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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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