

Summary of H.R. 2634, "Jubilee Act for Responsible Lending and Expanded Debt Cancellation of 2007"

H.R. 2634, the "Jubilee Act for Responsible Lending and Expanded Debt Cancellation of 2008," authorizes the Secretary of the Treasury to negotiate with the Paris Club and international financial institutions a debt relief agreement for certain low-income countries that have not received debt relief under previous programs. Such an agreement is expected to include bilateral and multilateral debt cancellation for low-income countries that are eligible for International Development Association assistance. Once negotiated, implementation would require Congressional approval.

The Jubilee Act builds on the successful debt relief efforts begun more than a decade ago under the Heavily Indebted Poor Countries (HIPC) initiative and continued in the "Enhanced HIPC" and the Multilateral Debt Relief Initiative (MDRI). In countries where debt relief has been completed, national debt has been reduced by two-thirds and spending on reducing hunger and improving health, education, and social services now is four times greater than the amount of previous debt payments. By doing so, it would serve United States national interests by helping to combat the poverty that breeds unrest and instability and creates the conditions that allow dictators and terrorists to thrive. Paying for the U.S. share of the expected first round of debt relief under the Jubilee Act would cost no more than 50 cents apiece for every man, woman, and child in this country.

The bill reported by the Committee on Financial Services by voice vote makes a number of important improvements to the introduced version: establishing conditions for receipt of the debt reduction, breaking debt relief into a two-step process - negotiation, followed by implementation - and deleting language that would be either controversial or duplicative of other legislation. It also contains a "Sense of Congress" section expressing the view that while pressing forward on new debt-relief programs, the U.S. should become current in its existing debt relief obligations, which are currently \$600 million in arrears.