called him that from the time actually of his membership on the Berkeley City Council in 1967, Ron became the focus and the leader of an ever growing group of people who were hungry for leadership on the critical issues of the late 1960s and the 1970s. These were people, activists who were upset about the Vietnam war, angry about injustices against blacks, people of color, women, and all those yearning to be a part of the larger America that would be moral and ethical in our domestic and foreign policy.

Ron V. Dellums, like his elder contemporary, Dr. Martin Luther King, Jr., ignited the activists for civil rights and activists for peace. For over two decades, this coalition provided some of the greatest political energies and social and political achievements that we have ever known.

This coalition propelled Ron to the House of Representatives where as a result of his distinguished work in the Armed Services Committee, now the Committee on National Security, he was elected to the chair and later the ranking member of that committee. He was valued and loved because of the role that he played on that committee and on the floor of Congress.

He spoke to the fears and the doubts regarding the war in Southeast Asia. He addressed passionately the need for social and economic justice at home and abroad. He also helped to forge the annual Alternative Budget, which was a product of the Congressional Black Caucus and the Congressional Progressive Caucus. This budget was of tremendous importance to his district and his national constituents because it provided a necessary voice for many of our deepest moral considerations.

The people who worked with Ron, who supported Ron, who became the people also who loved Ron, value this designation of the Ronald V. Dellums Federal Building. I want to thank my colleagues for honoring Ronald V. Dellums by designating this building in his name.

LABOR DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE of Texas) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, this week we celebrated Labor Day, and I believe that it is important to acknowledge the working men and women of America, for it is on their good and hard work, their tenacity and determination, their appreciation for excellence and equality that this Nation was built.

So if I might, Mr. Speaker, let me pay tribute to all of America's workers, men and women, single parents, senior citizens, young people who go to work every day and make this country a better place.

All over the Nation we celebrate Labor Day in many different ways. Families gather together. And I thought it was important to bring to the attention of this body maybe something that is not particularly associated with Labor Day, people working, but to emphasize how we can improve this Nation.

Mr. Speaker, I live in Houston, Texas, near the coast, so many celebrate Labor Day by going to their beloved Gulf waters. This past weekend a family from Beaumont went to those waters to celebrate Labor Day. The family of four enjoying an outing out together happened to be African-American. Those family members joined on what was claimed to be a flimsy raft and went out into the rough waters seeking to have a good time.

☐ 1800

I think there is nothing wrong with a family having a good time. Tragically, the raft overturned. But I would like to pay tribute to Holly Shaffer, a white woman in Galveston. I say that for a reason. For quoting from the Houston Chronicle, here are Holly Shaffer's words,

"Shaffer said she was sitting in her pick up truck watching two families go in and out of the surf when one group began struggling. She said other help might have arrived sooner, but a man she asked to call for help on his cellular telephone refused to do so. The man remarked they are black, they are probably drunk, she said. He got out of his car and stood there for 5 minutes, she added. I was seeing red by then. Holly then had to run across the street to a restaurant to seek help. Then she ran back across the street to get whatever she had out of her car and ran down the rugged rocks to be able to save one of the people who had overturned."

I say that because it is important for us to uplift the goodness of America, and Holly Shaffer emphasizes that. How tragic it is that, in 1998, on a day when we celebrate working Americans of all hues and colors and ethnic backgrounds, this quote in Texas signifies the cancer that still plagues America.

That is why I think it is important to note and say thank you to two very fine scholars, William Bowen of Princeton University and Darek Bok of Harvard University who today have presented a report that should end and silence forever those who want to kill affirmative action and civil rights in America.

The study says affirmative action created black middle class. There is no doubt, with absolute documentation, finite research to indicate that those African-Americans who were able to be race-based admitted into institutions of higher learning, elitist institutions like Yale and Harvard and Princeton in the 1970s and 1980s clearly carved out the path of black middle class in America.

In fact, the article goes on to say that, more than their counterparts, and a Hispanic study will follow, those individuals became civic leaders. They became doctors and lawyers. They became active and contributors in their community.

The shape of the report draws upon data about students who entered college in 1976 and 1989. It emphasizes in particular that race neutral admissions policy would be disastrous for American society, reducing black percentages to top schools to less than 2 percent.

As an illustration of what that would mean, they constructed a rough profile of 700 black students admitted in 1976 under race conscious policies. Of the 700, 225 doctorates, 70 are now medical doctors, 60 are lawyers, 125 are business executives, and more than 300 are civic leaders. Their average annual salary are $71,000, as reported from the New York Times, as I am reading from the Houston Chronicle, Wednesday, September 9, 1998.

Mr. Speaker, I think this puts to rest, I hope, as we begin the debate in the years to come and the future months as we listen to the courts, looking at cases in Michigan and elsewhere around this Nation, we cannot snuff out the opportunities for African-Americans, women, and other minorities because someone believes that we have enough.

Because we hear comments like they are drunk and probably black when people are losing their lives in the rough waters off the Gulf of Mexico, I think it is clear that we have a cancer in this community that we need to address.

This Congress must come on the side or come down on the side of affirmative action. We must support those who believe in equal opportunity.

The documentation by William Bowen and Derek Bok are clear deciding factors that suggest, without affirmative action in the 1960s and 1970s and 1980s, the affirmative action would not have created the black middle class that now serves and contributes to America. I hope we can stand for once on the side of equality and opportunity and carve out the cancer of racism for once and for all as we move into the 21st Century.

A WORLDWIDE FINANCIAL CRISIS

The SPEAKER pro tempore (Mr. EVERETT). Under the Speaker's announced policy of January 7, 1997, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes as the designee of the majority leader.

Mr. PAUL. Mr. Speaker, we are now experiencing a worldwide financial crisis. It may yet prove to be the worst in all of history.

There have been a lot of wringing of hands as to the cause, but the source of the problem is not a mystery. It is a currency induced crisis.

Although tax, spending, regulatory policies and special interest cronyism compounds the problems, all nations of the world operate with a fiat monetary system. We have been operating with one for 27 years. It has allowed the financial bubble to develop.

Easy credit and artificially low interest rates starts a chain reaction that, by its very nature, guarantees a future correction. Depending on the particulars of fiscal and monetary policy and political perceptions, the boom part of the cycle lasts for unpredictable lengths of time.

The later bad consequences of inflating a currency are certain, no matter how beneficial the earlier ones seem. The dollar has played a major roll in the worldwide financial bubble since the dollar is the reserve currency of the world. It is readily accepted and used to further inflate most other world currencies.

Noted free market economists Ludwig Von Mises astutely observed in 1940:

> No political party and no government has ever tried to make a conscious deflationary effort. The unpopularity of deflation is evidenced by the fact that inflationists constantly talk of the evils of deflation in order to give their demands for inflation and credit expansion the appearance of justification.

Since we hear no talk of sound money and we can be assured no government will deliberately deflate, we should remain vigilant against the politically popular policy of inflation, the deliberate debasement of the currency.

Beneficiaries of easy credit demand the policy of currency inflation continue. Creating money and credit out of thin air gives the illusion of the perfect counterfeiter, appearing legal and helpful to many. The power to inflate a currency guarantees a lender of last resort for risky borrowing, domestic and international. It accommodates deficit spending, permitting spending on extravagant welfare programs and unwarranted international militarism, something for everyone.

The welfare poor like it. The welfare rich like it. The foreign welfare recipients like it. It seems everyone likes it until the artificial nature of the financial bubble becomes apparent as it is now.

Fiat money and its low interest rates cause mal-investment, over capacity, rising prices in one industry or another, excessive debt and over speculation worldwide. We have had all of this. The current system has generated a nearly $30 trillion derivatives market. This is a modern day phenomenon, having allowed a greater speculative binge than anything known in financial history. But the current prices signals an end of an era and it does not bode well for anyone.

The near anarchy in Russia, the food riots in Indonesia, and the growing recession in Japan are signs of conditions spreading across the globe. Unfortunately, there is no sign that correct policy will soon be instituted, anyplace.

Capitalism erroneously is being blamed. No mention is made that no country today is truly capitalist in following a sound monetary policy.

A lot of lip service is given to free trade but, with only casual observation, one realizes that which is being promoted as free trade is internationalism and managed trade through organizations and programs such as NAFTA, the World Trade Organization, the IMF, the World Bank, foreign aid, subsidized exports, and a U.N. directed foreign policy. Economic sanctions by those professing free trade are commonplace and growing.

Today's protectionists rely on these programs in an effort to outwit their competitors along with demanding currency devaluations in a futile effort to enhance exports.

Markets inevitably devalue currencies that have been inflated by the monetary authorities. The degree depends on the amount of previous monetary inflation and political perceptions but, on the short run, countries frequently accelerate the devaluation in a competitive fashion in an effort to gain a competitive edge against their trading partners. This is why China, despite the denials, will likely accept the policy of official devaluation.

But our concerns here in the Congress should be for the dollar. We should not be so arrogant as to dictate policies to others since we have no authority to do so, whether it be Japan, Indonesia, Mexico, or Russia. We should resist this no matter how tempting it might seem. And we certainly should not use dollars to prop up other currencies or economies whether it be Mexico or anyone else.

Bailouts compound the problems and encourages others to mismanage their economies while expecting a bailout for themselves from Uncle Sam. But most importantly, it undermines the value of the dollar.

Since returning to Congress in January of 1997, I have repeatedly warned that our monetary policy is seriously flawed and will eventually lead to a dollar crisis. This, in spite of the fact that the dollar has been riding high in American bonds, and up until recently our stock markets have been a haven for the ravaged world financial markets.

Foreign Central Banks for years have been willing holders of our dollars, helping to finance our profligate ways, diminishing price inflation here at home, by buying up more dollars than our own central bank. But conditions are changing. In spite of many reasons for capital to flow into dollars assets in the last few years, foreign central banks have dumped $85 billion of their U.S. bond holdings. Considering our large negative trade balance, it is not a surprise to see this happening. And as this dumping of U.S. dollars accelerates, more pressure will be put on the dollar.

What can we expect from our illustrious central planners, the Federal Reserve? Just as difficult as it is for an addict to gradually cut back on drugs, economic planners refuse to accept the cutting back of credit creation the markets have become addicted to. Long life may be dependent on sound medical advice and drug abstinence, but feeling good on the short run drives the addict.

Likewise, an economy feels good by perpetuating for as long as possible the easy credit that brought us the good times in the first place while the long life of the currency, the economy, and the political system causes little concern. Because there is little interest for the long term in Russia and East Asia, chaos and political strife has prevailed. This we cannot afford in the United States.

Today, essentially all politicians, economists, and investors are strongly urging the Fed to do what they do best, inflate the currency, arguing that a liquidity crisis must be avoided at all costs. All that is required, they say, are low interest rates. But this can only be achieved by creating new money even faster, and M3 is already growing at a 9 percent annualized rate. This is inflation and the source of the problem. It appears the Fed is ready to accommodate.

Central planning, Soviet style, is a known failure. But we have not yet given up on our type of central planning through a powerful and secretive central bank that dictates interest rates and amounts of credit available to the system. Fine tuning and economic management has been left to the Fed. It is at its pinnacle of power under, ironically, a once gold standard, free market proponent, Alan Greenspan who leads it.

Let there be no doubt about it. The good times came with the generous credit creation and low interest rates. And Greenspan will yield to the politicians' pressure to continue the process. Turning off the money spigot and allowing the markets to work will never be seriously considered.

But eventually, the markets will rule. Credit creation may lower rates for a time, but when confidence is undermined, an inflation premium will emerge and rates will rise regardless. Lack of demand for loans in Indonesia and elsewhere in East Asia has not lowered rates. In a country with a collapsing currency, rates can and will rise especially if inflating the money supply is the tool of choice in an effort to stimulate the economy.

Inflating the money supply presents a great danger to the future of the dollar and the economy and our political system.

☐ 1815

The worldwide financial bubble is like nothing ever witnessed before and it is collapsing. The Y2K problem will compound our problems, not to mention the instability of the U.S. presidency.

It is time to consider the fundamentals underlying our financial and economic system. The welfare state is unsustainable as are our worldwide commitments to bail out everyone and to intervene in every fight, even those that have been ongoing for hundreds if not thousands of years.

A limited government, designed to protect liberty and provide for a national defense is one that could be easily managed with minimal taxes, but it would also require that we follow the advice of the founders who explicitly admonished us not to ''emit bills of credit,'' that is paper money, and to use only silver and gold as legal tender.

We need to lay plans for our future because we are rapidly approaching a time of crisis and chaos. We surely do not want to leave the solution to FEMA and presidential executive orders.

Let me quote from a famous economist who was writing in 1966 about the Great Depression:

The Fed succeeded, but it nearly destroyed the economies of the world in the process. The excess credit which the Fed pumped into the economy spilled over into the stock market, triggering a fantastic speculative boom. Belatedly, Federal Reserve officials attempted to sop up the excess reserves and finally succeeded in braking the boom.

But it was too late; by 1929 the speculative imbalances had become so overwhelming that the attempt precipitated a sharp retrenching and a consequent demoralizing of business confidence. As a result, the American economy collapsed.

Great Britain fared even worse, and rather than absorb the full consequences of her previous folly, she abandoned the gold standard completely in 1931, tearing asunder what remained of the fabric of confidence and inducing a worldwide series of bank failures. The world economies plunged into the Great Depression of the 1930s.

With a logic reminiscent of a generation earlier, statists argued the gold standard was largely to blame for the credit debacle which led to the Great Depression. If the gold standard had not existed, they argued, Britain's abandonment of gold payments in 1931 would not have caused the failure of banks all over the world. The irony was that since 1913, we had not been on a gold standard, but on what may be termed a mixed gold standard; yet it is gold that took the blame.

Further quoting from this economist from 1966:

But the opposition to the gold standard in any form, from a growing number of welfare state advocates, was prompted by a much subtler insight: the realization that the gold standard is incompatible with chronic deficit spending, the hallmark of the welfare state. Stripped of its academic jargon, the welfare state is nothing more than a mechanism by which governments confiscate the wealth of the productive members of a society to support a wide variety of welfare schemes. A substantial part of the confiscation is effected by taxation. But the welfare statists were quick to recognize that if they wished to retain political power, the amount of taxation had to be limited and they had to resort to programs of massive deficit spending, i.e., they had to borrow money, by issuing government bonds, to finance welfare expenditures on a large scale.

Under a gold standard, the amount of credit that an economy can support is determined by the economy's tangible assets, since every credit instrument is ultimately a claim on some tangible asset. But government bonds are not backed by tangible wealth, only by the government's promise to pay out of future tax revenues, and cannot be easily absorbed by the financial markets. A large volume of new government bonds can be sold to the public only at progressively higher interest rates. Thus, government deficit spending under a gold standard is severely limited.

The abandonment of the gold standard made it possible for the welfare statists to use the banking system as a means to an unlimited expansion of credit. They have created paper reserves in the form of government bonds which, through a complex series of steps, the banks accept in place of tangible assets and treat them as if they were an actual deposit as the equivalent of what was formerly a deposit of gold. The holder of a government bond or of a bank deposit created by paper reserves believes that he has a valid claim on a real asset. But the fact is there are no more claims outstanding than real assets.

In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. If there were, the government would have to make its holding illegal, as was done in the case for gold. If everyone decided, for example, to convert all his bank assets to silver or copper or any other good, and thereafter declined to accept checks for payment for goods, bank deposits would lose their purchasing power and government-created bank credit would be worthless as a claim on goods.

The financial policy of the welfare state requires that there be no way for the owners of wealth to protect themselves.

This is the shabby secret of the welfare statists' tirades against gold. Deficit spending is simply a scheme for the hidden confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. If one grasps this, one has no difficulty in understanding the statists' antagonism toward the gold standard.

The economist who wrote this in 1966 was Alan Greenspan. He was right then. He is wrong now. Deliberate debasement of a currency cannot assure perpetual wealth, only hardship, the type of hardship we are now witnessing in East Asia and spreading around the world, moving now into Central and South America. And we here in the United States follow the same policy, and we are vulnerable no matter how beneficial and how it appears that we are doing today.

Congress has an explicit constitutional responsibility in the area of money and finance, and we must assume this responsibility. Secretive plans by a central bank to manipulate money and credit with the pretense of helping us is unacceptable, and before the trust in the dollar is lost we should work diligently to restore soundness to our monetary system. Without trust, the current system cannot last, and there is every reason to believe that the disintegration of trust throughout the world can and will spread to this country.

It is an obligation on our part, Members of Congress, to look into this matter, study it and at least be prepared for the problems that we will have to confront. We cannot continue with the system that we have. That is what the markets are telling us today. The worldwide financial crisis is not a figment of anybody's imagination, it is real, and we are reading about it every day and it threatens the life savings of every single American.

The value of the currency is crucial to protecting the assets of all retirees. This issue, I believe, is one of the most serious issues that we as Members of Congress have the responsibility of looking into and confronting and doing something about it. But as long as we accept the notion that the central planner of this country, the Federal Reserve, remains totally secret, without true supervision by the Congress, we are derelict in our duty.

It is up to us to do something. And as the crisis worsens, I believe it will become more apparent that our responsibility to look into this is quite evident.

MEDICAL RED-LINING: ECONOMIC CREDENTIALS FOR PHYSICIANS

The SPEAKER pro tempore (Mr. EVERETT). The gentleman from California (Mr. CAMPBELL) is recognized for the remaining time of the gentleman from Texas (Mr. PAUL).

Mr. CAMPBELL. Mr. Speaker, Robert Weinmann is a medical doctor, president of the Union of American Physicians and Dentists, an independent labor union based in Oakland, California. He is a resident of San Jose.

Dr. Weinmann was kind enough to lend his support for a bill that I drafted that was heard in the Committee on the Judiciary just about a month and a half ago, and in his testimony he put forward the argument in favor of my bill which would create an antitrust exemption for health care professionals to present a united front when they are met with a united front on the other side by an HMO or some other intermediary.

Dr. Weinmann requested that I read his op-ed on this subject personally, and I am pleased to do so, and it is from the San Francisco Examiner of Friday, January 12, 1996. Its title is: Medical red-lining: ''Economic credentials'' for physicians.

Credentialing for physicians, a dimension that could be disastrous to patients, it is called ''economic credentialing.'' The term refers to the use of economic or financial criteria to decide whether or not a doctor should have the medical staff membership or privileges without which he cannot practice at his local hospital.

Physicians document their medical education and training when they apply for hospital medical staff membership for the privilege of practicing and performing surgery in a hospital. Credentialing committees in hospitals make sure that physicians do not practice in specialties in which they have no training. This scrutiny of medical credentials ensures that patients get properly trained doctors.

Whereas medical credentials determine the expertise of physicians to evaluate their knowledge and judgment and to grant them the privilege of practicing in a particular hospital, ''economic credentials'' do not measure physicians' expertise, knowledge or judgment. Nonetheless, ''economic credentials'' are becoming more important than medical credentials in determining medical staff membership or privileges.

How do ''economic credentials'' work? Data retrieval is key. Let us assume one doctor has 100 patients for whom his diagnostic tests and treatment costs $2,000. Let us assume another doctor has 100 patients and that this doctor's prescribed diagnostic