

coming to Congress about a year and a half ago, I have communicated regularly with Agriculture Secretary Dan Glickman on the importance of using the Export Enhancement Program for wheat and flour. While wheat flour and wheat exports have been seriously injured by European trade barriers and sizable foreign subsidies, under USDA's current plan wheat and flour will receive no assistance from EEP.

I know Secretary Glickman cares deeply about the problems faced by Kansas wheat farmers, but I am concerned that he receives insufficient support from the Clinton administration in implementing policy changes that could assist agricultural producers. Recently Secretary Glickman announced the use of EEP to combat specific injurious trade barriers. While I support this action, I remain concerned that when the Europeans spent \$7.7 billion on export subsidies, the United States only spent \$56 million.

This is an example of what we face. The European Community is spending almost \$47 billion annually in 1997 in assistance and subsidies to agriculture. Of that, about \$7.7 billion is in assistance and subsidies toward exports, while in the United States we spend only \$5.3 billion annually, almost an 8-time difference we face as a disadvantage. And this line we cannot even see, this blue line, is what we spend in assisting agricultural exports in this United States for American agricultural producers.

We may not be waving the white flag in defeat, but we are certainly far from putting up the necessary fight on behalf of the American farmer. This is not to say that all efforts have been in vain. This past year Secretary Glickman has been successful in increasing the GSM 102, export credit guarantee program, from \$3 billion last year to almost \$6 billion this year. This support has been beneficial but much more needs to be done.

Market access for agricultural products must also be improved. Our farmers continue to suffer the consequences of foreign policy decisions that shut them out of markets around the world. It is time for these markets to be opened.

Wheat imports to North Korea, Cuba, Iran and Iraq have all doubled since 1995 and now account for over 10 million tons of wheat. These growing markets are off-limits to U.S. producers but not to Canadians and not to Australian farmers. Our sanctions now wall off 11 percent of the world wheat market, a segment larger than the lost sales of the Soviet grain embargo several years ago. In today's global economy, unilateral sanctions by the U.S. unfairly penalize our producers, reward our competitors, and have little impact on changing behavior in the target country. The American farmer is tired of paying the price for failed U.S. foreign policy.

Mr. Speaker, the last farm bill asked American farmers to take agriculture

in a more market-oriented direction. But in order to have true market orientation, we need markets. The only way to improve prices on a long-term basis is to pursue aggressive, even-handed trade initiatives. The decisions made here in Washington, D.C. have real world implications for agricultural producers. Now is the time to open markets, remove sanctions and aggressively promote agricultural exports to give our farmers a fighting chance. Mr. Speaker, it is time to trade.

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under a previous order of the House, the gentleman from California (Ms. MILLENDER-MCDONALD) is recognized for 5 minutes.

(Ms. MILLENDER-MCDONALD addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. HUTCHINSON) is recognized for 5 minutes.

(Mr. HUTCHINSON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from American Samoa (Mr. FALEOMAVAEGA) is recognized for 5 minutes.

(Mr. FALEOMAVAEGA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### THE INDONESIA CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

##### BACKGROUND

Mr. PAUL. Mr. Speaker, the Soviet system, along with the Berlin Wall, came crashing down in 1989, the same year the new, never-to-end, era came to a screeching halt in Japan. The Japanese economic miracle of the 1970's and the 1980's, with its "guaranteed" safeguards, turned out to be a lot more vulnerable than any investor wanted to believe. Today the Nikkei stock average is still down 60% from 1989, and the Japanese banking system remains vulnerable to its debt burden, a weakening domestic economy and a growing Southeast Asian crisis spreading like a wild fire. That which started in 1989 in Japan—and possibly was hinted at even in the 1987 stock market "crash"—is now sweeping the Asian markets. The possibility of what is happening in Asia spreading next to Europe and then to America should not be summarily dismissed.

##### ECONOMIC FALLACY

Belief that an artificial boom, brought about by Central Bank credit creation, can last forever is equivalent to finding the philosopher's stone. Wealth cannot be created out of thin air, and new money and credit, although it can on the short-term give an illusion of wealth

creation, is destructive of wealth on the long run. This is what we are witnessing in Indonesia—the long run—and it's a much more destructive scenario than the currently collapsing financial system in Japan. All monetary inflation, something all countries of the world are now participating in, must by their very nature lead to an economic slump.

The crisis in Indonesia is the predictable consequence of decades of monetary inflation. Timing, severity, and duration of the correction, is unpredictable. These depend on political perceptions, realities, subsequent economic policies, and the citizen's subjective reaction to the ongoing events. The issue of trust in the future and concerns for personal liberties greatly influences the outcome. Even a false trust, or an ill-founded sense of security from an authoritarian leader, can alter the immediate consequences of the economic corrections, but it cannot prevent the inevitable contraction of wealth as is occurring slowly in the more peaceful Japan and rapidly and violently in Indonesia.

The illusion of prosperity created by inflation, and artificially high currency values, encourage over-expansion, excessive borrowing and delusions that prosperity will last forever. This attitude was certainly present in Indonesia prior to the onset of the economic crisis in mid 1997. Even military spending by the Indonesian government was enjoying hefty increases during the 1990's. All that has quickly ended as the country now struggles for survival.

But what we cannot lose sight of is that the Indonesia economic bubble was caused by a flawed monetary policy which led to all the other problems. Monetary inflation is the mother of all crony "capitalism."

##### CHARACTERISTICS OF THE CORRECTION

One important characteristic of an economic correction, after a period of inflation (credit expansion) is its unpredictable nature because subjective reactions of all individuals concerned influence both political and economic events. Therefore, it's virtually impossible to predict when and how the bubble will burst. It's duration likewise is not scientifically ascertainable.

A correction can be either deflationary or inflationary or have characteristics of both. Today, in Indonesia, the financial instruments and real estate are deflating in price, while consumer prices are escalating at the most rapid rate in 30 years due to the depreciation of the rupiah. Indonesia is in the early stages of an inflationary depression—a not unheard of result of sustained Central Bank inflationary policy. Many believe price inflation only occurs with rapid growth. This is not so.

Blame is misplaced. Rarely is the Central Bank and paper money blamed—unless a currency value goes to zero. In Indonesia the most vulnerable scapegoat has been the Chinese businessmen, now in threat of their lives and fleeing the country.

A much more justifiable "scapegoat" is the IMF and the American influence on the stringent reforms demanded in order to receive the \$43 billion IMF bailout. IMF policy on aggravates and prolongs the agony while helping the special interest rich at the expense of the poor. The IMF involvement should not be a distraction from the fundamental cause of the financial problem, monetary inflation, even if it did allow three decades of sustained growth.

"Crony capitalism" was not the cause of Indonesia's trouble. Inflationism and political corruption allows crony capitalism to exist. It would be better to call it economic interventionism for the benefit of special interests—a mild form of fascism—than to abuse the free market term of capitalism.

Any serious economic crisis eventually generates political turmoil, especially if political dissent has been held in check by force for any significant period of time. There should be no surprise to see the blood in the streets of Jakarta—soon to spread and build. Political events serve to aggravate and magnify the logical but subjectively sensitive declining currency values and the faltering economy. The snowballing effect makes the political crisis much more serious than the economic crisis since it distracts from the sound reforms that could restore economic growth. These circumstances, instead of leading to more freedom, invite marshal law for the purpose of restoring stability and the dangers that go with it.

Errors in economic thinking prompt demands from the masses for more government programs to "take care" of the rapidly growing number of poor. Demands for more socialism and price controls results whether it's in education, medical care, unemployment benefits or whatever—all programs that Indonesia cannot afford even if they tried to appease the rioting populous.

#### SOLUTIONS ATTEMPTED

The IMF's \$43 billion bailout promise has done nothing to quell the panic in the streets of Jakarta. If anything, conditions have worsened the Indonesians deeply resent the austere conditions demanded by the IMF. Since the U.S. is the biggest contributor to the IMF and the world financial and military cop, resentment toward the United States is equal to that of the IMF. The Indonesian people know they won't be helped by the bailout. They already see their jobs disappearing and prices soaring. The political and economic future, just a few months ago looking rosy, but it is now bleak beyond all description. Indonesians know what the American taxpayers know; the IMF bailout helps the rich lenders who for decades made millions but now want their losses covered by weak victims. Is there any wonder resentment and rage prevails in Indonesia?

The U.S. has just sent a military delegation to study and obviously advise the Indonesian government regarding the law and order crisis now in process. Our officials say that we're there to watch that the Indonesian military do not abuse the rights of Indonesian citizens. Even if true, and well motivated, where did this authority come from for us to run to the scene of the crime—on the other side of the world and pretend we have all the answers. Proper authority or not put aside, the Indonesian people perceive even a few U.S. military advisors as a further threat to them. The U.S. is seen as an extension of the IMF and is expected to more likely side with the Indonesian military than with the demonstrators. No government likes to see any dissolution of government power even the questionable ones. It might encourage others unhappy with their own government. And it is not like the U.S. government is innocent and benign, considering our recent history at Kent State, Waco, and Ruby Ridge and the hundreds of no-knock entries made in error, causing loss of life, multiple injuries and destruction of

property. Let us make sure our own government acts responsibly in all matters of law and order here at home before we pretend we can save the world—a responsibility not achievable even if motivated with the best of intentions.

Effort to prop up an ailing economy after the financial bubble has been popped, prolongs the agony and increases the severity of the correction. Japan's bubble burst in 1989 and there is not yet any sign of the cleansing of the system of bad debt and mal-investment which is necessary before sound growth will resume. And Indonesia is embarking on the same predictable course. Restoration of free markets, and establishing sound monetary policy has not yet been considered. The people of Indonesia and the rest of the world should prepare for the worst as this crisis spreads. For Congress, the most important thing is to forget the notion that further taxing American workers to finance a bail-out, that won't work, is the worst policy of all for us to pursue.

The Indonesian government had one idea worth considering under these very difficult circumstances. They wanted to replace their central bank with a currency board. It's not the gold standard, but it would have been a wise choice under current conditions. But the United States and the IMF insisted that in order to qualify for IMF funding this idea had to be rejected outright and the new central bank for Indonesia had to be patterned after the Federal Reserve with, I'm sure, ties to it for directions from Greenspan and company. A currency board would allow a close linkage of the rupiah to the dollar, its value controlled by market forces, and would have prevented domestic Indonesia monetary inflation—the principle cause of the economic bubble now collapsed. The shortcoming of a currency board is that the Indonesian currency and economy would be dependent on dollar stability which is far from guaranteed.

#### REFUSAL

In the approximately 8 months since the crisis hit Indonesia there has been no serious look at the underlying cause—monetary inflation brought about by a central bank. Nor has any serious thought gone into the internationalization of credit as United States exports of billions of dollars, and thus our own inflation, to most nations of the world who hold these dollars in reserve and use them to further inflate their own currencies. Our huge negative trade balance and foreign debt is not considered by conventional wisdom to be relevant to the Asian currency problems, yet undoubtedly it is. True reform to deal with the growing worldwide crisis can only be accomplished by us first recognizing the underlying economic errors that caused the current crisis.

The philosophy of the free market, holds a lot of answers, yet the difference between free market capitalism and interventionist political cronyism has not been considered by any of the world banking and political leaders currently addressing the exploding Southeast Asian crisis.

Concern for personal liberty is not a subject associated with the crisis and is an ongoing casualty of past and current policy. A greater concern for individual liberty will be required if a positive outcome is to be expected from the fall-out of the Indonesian crisis. Let's hope we can get our priorities straight. Congress has an obligation not to worsen the crisis by capitulating to more bail-outs and to remain

vigilant enough to keep the administration from accomplishing the same bail-out through Executive Orders outside the law.

#### MESSAGE

What should the message be to the Congress and the American people regarding this sudden and major change in the economic climate in Indonesia? First and foremost is that since we operate with a fiat currency, as do all the countries of the world, we are not immune from a sudden and serious economic adjustment—at any time. Dollar strength and our ability to spend dollars overseas, without penalty, will not last forever. Confidence in the U.S. economy, and the dollar will one day be challenged. The severity of the repercussion is not predictable but it could be enormous. Our obligation, as Members of Congress, is to protect the value of the dollar, not to deliberately destroy it, in an attempt to prop up investors, foreign governments or foreign currencies. That policy will only lead to a greater crisis for all Americans.

As the Asian crisis spreads, I would expect Europe to feel the crunch next. Unemployment is already at a 12% level in Germany and France. The events can be made worse and accelerated by outside events like a Middle Eastern crisis or a war between India and Pakistan both now rattling their nuclear weapons. Eventually though, our system of "crony capitalism" and fiat money system will come under attack. Our system of favoring industries is different than the family oriented favoritism of Suharto, but none-the-less is built on a system of corporate welfare that prompts constant lobbying of Congress and the Administration for each corporation's special interests. We have little to talk about as we preach austerity, balanced budgets and sound money to the current victims. Our day will come when we will humble ourselves before world opinion as our house of cards comes crashing down.

We will all know we are on the right track when the people and our leaders are talking of restoring liberty to all equally, and establishing a sound money system that prevents the Fed from manufacturing money and credit out of thin air for the benefit of politicians, corporations and bankers who directly benefit.

#### PREVENTING TEEN PREGNANCY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, first of all, I am pleased to have the time to speak here today about the importance of preventing teen pregnancy, and I think it is crucially important that we recognize this month as Teen Pregnancy Prevention month.

As a member of the Women's Congressional Caucus and the Chair of the Children's Congressional Caucus, I have been a strong advocate of teen pregnancy prevention.

I recently offered an amendment to H.R. 2264, a labor and appropriations bill which was to increase funding by \$2 million for teen pregnancy programs sponsored by the CDC.

The consequences of teenage pregnancy and child-bearing are serious and contribute to many of the nation's enduring social problems.

Becoming pregnant and having a baby early in life makes it difficult to create an emotionally and financially sound environment for children.