Congress of the United States
Washington, DC 20510

January 22, 2021

Dear Secretary-Designate Yellen:

We write to you regarding the urgent importance of helping stem the devastating economic impact of the COVID-19 pandemic on the world's poorest countries and America's trading partners. Specifically, we wish to call your attention to S.4139, the Support for Global Financial Institution Pandemic Response Act of 2020, and hope under the incoming administration, the U.S. Treasury Department will partner with Congress to quickly enact this proposal into law. As you may know, in 2020, companion legislation to S.4139 was adopted twice by the House of Representatives in H.R. 7617, the House Omnibus appropriations package, as well as H.R.8406, the Updated Heroes Act, under Section 901, "Support for a Robust Global Response to the COVID-19 Pandemic."

The legislative proposal supports a global economic recovery -- at no cost to U.S. taxpayers (it has a zero score from the Congressional Budget Office) -- by directing the United States to use its voice and vote at international financial institutions to provide debt relief to developing countries; protect governmental health expenditures during this pandemic; and distribute two trillion Special Drawing Rights (SDRs), a reserve asset issued by the International Monetary Fund, worldwide.

As you are aware, the world economy has contracted by an estimated 4.4 percent over the past year, compared to just zero percent during the world recession of 2009. The precipitous downturn of 2020 has led to dire World Food Programme projections of a near-doubling of the number of people facing acute hunger, from 135 to 265 million, and a UNICEF estimate that 140 million children were newly added into the ranks of the global poor. "Reductions in life-saving interventions and increases in undernutrition could result in more than two million additional under-five deaths in a year," concluded UNICEF. In the United States, U.S. exports have plunged by 28 percent on an annualized basis over the past two quarters, reportedly costing approximately two million American jobs.

The Global Financial Institution Pandemic Response Act would provide developing countries and their local importers with $1.1 trillion in reserves through a two trillion SDR issuance. SDRs can then be used to purchase essential goods such as food, vaccines, energy supplies, medical equipment, and lifesaving drugs. As global demand is boosted through the allocation of SDRs, which are easily convertible to U.S. dollars to purchase U.S. products, this cost-free policy would also help America both save and create export-related jobs during this economic crisis.

In addition to their easy convertibility into hard currency, SDRs help alleviate the many economic challenges facing low-income countries during this pandemic simply through their acquisition as reserves. By strengthening developing countries' balance sheets, SDRs help reduce borrowing costs and capital flight, the risk of plummeting foreign investment, and the threat of balance-of-payments crises, which can be catastrophic for the world's poorest and most vulnerable populations. Indeed, IMF Managing Director Kristalina Georgieva has voiced her support for a major issuance of SDRs on multiple occasions, stating in a March 2020 briefing that "a very conservative low-end estimate of the overall financial needs of emerging markets is $2.5 trillion."

While we understand that the Treasury Department can unilaterally pursue the allocation of roughly 500 billion SDRs to IMF member states, such an effort would provide much less of the desperately needed reserves for low-income countries, since their share of the issuance is proportional to their IMF quota. Congressional authorization would be required for an allocation commensurate with the financing needs of the developing world, as outlined by Ms. Georgieva.

Although, due to IMF rules, high-income countries will receive a large share of an SDR issuance, proportional to their IMF quotas, there is no waste or misallocation of resources involved. That is because high-income countries would not demonstrate the need that is required for the IMF to facilitate conversions of SDRs into hard currency. SDRs allocated to high-income countries would simply be treated as accounting entries at the Fund, similar to what occurred when the IMF issued SDRs in 2009.

We believe that the incoming administration has an opportunity to reclaim global leadership, working with multilateral institutions and our allies, to effectively guide the world through the worst economic disaster in generations. By deploying and empowering U.S.-backed multilateral financial institutions such as the IMF to solve the urgent crises of poverty, hunger, and disease being experienced by hundreds of millions of people worldwide, we can also strengthen our own economy here at home.

We look forward to learning more about your views on this legislative proposal, and the willingness of the U.S. Treasury Department to partner with Congress to enact this proposal, which is supported by a broad coalition of leading economists, faith groups, labor unions, humanitarian relief organizations, business leaders, and trade associations.

Thank you for your kind attention to this urgent matter.

Sincerely,

Richard J. Durbin United States Senator	Bernard Sanders United States Senator	Jesús G. "Chuy" García United States Representative

Patrick Leahy
United States Senator

Ron Wyden
United States Senator

Jeffrey A. Merkley
United States Senator

Elizabeth Warren
United States Senator

/s/ Jack Reed

Jack Reed
United States Senator

Benjamin L. Cardin
United States Senator

Sherrod Brown
United States Senator

Amy Klobuchar
United States Senator

Cory A. Booker
United States Senator

Christopher S. Murphy
United States Senator