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## House of Representatives

The House met at 10:30 a.m.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate passed a bill of the following title, in which concurrence of the House is requested:

S. 1723. An act to amend the Immigration and Nationality Act to assist the United States to remain competitive by increasing the access of United States firms and institutions of higher education to skilled personnel and by expanding educational and training opportunities for American students and workers.

### MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 21, 1997, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON) for 5 minutes.

### IMF PROGRAM SPARKS INDONESIAN TURMOIL

Mr. SAXTON. Mr. Speaker, Americans across our country have seen televised pictures of rioting in Indonesia, of social unrest and political unrest and, according to various news service accounts, the outbreak of rioting in Indonesia was triggered by price increases of basic commodities mandated by the International Monetary Fund. One recent Reuters news story notes that the IMF conditions were "A key cause of the recent demonstrations."

The recent violence raises important questions about whether the IMF and

its program underestimated the political fragility and instability, both political and social, of Indonesia. This is a relevant concern because political instability could well undermine the potential for economic stabilization.

In yesterday's Wall Street Journal there was an article, and I would like to read a few lines from it. Date line, Washington:

Last fall, Indonesia turned to the International Monetary Fund for an economic life raft. Instead, the resulting IMF program contributed to the turmoil now wracking the world's fourth most populous nation. The IMF program failed to stabilize the Indonesian economy, its stated purpose. As the economy worsened, domestic dissatisfaction grew.

And it goes on,

Jeffrey Sachs, whose Harvard institute has long been an adviser to Indonesia, has been warning for months that the U.S.-backed IMF prescription was harsh and counterproductive.

In addition, it goes on,

Malaysian prime minister Mahathir Mohamad also blames the IMF for worsening Indonesia's problems. "The IMF is not sensitive to social and economic restructuring," he said, according to Malaysia's official news agency.

To answer these questions, more information is needed to understand the International Monetary Fund program and its recent impact on Indonesia. Once again I call on the IMF and the Treasury to publicly release its staff reviews of the Indonesian bailout so that Congress, the public, and private experts can better understand the IMF policy and its effects.

Previous problems with the IMF program were documented in the New York Times article last winter which reported that the International Monetary Fund reviewed and found that the IMF conditions had sparked a bank run on Indonesia several months ago. In recent days the Wall Street Journal has also come to similar conclusions, and I just read from that article.

Given this horrific outburst of violence in Indonesia, Congress has an important obligation to examine the role of the IMF and the role it has played in contributing to this situation with, I might add, the use of U.S. taxpayers' dollars. While it is clear that the policies of the Indonesian government had caused severe economic problems, it appears that the IMF conditions made the situation even worse.

The fragility of the political environment and the potential for violence must be adequately considered when considering these programs. For example, is it not evident that the IMF formally integrated a political risk analysis into the economic program? Obviously, it failed to do so. If the IMF program failed to address the potential that it could destabilize political, social and economic conditions even further, then it was flawed to start with.

Congress has the public need and the ability to examine the IMF staff reviews of the bailouts to determine whether the risks of the IMF program were adequately considered. We have that responsibility and the IMF should give us the information. These documents have been requested repeatedly of the IMF and the Treasury Department. It has been made clear that they may be sanitized before their release.

Mr. Speaker, I include the entire article from the Wall Street Journal for the RECORD:

[From the Wall Street Journal, May 18, 1998]

TIME WILL TELL IF IMF HELPED SAVE OR  
WRECK INDONESIA

(By Bob Davis and David Wessel)

WASHINGTON.—Last fall, Indonesia turned to the International Monetary Fund for an economic life raft. Instead, the resulting IMF program contributed to the turmoil now wracking the world's fourth most-populous nation.

The IMF program failed to stabilize the Indonesian economy, its stated purpose. As the economy worsened, domestic dissatisfaction grew. The fund also high-lighted what the IMF and the U.S. condemn as a crooked

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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brand of capitalism practiced by the Suharto regime, undermining its legitimacy and emboldening the opposition.

Whether the IMF, in the end, is seen as a villain that provoked widespread suffering or a catalyst for constructive change depends largely on what happens in Indonesia over the coming weeks and months.

IMF critics, led by outspoken Harvard University economist Jeffrey Sachs whose Harvard institute has long been an adviser to Indonesia, have been warning for months that the U.S.-backed IMF prescription was harsh and counterproductive. "The IMF program was really badly designed and made a bad situation worse," says Steven Radelet, a Sachs colleague.

Malaysian Prime Minister Mahathir Mohamad also blames the IMF for worsening Indonesia's problems. "The IMF is not sensitive to the social cost of economic restructuring," he said, according to Malaysia's official news agency.

But the Indonesian government hurt itself, too. It backtracked on pledges it made publicly to the IMF, undermining the confidence of both domestic and foreign investors. It vowed to dismantle unpopular arrangements that enriched Suharto cronies, but then rebuilt them under different names. And, at a pivotal moment, it flirted with a controversial currency-board approach to monetary policy. After a parade of international leaders pressured Indonesia to live up to its agreements, Mr. Suharto relented, underscoring his weakness to the newly emboldened opposition.

Then earlier this month, Mr. Suharto's new cabinet ministers changed direction and implemented IMF-backed increases in fuel prices much faster than the IMF demanded, sparking the recent riots. Although the IMF program allowed for the increases to be spread out over a month, some prices soared as much as 70% overnight. "We didn't set a precise date for [removing subsidies]. The date was chosen by the government," an IMF official says.

Despite occasional misgivings about some elements of the IMF approach, the Clinton administration strongly defends the fund. "The IMF didn't create the Indonesian economic and political crisis," says Mr. Clinton's national security adviser, Sandy Berger. "Indonesia created the economic and political crisis. The International Monetary Fund came in to try to help restore stability and put it on a path back towards growth."

At their annual summit this weekend, leaders of the Group of Seven large industrial nations and Russia, put the onus on the Suharto government. "Successful economic reform and international support for it will require political and social stability," they said in a statement, and urged the Indonesian government to open a dialogue with opposition leaders over reforms that address "the aspirations of the Indonesian people."

Inside the IMF, some argue that the fund's willingness to confront not only fiscal and financial policy issues, but also the corruption of the Suharto regime, is hastening long-overdue social change. Indeed, IMF programs in Korea and Thailand, they argue, may be succeeding precisely because they coincide with political reforms—a new democratic government in Seoul, constitutional reforms in Bangkok. Mr. Suharto's departure wouldn't be mourned at the IMF.

But it's also clear that IMF advice failed to revive the Indonesian economy and may have worsened a bad situation. Last year's demand that Indonesia close 16 troubled banks—meant a signal that the government was finally addressing problems in the financial sector—backfired. Depositors pulled funds out of other banks, further weakening the system.

Harvard's Mr. Radelet said the IMF's emphasis on ending monopolies and closing government projects that are owned by friends and family of Mr. Suharto didn't address some fundamental economic problems. For months, for instance, the fund did little to help restructure Indonesian companies' huge foreign debt, which prevents them from getting the added financing needed to run their businesses and from taking advantage of a weak currency to increase exports.

The IMF has until early June to decide whether to disburse another \$1 billion to Indonesia, as part of a \$43 billion bailout package it cobbled together for the nation. Indonesian authorities have said they plan to roll back some of the price increases that sparked riots. But that by itself isn't expected to put the IMF's added lending in jeopardy.

#### TRIBUTE TO THE HONORABLE JENNINGS RANDOLPH

The SPEAKER pro tempore (Mr. PETRI). Under the Speaker's announced policy of January 21, 1997, the gentleman from West Virginia (Mr. RAHALL) is recognized during morning hour debates for 4 minutes.

Mr. RAHALL. Mr. Speaker, on May 8 this year, the Nation lost a great man, a former U.S. Senator, a beloved West Virginian, a great orator, a man of civility and courtesy, a master of the legislative compromise, a builder of concrete, asphalt and stone, and a builder of character named Jennings Randolph, who died at the grand old age of 96.

When Senator Randolph passed on, it was truly the end of an era. He was the last living Member of Congress from the New Deal era, making him the last of the New Deal legislators who voted to enact the Social Security System and a minimum wage.

On May 11 of this year, had he lived, Senator Randolph would have marked the 65th anniversary of his freshman speech on the floor of the House. He spoke on the subject of Mother's Day, an event founded by fellow West Virginian Anna Jarvis, and his speech, an eloquent one, was entitled, "The Unapplauded Molders of Men". This speech was given on the 69th day of Roosevelt's famous first 100 days, and on that day Jennings Randolph the great orator was born.

As many of my colleagues will know, it was Senator Randolph who began, during his House tenure, to amend the Constitution to allow 18-year-olds to vote. He succeeded in this endeavor in 1972, as a U.S. Senator, with the 21st Amendment to the Constitution, the first and only constitutional amendment that took a mere 90 days to achieve ratification by the requisite number of States and to become the law of the land.

At one time, I am told, he forced then-President Nixon to spend the funds appropriated for the interstate system by filing an injunction against Nixon's practice of impounding the funds, keeping them from being spent. It was in the 1974 budget act that impounding funds by a President was first restricted.

Jennings Randolph would be proud of our every effort, Mr. Speaker, and success this very day in freeing some of the collected motorists' gas taxes and spending them on transportation needs. Yes, J.R., we will one day restore trust to our Highway Trust Funds.

I would like to tell my colleagues a little something about the Senator's lifelong public service, that we have seen little written about of recent date. Having traveled so often with the Senator, many times late at night in a very small plane, two or four-passenger plane, sometimes through very stormy weather, the first comment the Senator would make upon landing was "Where is the telephone?". I would be thinking of other places to visit but the Senator was always wanting to keep in touch with the people.

Senator Randolph was known for his devotion to people and his compassion for all people in need. He coauthored the Randolph-Shepherd Act for the Blind, giving blind persons the opportunity and the right to be employed and have the dignity of a paycheck. The blind are still benefiting from that effort today.

He fought for and maintained the Black Lung Benefits Act throughout his public life in the Senate. Once, when he was being chastised by some of his Coal Mining constituents because the Black Lung benefits bill was then languishing in the Senate with no action being taken, Senator Randolph quietly but firmly said: There are only 18 coal mining states in the Union. Those 36 Senators are going to vote for this legislation. Persuading 64 other Senators representing non-coal mining states that their constituents should or must allow their tax dollars to be used to pay for the benefits for workers in other States is not an easy matter to accomplish. It takes time. And I pay those 64 Senators the courtesy of approaching them one on one, personally, to discuss the plight of coal miners with black lung disease, and their need for disability compensation for themselves and, for those who have died, their widows and orphans. He told them "it will get done \* \* \*" And it did.

Senator Randolph, concerned for the plight of mentally and physically disabled children and concerned over their lack of an appropriate education, established the first Subcommittee on the Handicapped in the Senate, and he chaired that Subcommittee with passion and the courage of his beliefs as he authored and guided to enactment the Education for all Handicapped Children Act. Today, the Special Education law is working to mainstream disabled children into regular classrooms with their peers across this Nation in every school building getting a free and equal education to which all children are entitled.

It was Senator Randolph, with his great love for airplanes and aviation, who first proposed the establishment of the National Air and Space Museum. When he first proposed it, of course, the space age hadn't been ushered in yet—and so when asked to give the Dedication speech for the new Museum, Randolph remarked that it took so long to get Congress to act on his proposed aviation museum, they had to add the word "space" to its name.

And it was Senator Jennings Randolph who, with another licensed pilot aboard, flew the