

President and President Emeritus of the American University of Armenia.

Sir Francis Bacon said that "Knowledge itself is power." As a man who has dedicated his career to furthering educational opportunities for students around the world, Mihran has ensured that future generations will be armed with the knowledge to understand and resolve the complex challenges they face. He has been particularly active in the Armenian community, and using his skills and resources has worked tirelessly to improve the standard of education in Armenia.

Mihran's specialized degree and engineering background afforded him several opportunities, including the position of Chairman of the Civil Engineering Department at the University of Southern California. During his time at U.S.C., Mihran concentrated on turning a practically non-existent structural laboratory into one of the best in California, and as director of the environmental program, he integrated environmental research into a unified program in civil engineering. Mihran's expertise led him to Armenia in December of 1988 after an earthquake destroyed countless buildings, leaving over 25,000 people dead and more than 500,000 people homeless.

This experience left a remarkable impression on Mihran and led to the idea of establishing an educational institution of higher learning to help Armenia regain some of what it had lost in the field of education. Three years later, on the day that the Armenian Parliament declared independence, the American University of Armenia opened its doors to young scholars. As a driving force behind the creation and success of this institution, Mihran assumed the position of President and has continued to lead the University as a pre-eminent educational institution in Armenia.

Mihran's distinguished career has been highlighted by several honors, including being named "Man of the Year" by the Armenian Professional Society in 1978; "Distinguished Engineering Educator of the Year" by the Institute for the Advancement of Engineering in 1992; and most recently receiving the Kabakjian Award for Science/Engineering of the Armenian Students Association in 1996. He and his wife play an active role in several community events and organizations.

As an educator and a visionary, Mihran has provided the students of Armenia with the tools they need to improve their standard of living. In an uncertain, turbulent world, these students are armed with the knowledge to address issues that will not only affect their own lives, but the lives of many future generations.

Mr. Speaker, distinguished colleagues, please join me in paying tribute to Dr. Mihran Agbalian for the outstanding work he has done for the Armenian community.

THE ASIAN ECONOMIC CRISIS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 28, 1998

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, January 28, 1998 into the CONGRESSIONAL RECORD:

THE ASIAN ECONOMIC CRISIS

Over the last several months, the economic news has been dominated by the crisis in

East Asia— gyrations in stock markets, widespread business and banking failures, and the sharp decline of currencies throughout the region. Americans are concerned when our stock market fluctuates in response; they wonder about our role in responding to the crisis; and they worry about the overall impact of the crisis on the U.S. economy.

What is the crisis? The economic turmoil in East Asia is largely a banking and investment crisis linked to a collapse of investor confidence. Because East Asian economies are closely tied together, a series of problems—starting with a flawed exchange rate policy in Thailand this past summer—have quickly spilled over into neighboring countries. Five countries have been hit the hardest—Thailand, Indonesia, South Korea, and to a lesser extent, Malaysia and the Philippines—but a total of thirteen countries have been affected. Taken together, these economies comprise approximately a third of the world economy. The sums of money involved make this the largest economic crisis in recent years, far larger than the Latin American debt crisis of the 1980s or the Mexican peso crisis in 1995.

What caused it? For several years, Pacific Rim countries were growing rapidly. A huge wave of investment poured into these "Asian tiger" countries, but much of it was invested unwisely. In a word, there was too much of everything: over-investment, over-lending, and over-building, in ill-conceived real estate and industrial projects; over-saving, diverting the buying power from people; and over-guidance, with too many bureaucrats and government officials deciding which companies receive loans and investment. The region's successes obscured banking and financial systems rife with mismanagement and corruption. People ignored warning signs in the booming, rapidly changing economies, and overlooked the lack of reliable information and financial system safeguards.

How serious is the crisis? The Asian financial turmoil represents a serious threat to global prosperity. We are clearly at a critical moment for Asia. The outlook today is better than it was a few weeks ago, with most markets showing signs of recovery. Yet we should not be complacent. The problem is that the loss of confidence can be highly contagious. If, for example, Indonesia's economy collapses, so could other nearby economies, and that could take down markets across the world. In addition, although the crisis has not spread to China, it faces some of the same problems as its neighbors. So clearly the main concern is that the crisis not worsen and spread.

What is the impact on the U.S.? Most experts believe that the current turmoil will have a modest but meaningful impact on the U.S. Our economy is fundamentally strong and should be able to weather the current crisis. Moreover, as a result of our own financial crises in 1929 and in the 1980s, protections have been put in place to prevent most of the problems the East Asian economies are experiencing.

On the negative side, the U.S. will likely see its trade deficit grow as changes in exchange rates make imports cheaper and our exports more expensive. Some U.S. companies could see lower profits and some job loss, and wages could be held down. The experts think that U.S. economic growth for 1998 could be cut by up to a point, to around 2%. On the positive side, cheaper imports mean lower prices for consumers and should help keep down inflation in the U.S. In addition, our interest rates are falling, as investors worried about East Asia shift their funds to the U.S. That means, for example, lower home mortgage rates for Americans.

A greater fear is that the problems may undermine the political stability of the re-

gion and affect U.S. security interests. South Korea and Indonesia, for example, play an enormously important role in maintaining regional stability. Some governments in the region have fallen, and others could fall. In addition, there could be resentment against the United States because of its role in proposing tough solutions for the area's economies.

What steps are being taken to deal with the crisis? The greatest challenge now facing these economies is to restore investor confidence and financial market credibility. Several steps are needed.

First, because the crisis basically involves lending from private financial institutions around the world to private banks and companies in the region, these private lenders are being urged to renegotiate their loans to make it easier for borrowers to repay. Second, all the bad debt that remains hidden needs to be exposed so the full extent of what is needed to fix the problem is known. There has to be more transparency and better oversight of the financial systems of developing countries. Third, the International Monetary Fund (IMF) is extending emergency funds to beleaguered countries, in exchange for assurances that they will make economic reforms that will help ensure their ability to repay their loans. The U.S. has pressed the IMF to seek tough reforms, and the U.S. and other countries have agreed to provide emergency assistance if IMF money proves inadequate. The IMF is producing results in the region, but its role and accountability are being challenged. Fourth, we need an improved international financial mechanism in which both borrowers and lenders, who may now be bailed out, will pay a price and be subject to the consequences of their actions and the disciplines of the market. Fifth, Japan clearly needs to stimulate its economy. It has a special responsibility as the dominant economic power in the region to boost its economy in order to absorb more of the exports of its struggling neighbors. Finally, President Clinton needs to speak to the American people and to the world about the financial crisis. He needs to explain why bailouts are needed, how a collapse can harm our security, and how it can be contagious. His economic strategy must be shown to advance his security strategy and America's interests around the world.

What is the region's long-term outlook? Correcting the financial problems discovered in East Asia will take some time, and many difficult steps lie ahead. But the long-term outlook for the region is not bleak. Countries can still build on the strengths that fueled the "Asian tiger" economies in the first place, including a strong savings rate and a well-educated and motivated workforce. In addition, the crisis is driving Asian leaders to adopt market-oriented reforms of the kind favored by the U.S.—economic systems that are more open, liberalized, deregulated, and transparent. Because of the crisis, countries across the globe are seeing the advantages of open, accountable governments and financial systems.

THE TRUTH ABOUT THE TAXMAN V. PISCATAWAY CASE

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 28, 1998

Mr. CLAY. Mr. Speaker, when the Black Leadership Forum decided to finance the settlement of the *Taxman v. Piscataway*, many outside the civil rights community asked