Congress of the United States
House of Representatives
Washington, DC 20515–1304

October 3, 2023

Dear President Biden and Secretary Yellen,

We write to urge the Administration to support a new allocation of the International Monetary Fund (IMF)'s Special Drawing Rights (SDRs), which would bolster the world economy and protect American jobs at zero cost to U.S. taxpayers.

The interdependence of the global economy was laid bare by the COVID-19 pandemic, and over the past year has been further demonstrated by the consequences of Russia's illegal invasion of Ukraine. The IMF recently issued its worst 5-year forecast for the global economy in three decades. In July, the Fund projected that the world economy will grow by just 3 percent this year and in 2024. World trade growth is expected to decline and to remain well below the average of the past 20 years.

IMF Managing Director Kristalina Georgieva, who first proposed a "sizable" SDR allocation in March 2020, has once again been emphasizing the serious need for international reserves in low-income countries, as part of a "global safety net" to protect their economies from collapse if exposed to shocks. She points to the increasing risks from pandemics, climate disasters, and war, as well as economic and political fragmentation.

Downturn and recession around the world would eliminate many export-related jobs in the United States and reduce growth and employment here. From January 2020 to May 2021, the U.S. economy lost an estimated 2.2 million export-related jobs due to the fall in global demand for U.S. exports as a result of the pandemic and recessions in many countries. While some of these jobs have since been recovered, a global downturn could reverse this recovery, potentially threatening the livelihoods of millions of U.S. workers.

A new SDR issuance would create more than $200 billion worth of international reserves for developing countries not including China, helping to stabilize global economies and U.S. export markets and therefore preserve and create U.S. jobs that would otherwise be lost to a global recession. Crucially, SDRs have zero cost to the U.S. federal budget or taxpayers.

In August 2021, the U.S. supported the IMF's issuance of $650 billion worth of SDRs. This measure was by far the single most important action taken to support the economies of developing countries in the face of combined global health, debt, economic, and climate crises. The amount of assistance received by developing countries from this SDR issuance was more than all of the development aid from high-income countries to developing countries over the span of a year. And unlike much of the other aid, it added no debt or conditions to the recipient countries.

In the first year after the allocation, over 100 low- and middle-income countries used their SDRs in some form, including to stabilize currencies and avert balance of payments crises, to repay debts to the IMF, and to purchase critical imports such as food, vaccines, and personal protective equipment, including from the United States. According to the IMF's recent two-year ex post assessment, the 2021 issuance "continues to benefit the global economy" and did not contribute to global inflation. Based on the Bank for International Settlements' research on the relationship between mortality and global recession, the 2021 issuance very likely saved hundreds of thousands of lives.

Notably, this issuance did not benefit countries that are subject to financial sanctions or whose governments are not recognized by the IMF: Afghanistan, Belarus, Iran, Myanmar, Russia, Sudan, Syria, and Venezuela have not been able to use a single SDR from the 2021 issuance. Cuba and North Korea are not IMF members and are therefore ineligible for SDRs. And China has over $3 trillion in foreign reserves and therefore could not use SDRs under current IMF rules.

A new issuance of SDRs can be seen as an insurance policy for the U.S. as well as the rest of the world, and your administration can take effective action on its own by supporting a new issuance of SDRs at the IMF.

Leading your administration now to support a new issuance of at least $650 billion in SDRs is a simple, cost-free, and effective way of saving many export-related jobs—including manufacturing and union jobs—in the U.S., while saving many lives in developing countries and mitigating the effects of a global slowdown. SDRs are a readily available and effective tool in your economic policy toolbox—we urge you to use it.

Sincerely,

Jesús G. "Chuy" García
Member of Congress

Elizabeth Warren
United States Senator

Joyce Beatty
Member of Congress

Pramila Jayapal
Member of Congress

Donald Norcross
Member of Congress

Becca Balint
Member of Congress

Cory A. Booker
United States Senator

Jamaal Bowman, Ed.D.
Member of Congress

Shontel M. Brown
Member of Congress

Cori Bush
Member of Congress

André Carson
Member of Congress

Greg Casar
Member of Congress

Joaquin Castro
Member of Congress

Emanuel Cleaver, II
Member of Congress

Chris Deluzio
Member of Congress

Debbie Dingell
Member of Congress

Lloyd Doggett
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Adriano Espaillat
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Dwight Evans
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Sylvia R. Garcia
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Al Green
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Raúl M. Grijalva
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Member of Congress
Nevada's Fourth
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Sheila Jackson Lee
Member of Congress

Sara Jacobs
Member of Congress

Henry C. "Hank" Johnson, Jr.
Member of Congress

Sydney Kamlager-Dove
Member of Congress

Marcy Kaptur
Member of Congress

Ro Khanna
Member of Congress

Barbara Lee
Member of Congress

Summer Lee
Member of Congress

Ted W. Lieu
Member of Congress

Stephen F. Lynch
Member of Congress

Edward J. Markey
United States Senator

James P. McGovern
Member of Congress

Grace Meng
Member of Congress

Jeffrey A. Merkley
United States Senator

Kevin Mullin
Member of Congress

Jerrold Nadler
Member of Congress

Eleanor Holmes Norton
Member of Congress

Alexandria Ocasio-Cortez
Member of Congress

Ilhan Omar
Member of Congress

Mark Pocan
Member of Congress

Katie Porter
Member of Congress

Ayanna Pressley
Member of Congress

Jamie Raskin
Member of Congress

Linda T. Sánchez
Member of Congress

Bernard Sanders
United States Senator

Jan Schakowsky
Member of Congress

Shri Thanedar
Member of Congress

Rashida Tlaib
Member of Congress

David J. Trone
Member of Congress

Juan Vargas
Member of Congress

Nydia M. Velázquez
Member of Congress

Bonnie Watson Coleman
Member of Congress

Susan Wild
Member of Congress

Nikema Williams
Member of Congress

Frederica S. Wilson
Member of Congress

Ron Wyden
United States Senator