

PEASE, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3616) to authorize appropriations for fiscal year 1999 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1999, and for other purposes, had come to no resolution thereon.

PROVIDING FOR FURTHER CONSIDERATION OF H.R. 3616, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (H. Rept. No. 105-544) on the resolution (H. Res. 441) providing for further consideration of the bill (H.R. 3616) to authorize appropriations for fiscal year 1999 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

THE ALL-AMERICAN RESOLUTION

(Mr. YOUNG of Alaska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, today I rise to introduce the All-American Resolution expressing the sense of Congress that any missile defense system deployed to protect the U.S. from missile attacks would include protection for Alaska, Hawaii and territories.

As we can see on this diagram right now, Alaska comes into direct threat by India, China, et cetera, and now the administration sought to avoid protecting Alaska, avoid protecting Hawaii, and I think it is reprehensible to have that occur.

It is time for us to recognize that Alaska and Hawaii are part of the United States and ought to be protected. In fact, we ought to set up our own missile system in Alaska so that we can counterattack in this uncertain time. I urge the passage of this legislation.

Today I rise to introduce "The All-American Resolution" expressing the sense of the Congress that any missile defense system deployed to protect U.S. from missile attack should include protection for Alaska, Hawaii, territories and commonwealths of the United States.

The U.S. Constitution provides that it is an essential responsibility of the federal government to protect to all United States citizens against foreign attack. However, the Administration's development plan is based on a policy of observing the restrictions of the 1972 Anti-Ballistic Missile (ABM) Treaty, which prohibits the deployment of a missile defense system capable of defending all U.S. territory. As such, the plan excludes Alaska, Hawaii, and territories. While this legislation does not attempt to abrogate or amend the ABM Treaty, it does express the sense of Congress that

space, sea, or land-based systems are required to include them and the commonwealths, when a system is deployed in the future.

A year ago the Alaska State Legislature passed a resolution expressing the view of the people of Alaska that they, along with other Americans, should be defended against a missile attack. Why are Alaskans concerned about their vulnerability to missile attack? In 1995, the Administration adopted a national intelligence estimate (NIE) asserting that the U.S. did not face a threat of missile attack for at least 15 years. To arrive at this conclusion, the Administration excluded from the National Intelligence Estimate (NIE) an assessment of the threat of missile attack to Alaska and Hawaii. Excluding Alaska and Hawaii from the NIE served to bypass an earlier assessment by then-Deputy Secretary of Defense John Deutch that territories in these two states could be subject to attack by a North Korean missile, the Taepo Dong 2, by the end of this decade. In fact, the Secretary of Defense issued a report titled Proliferation: Threat and Response (November 1997) which exemplifies the possible threat to Alaska from both North Korea and China.

I believe it is reprehensible to prepare the NIE while leaving some Americans undefended in its pursuit of the most minimal missile defense capability possible. My resolution also provides that Alaska and Hawaii, territories and commonwealths must be included in any NIE prepared by the Administration.

While Alaska and Hawaii were the only two states excluded from consideration under the NIE, most states and territories will be vulnerable as well. The Administration's missile defense plan calls for the development of a system in which a deployment decision may be made in 2000 and deployment completed by 2003. This could leave the vast majority of U.S. territory vulnerable to missile strikes. The Administration's policy views the ABM Treaty as "the cornerstone of strategic stability."

I will give a quick history of the ABM Treaty. Article I of the ABM Treaty barred the deployment of a national missile defense system capable of defending all the nations' territory. In fact, Article III of the Treaty, as amended by a 1974 Protocol, permitted the deployment of a single missile defense site that is capable of protecting only the region in which it is deployed. The U.S. designated Grand Forks, North Dakota as this site, although the system located there is mothballed. Taking the Grand Forks system out of mothballs and upgrading its capabilities may allow it to provide protection to all of America. Whether you agree with the ABM Treaty, or not, I believe we would all agree on the necessity to defend all of America, including Alaska, Hawaii, the territories and commonwealths from the threat of ballistic missile attacks.

I call on all my colleagues who wish to see their constituents protected, to look seriously at the resolution introduced today. My friends, this act will improve the interests of all Americans, now and into the future.

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SPECIAL ORDERS

The SPEAKER pro tempore (Mr. PEASE). Under the Speaker's announced policy of January 7, 1997, and

under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland (Mrs. MORELLA) is recognized for 5 minutes.

(Mrs. MORELLA 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 Texas (Mr. EDWARDS) is recognized for 5 minutes.

(Mr. EDWARDS 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 Georgia (Mr. KINGSTON) is recognized for 5 minutes.

(Mr. KINGSTON 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 gentlewoman from North Carolina (Mrs. CLAYTON) is recognized for 5 minutes.

(Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

OPEN MARKETS, REMOVE SANCTIONS AND AGGRESSIVELY PROMOTE AGRICULTURAL EXPORTS

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

Mr. MORAN of Kansas. Mr. Speaker, I rise today to address a serious problem facing the First District of Kansas and, indeed, all of rural America.

Over the past 2 years, prices for wheat and other major agricultural commodities have been in a free-fall. Cash wheat today in Dodge City, Kansas, closed at \$2.86 per bushel. That is almost \$2 less per bushel than just 1 year ago and other commodities have experienced similar price declines.

Soon the combines will start their annual trek north from the Great Plains of Texas to Canada. If current harvest projections hold true, a large U.S. wheat crop will put further downward pressure on already depressed prices.

While there is no silver bullet, there are several important steps the President and Congress can take to improve the economic outlook for this Nation's farmers and ranchers. According to USDA, exports are predicted to be down at least \$4 billion this year. This is a clear signal that Congress and the President must be aggressive in opening markets and promoting agricultural exports.

We should start by using the tools we already have at our disposal. Since

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 gentlewoman 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.