

House adjourns today, it adjourn to meet at 12:30 p.m. on Monday next for morning hour debates.

The SPEAKER pro tempore (Mr. HOBSON). Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISPENSING WITH CALENDAR
WEDNESDAY BUSINESS ON
WEDNESDAY NEXT

Mr. HASTERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALIFORNIA RACIST MAILER

(Ms. MCKINNEY asked and was given permission to address the House for 1 minute.)

Ms. MCKINNEY. Mr. Speaker, once again the Republicans are showing their true colors. In this recent mailer, the California Republican Party urged citizens to vote Republican by using a photograph of four Latino lawmakers in order to scare white voters.

Mike Madrid, director of the California Republican Party, said that the mailer was targeted at liberals, not Latinos. If this is true, then why did not Mr. Madrid picture any one of several white liberals currently serving in the State legislature? First LORETTA SANCHEZ and now this. How many times will the Republicans use racist tactics to divide America?

Mr. Madrid asserted that the mailer is not racist because he designed it and he is Latino. Well, if that is the case, then I have a suggestion. Rather than Director Mike, perhaps he should be known as Uncle Tom.

Mr. Speaker, I include the mailer for the RECORD:

Liberal Democrats in the Assembly have an agenda for California:

- Higher taxes to pay for more social programs.¹
- Welfare without work requirements for able-bodied adults.¹
- Weakening our 3-Strikes Law.¹
- Legalizing same-sex marriages.¹

¹ Actual bills introduced or positions taken by Assembly Democrats during the 1997-98 legislative session.

Assembly Democrats are celebrating because they think Republicans won't vote in the upcoming election. And if you don't vote, they win. That spells disaster for California. You can foil the liberal's plans by applying to vote my mail. Every citizen has the right to vote-by-mail. Just sign your name and return your application today. Your postage has already been paid.

Here is your Republican Vote-By-Mail Application.

Please check the information and sign and date in the colored boxes.

Thank you.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of Jan-

uary 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 gentleman from Missouri (Mr. HULSHOF) is recognized for 5 minutes.

(Mr. HULSHOF 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 Michigan (Mr. CONYERS) is recognized for 5 minutes.

(Mr. CONYERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

IMF REFORM

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

Mr. ARMEY. Mr. Speaker, today the President called for a further expansion of the International Monetary Fund. He repeated the audacious request that Congress provide \$18 billion to the IMF with no conditions and without first requiring IMF reform.

It is time for some presidential accountability, Mr. Speaker, in this area as well as others. We need to recognize that it was the Clinton administration's own policies that accelerated the financial collapse overseas that is threatening the United States' economy today.

For Congress to simply endorse those policies through the full funding of an unreformed IMF would be recklessly irresponsible. If the President will not, or, as yet another consequence of his diminished leadership, cannot bring about real changes in international financial institutions, then Congress must supply leadership in his place.

The IMF proposal actually illuminates a major policy departure that has developed largely unnoticed by Congress, the press and the public. Unnoticed, that is, until it was too late. I call it the Clinton Doctrine. It is a policy under which virtually any groupings of bankruptcies anywhere in the world is eligible for a bailout by American taxpayers.

This has inflamed what economists call "moral hazard". By covering bad investments, the administration has encouraged irresponsible behavior. The financial disasters overseas are in large part a direct consequence of this "moral hazard".

To make matters worse, once the financial collapses occurred, the IMF, presumably with the President's blessing, imposed catastrophic contractionary policies on the affected countries. Even Keynesians, Mr. Speaker, know not to raise taxes in a recession, and yet that is exactly what the Clinton-guided IMF often proposed. As Larry Lindsey put it, these policies

have become our own era's equivalent of the Smoot-Hawley tariff.

In fairness to the President, he did not initiate this policy of global bailout which we have been drifting towards for some time. His role has been to sanction it, legitimize it, and to take it to new and unprecedented levels. Beginning with the 1995 bailout of Mexico, continuing with the multiple bailouts of Asia, and reaching its inevitable culmination in the farcical bailout of Russia this summer, the administration has undermined market discipline and helped to create the very crisis it was ostensibly trying to prevent.

The IMF, under the direction of the Clinton administration, helped cause the problem. Then the IMF made it worse. Now it is making it more difficult for the world to recover. The IMF, Mr. Speaker, has the Midas touch in reverse. Virtually every country it has tried to help has become worse from the experience.

In Korea today, children made homeless by the continuing recession are bitterly referred to as "IMF Orphans". Our friends in Korea know, as many in the Clinton administration do not, that the IMF is largely responsible for their continuing economic difficulties.

Congress must reverse this Clinton Doctrine that has helped bring the world economy to its current state. A positive step would be to restrain the IMF by deferring a decision on providing the huge \$14.5 billion quota increase. This is essentially the House position contained in the foreign operations bill.

Delaying a decision on the IMF money would allow us time to hold an international conference and other meetings to improve the world financial system. The disasters we see overseas are clear evidence that the current arrangements have failed. Rather than pump more money into them, we need to redesign them. We need nothing less than a new Bretton Woods conference. Only then can we make an informed decision on giving away \$14.5 billion of our taxpayers' money for those purposes.

Now many, including many in this House, say that we should give the IMF money up front in exchange for "real IMF reforms". What they do not understand is that the administration and the IMF are adamantly against any U.S.-imposed reform. As the French director of the IMF arrogantly put it last week, "The U.S. must bring its contribution and no country is entitled to impose conditions." That from the head of an agency that imposes conditions on each and every country to which it brings its money, and all too many times, as I have cited, conditions that do harm rather than good.

The most the administration and other IMF supporters will accept are weak suggestions from us. The reform provisions in pending IMF bills, for instance, are a little more than sense-of-Congress resolutions.

So, Mr. Speaker, if Members are serious about doing a money-for-reform trade, I suggest they adopt this principle to start with: No IMF reform is real IMF reform until IMF adopts it before it receives any additional money from the United States.

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This, in my judgment, is plain common sense. We do not give away \$18 billion of our taxpayers' money on the strength of a promise or on an assurance. Any reform provisions that do not meet this principle should be rejected out of hand.

What should these reforms involve? If our aim is to reverse the destabilizing influence that the IMF has had on the world's economic and financial system, we should insist on these:

One, real transparency requirements that will allow us to open their books and see what in fact they do, what are their resources and what do they do with them.

Two, a ban on the IMF offering of low interest rates below the market. This is very important if we are going to stop this business called moral hazard. It is the oldest story in economics: If you subsidize bad decisions, you get more bad decisions.

Three, a 1-year limit on all IMF loans. When we do that, we again signal to the world, they do not have permanent bailouts for loans or activities that prudent people would not have undertaken in the first place.

I am not naive, Mr. Speaker. I can count votes and I know this is an uphill fight, but it is one we must make even in the waning days of this Congress. In the end, Mr. Speaker, it comes down to first principles. My party believes in freedom and responsibility. Guided by those values, we have resisted the status temptation and instead led America into this era of limited government and broad prosperity. How can we then acquiesce in a plan to vastly expand an international agency that covers other people's bad debts and undermines free market processes the world over?

No, Mr. Speaker, it is time to bring the reforms, the discipline, and the responsibility that make this Nation great to all the world's nations through all the transactions and institutions that this Nation supports and it tries to influence.

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

(Mr. SKAGGS. Mr. Speaker, addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

SIMPLIFIED USA TAX ACT OF 1998

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

Mr. ENGLISH of Pennsylvania. Mr. Speaker, the American tax system is a Frankenstein's monster that terrorizes individual taxpayers while casting a cold shadow over the productive sectors of the U.S. economy. It is too complicated. It is riddled with obvious inequities. It punishes savings and investment. It reduces economic growth and burdens domestic industry struggling to remain competitive.

Next week I will introduce the Simplified USA Tax Act, because I want to reform the American tax system in a way that makes sense to average citizens and that, therefore, will pass the test of time. Not only do we need a Tax Code that is fair and sensible, we need one that is stable.

As bad as the current Tax Code is, and I am one of its severest critics, the last thing that we need is to enact some reform that is so radical and experimental that we may have to redo it all over again a few years later.

The Tax Code must give Americans a fair opportunity to save part of their earnings. After all, it is thrift that has helped provide Americans with the security and independence that is the foundation of freedom. It is savings that buys the tools to make Americans more productive. And it is productivity that raises our living standards to the highest in the world.

In my tax reform proposal, "USA" stands for unlimited savings allowance. Everyone is allowed an unlimited Roth IRA in which they can put the portion of each year's income they save after paying taxes and living expenses. After 5 years, all money in the account can be withdrawn for any purpose and all withdrawals are tax free. Nothing could be simpler and nothing could give people a better opportunity to save, especially young people.

Under the new Tax Code, tax rates must be low, especially for wage earners who now must pay both an income tax and a FICA payroll tax on the same amount of wages. The USA tax starts out with low tax rates, 15 percent at the bottom, 25 percent in the middle, 30 percent at the top. Then the rates are reduced even further by allowing wage earners their full tax credit for the Social Security and Medicare payroll tax that is withheld from their paychecks under current law.

I do not propose to repeal the payroll tax because to do so would imperil Social Security, but I do allow a credit for it. And when the credit is taken into account, the rates of tax on workers' wages are very low indeed, in the 7 percent to 17 percent range for nearly all Americans.

The USA tax provides tax relief for all Americans, especially who own their home, give to their church, educate their children and set aside some savings for a better tomorrow. Under my proposal, everyone gets a deduction for the mortgage interest on their home and for charitable contributions they make. In addition, and this is brand new and long overdue in our so-

ciety. USA allows a deduction for tuition paid for college and postsecondary vocational education. Generous personal and family exemptions are also allowed under my proposal.

The USA tax is simplicity itself. The tax return will be short, only a page or two for most of us. But, more to the point, the tax return will be understandable. For the first time in a long time, America's tax system will make sense to the citizens who file the tax returns and pay the taxes. For the first time since inception of the Federal income tax, Americans will have a full and fair opportunity to save whatever portion of their income they wish and for whatever purpose they wish.

For the first time in history, working people will be allowed a credit for the payroll taxes they pay. And for the first time ever, families will have a generous tax-free allowance for the education of their children.

My proposal also contains a new and better way of taxing corporations and other businesses that will allow them to compete and win in global markets in a way that exports American-made products, not American jobs. Experts who have studied this believe that, if enacted in America, this innovative approach to business taxation will soon become the worldwide standard to which other countries will aspire.

For too long, the Tax Code has been a needless drag on the economy. That is not very smart and it is certainly not fair to those Americans whose living standards are lower because of it. For years its complex inanities have been the object of ridicule. It has also been the ultimate source of bureaucratic excesses and abuse by the IRS that is inconsistent with our free society.

Mr. Speaker, it is high time that we restore people's faith in the integrity and competence of their tax system and, in the process, take a major step toward restoring people's confidence in the good character of their government.

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

(Mr. DAVIS 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 Florida (Mr. DIAZ-BALART) is recognized for 5 minutes.

(Mr. DIAZ-BALART addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CONTRACEPTION FOR WOMEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.