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.