY FUND.**

(a) IN GENERAL - The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to use aggressively the voice and vote of the Executive Director to do the following:

...
(2) Vigorously promote policies to increase the effectiveness of the International Monetary Fund in promoting market-oriented reform, trade liberalization, economic growth, democratic governance, and social stability through --

(E) establishing or strengthening key elements of a social safety net to cushion the effects on workers of unemployment and dislocation . . .

(9) Structure International Monetary Fund programs and assistance so that the maintenance and improvement of core labor standards are routinely incorporated as an integral goal in the policy dialogue with recipient countries, so that -

(A) recipient governments commit to affording workers the right to exercise internationally recognized core worker rights, including the right of free association and collective bargaining through unions of their own choosing;

(B) measures designed to facilitate labor market flexibility are consistent with such core worker rights; and

(C) the staff of the International Monetary Fund surveys the labor market policies and practices of recipient countries and recommends policy initiatives that will help to ensure the maintenance or improvement of core labor standards.