

Vené went to Cuba in 1948 to study journalism at the School of Marques Sterling, University of Havana, because during those years Venezuela did not have an institution of higher education that taught this field. He graduated from the university in Cuba in 1952. His interest in learning more about journalism motivated him to attend specialized seminars in the field. He also obtained a designation as a historian of baseball and has taught 73 courses on this field.

Mr. Vené writes a daily syndicated column on baseball for numerous newspapers in the United States, Puerto Rico, the Dominican Republic, Mexico, and Venezuela. He was a sports commentator for the Voice of America. He is also credited with being the first to launch a Spanish-language radio network to provide detailed coverage of the history of baseball, the training of baseball players, and all the games of the major leagues. The program aired in 11 countries.

He has produced many TV shows on baseball including, "Play Ball", "El Mundo en su Marcha", "Los Cuadros del Pueblo", "La Historia del Beisbol", "Magazine", and "Juan Vené en Acción". He also belongs to the team of producers and writers of Major League Baseball Productions.

Mr. Vené is a member of the baseball Writer's Association of America and the Society for American Baseball Research. He is married and has four children and one grandchild.

At age 68, Mr. Vené talks about covering baseball with the same excitement and passion that he has demonstrated throughout his life. According to an interview conducted by Bob Shannon, which was published in News World in London, when he was asked what he would do next in his life, Mr. Vené responded that he will probably write an encyclopedia on the history of baseball in Latin America and Spain. When he was asked what sports he likes other than baseball, he responded: "As Babe Ruth once said, 'Is there any other sport?'".

Mr. Speaker, I ask my colleagues to join me in recognizing Mr. José Rafael Machado Yanes, writing as Juan Vené, for his great contributions to reporting and recording the history of our beloved national sport—baseball.

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REMARKS ON THE FOREIGN OPERATIONS APPROPRIATIONS CONFERENCE REPORT REGARDING THE INTERNATIONAL MONETARY FUND [IMF]

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**HON. RON PAUL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 13, 1997

Mr. PAUL. Mr. Speaker, Congress wisely did not vote to appropriate \$3.5 billion appropriation for the IMF which will be used to help finance the new arrangements to borrow [NAB]. These funds will not be used much differently than previous funds allocated to the IMF over the years under the GAB, or general arrangements to borrow. Regardless of what we are told and how this funding is described, these funds are used for more bailouts to countries in trouble and present a burden to the U.S. taxpayer.

The IMF has a poor track record of preventing financial crises. "All of the major currency

and banking crises of the last five years have occurred under conditions of heightened surveillance by the IMF," according to Gregory Fossedal, a leading expert on the subject, reports William Simon, the former Secretary of the Treasury and the current president of the Olin Foundation, in a recent issue of the Wall Street Journal. This article clearly explains why the IMF "may actually promote crises, because governments often resist sound economic and financial policies . . . because they know that the IMF will be there to bail them out in the event of a crisis." We should add that the IMF will be bailing them out with U.S. taxpayers' money if we fail to follow the sound judgment of the House and reject any additional IMF funding.

Such moral hazard fears are widespread and well founded. "[With outside assistance], governments may be encouraged to delay necessary policy reforms and investors may be tempted to continue pouring money into recklessly run economies on the assumption that they will be bailed out if things go wrong," writes Robert Choate in the Financial Times. Under the IMF's standard limits on borrowing, countries are limited to 150 percent of their respective quota. Thailand will get \$3.9 billion from the IMF or 505 percent of its quota, and Indonesia will get \$10.1 billion or 490 percent of its quota. While these allotments are larger than the IMF's own rules would normally allow, Mexico was offered \$17.8 billion or 688 percent of its quota in 1995. What was the lesson Thailand and Indonesia learned from the IMF's treatment of Mexico?

The generosity of several governments and international institutions towards Indonesia is likely to cause more problems than it resolves . . . Investors will be encouraged to take ever bigger risks in other emerging economies, confident that they too will be bailed out. This may already be happening: when word came on October 31st that an agreement had been reached with Indonesia, share prices rose in Brazil, another country where investors are worried about a currency collapse. If the IMF, and especially the Americans, stand ready to help the Indonesians, the markets seem to have concluded, they are certain to come to the aid of Brazil . . . The structure and size of the Indonesian loans package create worrying precedents," writes The Economist in the current issue.

Although it is assumed that only Third World nations are bailed out, the United States has been a recipient of such funds when the dollar was under attack in the late 1970's. For every benefit there is a cost. One of the costs to those who receive funds will be the acceptance of conditionalities placed on them by the IMF which will advocate certain policies for those countries receiving the money. Generally, this deals with directives on taxes, spending, and deficits. Although currently our dollar and economy seem strong, we are nevertheless setting the stage for the day when the U.S. dollar will once again need to be bailed out along IMF surveillance and conditionalities on how to manage our own economy.\*\*\*HD\*\*\*History

The IMF was set up by the Bretton Woods Agreement in 1944 and came into operation shortly after World War II. The original intent of the IMF was to permit short-term loans to prop up those currencies whose issuing countries had negative balance of payments under the pseudo fixed-exchange rates of the

Bretton Woods Agreement. However, this entire system collapsed in the early 1970's, and the IMF has since then had to create a new job for itself. It now supports the economies of weaker nations by making structural long-term loans and bailouts currencies that have come under attack such as in Mexico, Russia, Thailand, and most recently Indonesia.

ECONOMICS OF THE IMF

This whole process is doomed to failure. Some knowledgeable economists, even in the 1940's, predicted that the concept of the IMF would not work and they were vindicated in 1971 when the fixed exchange rates established under Bretton Woods's system collapsed. Bretton Woods institutionalized the notion that the IMF could be made of the lender of last resort to all the countries of the world by bailing out the weaker currencies, just as the Federal Reserve portends to be the lender of last resort to our domestic banks. The problem is that this type of insurance encourages a recklessness monetary idea.

The floating rates, which have existed since the breakdown of Bretton Woods in 1971, have functioned only with the assistance of the free-market floating rate system. Nevertheless, fluctuating fiat currencies eventually lead to chaos as we currently see in the Asian markets. Worldwide currency and financial conditions today are exactly opposite of what a market determined single hard currency would produce. To the extent governments manipulate the value of their currencies at will, we can expect sharp and sudden adjustments in the economies of the world.

The IMF's policies resulted in international inflationism with the use of the special drawing rights [SDR's] and its guarantee that the weak currencies will bail out the even weaker currencies. It is through the IMF, along with the World Bank, that international economic planning is pursued while enhancing the concept of international government. The IMF, through the manipulation and bailing out of certain currencies, serves as a welfare tool of transferring real wealth from the richer to the poorer countries. The mechanism of the IMF, over the years, has also served to bail out banks which overextended themselves investing poor nations but do not want to be left holding the bag. Likewise, corporations which are encouraged to invest overseas through our inappropriate loan subsidies, such as the Overseas Private Investment Corporation and the Export-Import Bank, are also able to socialize the cost of risky ventures when these weaker economies predictably threaten a default.

The IMF comes to the rescue of the bankers and the corporations as well as the wealthy individuals of the particular countries being bailed out. For the most part the real cost falls on the United States' taxpayers because they pay a disproportionate share of the IMF funding. Thus, the American taxpayer suffers through a lower standard of living. If we were to put purple dye on the bills that we were sending to Indonesia today, the bankers and investors on Wall Street would be walking around with purple pockets tomorrow.

LEGISLATIVE SITUATION

The \$3.5 billion new appropriation for the IMF was not brought to the House floor in the Conference Report of the Foreign Operations Appropriations bill. It was not funded in the House version of the foreign ops bill but did appear fully funded in the Senate version. The

exact reason why it was not in the House version is not clear, but quite possibly it was to avoid open discussion about this new funding program that we are about to embark on at the U.S. taxpayer's expense. Because of this process, we have had no House debate on this issue, there has been no expression of any interest in the House and certainly only a minimum understanding regarding this new funding. There are many powerful special interests that influence complicated legislation like this and easily skirt the attention of most Members of Congress.

The most facetious argument made by the political supporters of this appropriation, as has been the case over the decades, is that there is no cost for it. Although it requires an appropriation, the claim is that this is merely a transfer of assets between the United States and the IMF. The argument goes that if we give the IMF \$3.5 billion, it, in turn, will give us a financial instrument indicating that we are entitled to the \$3.5 billion the IMF pays interest on the funds they hold. The fallacy, of course, is that this money is taken out of the economy, removed from available sources of credit and is no longer available to the American citizen. Just because the CBO calls this a transfer of assets and is not counted in the budget deficit does not make it harmless, to say the least. These funds are justified in the name of protecting the international monetary system which is nothing more than bailing out countries which have spent and inflated more than others and hope to receive their salvation at U.S. taxpayer expense.

No additional funding should be given to the IMF. The IMF is no longer fulfilling its original intent and is now actually involved in projects which were never authorized. Even Bill Simon and George Schultz, both former Secretaries of the Treasury, advocate abolishing the IMF. The development institution mission that the IMF now claims to have converted itself into merely duplicates the efforts of other institutions that have the authority and expertise to act as one. Groups as diverse as the liberatian Cato Institute and the Friends of the Earth, a worldwide network of environmental organizations, point out that the IMF is not a development organization and should get out of the development business.

The entire Mexico bailout a couple of years ago required more than \$50 billion, mostly U.S. taxpayers' money, to temporarily stabilize Mexico's financial markets. However, this was primarily done to bail out the Government of Mexico, as well as bankers and investors on Wall Street. Since the IMF is incapable of preventing problems, in time the market will make it irrelevant. But in the meantime, the process will continue to cost the American taxpayers a lot of money regardless of whether or not it's accounted for in the deficit. The least that should be done is that if we feel compelled to pour more money into the IMF, we should demand the return of the U.S. gold that the IMF holds. According to the central bankers of the world, gold has been totally discredited, and the managers of fiat currencies claim to manage quite well without it. If this is the case, there is no sound reason for the IMF to hold gold and, thus, the gold should be restituted, or dispersed to the respective countries. The IMF has spent more than \$170 billion since the 1960's, and since 1978 there has been no monetary role for gold according to central bankers.

The IMF is nothing more than an international engine for inflation fueled by the creation of credit. The IMF's special drawing rights is an international fiat currency that, through the dilution effect, the weak currencies bail out the even weaker ones. Even if there is only a minimal increase in taxation necessary to finance IMF appropriations, the resulting inflationary impact is something that cannot be avoided or ignored.

There is no economic nor political benefit to the United States to continue participating in the IMF. Financial conditions around the world are now as precarious as they have ever been and a financial bubble built on the inflationary nature of all fiat currencies, along with IMF monetary mischief, warrants immediate and serious discussion regarding the need for a sound currency based on real value.

All financial bubbles and all inflations require corrections by recessions or depressions. These unwise central bank policies always result in these conditions. Although it might be tempting to divert blame from the central bankers of the world, including our Federal Reserve and the IMF, the responsibility truly lies with the U.S. Congress which permits these policies to exist by abdicating responsibility over monetary policy and appropriates funds to the IMF every time it is asked.

In time, the dollar will surely be on the receiving end of negative market forces. The dollar as a reserve currency has enjoyed the benefit of foreign central banks willing to hold them while we merrily march on with our inflationary policy and deficit financing. However, no country can pursue a policy that perpetuates huge negative balance of payments and negative balances of trade for extended periods of time. Eventually those dollars must return to their origin and devalue its existing currency. If one is concerned about the seriousness of the recent crises in Mexico, Indonesia, Thailand and elsewhere in the Far East, one should be that much more concerned about what will happen when the target becomes the United States dollar. This will probably occur after there is a definite downturn in our economy with escalating deficits. The mirage of low deficits that some claim for the U.S. Federal budget will be replaced by the reality that we are spending our children's future by borrowing hundreds of billions of dollars each year from the various trust funds. Today, inflating the dollar to bail out a weaker currency may give the appearance of working, but once the tables are turned, dollar inflation, in order to bail out the dollar or the U.S. economy, will do exactly the opposite.

The time to correct this problem is now. The U.S. House should vote down funding \$3.5 billion to perpetuate an international monetary system of finance which is doomed to fail, which is unfair, and which serves the powerful special interests at the expense of the American taxpayer—if it ever comes up for a vote. Unfortunately though, economic and financial chaos around the world will only serve as an excuse for the believers in strong international government to further intervene and pursue their goals. But what is needed is less government, less inflation and less international management of our currencies and our economy and more emphasis on a sound currency, free markets, and individual liberty.

TRIBUTE TO DEAN GORDON D. SCHABER

**HON. ROBERT T. MATSUI**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 13, 1997

Mr. MATSUI. Mr. Speaker, I rise to pay tribute to the late Dean Gordon D. Schaber of the University of the Pacific, McGeorge School of Law. Today, as Dean Schaber is remembered by his family and many friends at a memorial service in Sacramento, CA, I ask my colleagues to join me in saluting this extraordinary giant in the fields of law, politics, and community service.

Gordon Duane Schaber was born 70 years ago today in Ashley, ND. Dean Schaber overcame a childhood bout with polio to excel at his academic pursuits. In 1938, he moved to Sacramento where he graduated from McClatchy High School as class valedictorian in 1945. He went on to graduate second in his class at Sacramento State College in 1949.

Gordon Schaber found his calling in the legal profession early on. By 1952, he had graduated with honors from the University of California, Hastings College of the Law. In a remarkable 5 years, Gordon Schaber became dean of McGeorge School of Law in Sacramento, making him the youngest law school dean in the nation at the age of 29.

For the next 34 years, Dean Schaber served as the driving force behind McGeorge's transformation from a small, unaccredited night school to an internationally recognized leader in the field of legal education. This evolution of McGeorge from an institution with a low academic profile to world prominence is owed to the tenacity and dynamism of Gordon Schaber.

While fulfilling his duties at McGeorge as an energetic administrator, teacher, and mentor to scores of law students, Dean Schaber also served as the presiding judge of the Sacramento Superior Court from 1965 to 1970, the youngest person to ever hold that post. During this same time, he guided McGeorge through its accreditation from the California Bar in 1964, and its historic merging with the University of the Pacific in 1966.

McGeorge's 9,000 alumni include 160 judges, many members of the California Legislature, district attorneys, city attorneys, and a member of this House. Dean Schaber's protégés represent the very best in the American legal community, including the Honorable Associate Justice of the United States Supreme Court, Anthony M. Kennedy.

Yet Dean Schaber's influence extended far beyond our nation's lawyers and legal scholars to include a bi-partisan collection of five governors of the State of California, as well as Presidents John F. Kennedy and Ronald Reagan. His intelligence, deft political abilities, and wit made him a friend and confidant to many of our nation's greatest leaders.

As a loving uncle and son, Gordon Schaber was always committed to nurturing the fabric of his own family. He had a very special relationship with his nephew, Randall Schaber, for whom he became a surrogate father after his own brother's untimely passing. Of course, Gordon Schaber treated his hundreds of friends as family members; his retirement and birthday celebration in 1992 drew over 800 people in a living tribute to the breadth of his influence and community involvement.