

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, statisticians 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 statisticians 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 statisticians to use the banking system as a means to an unlimited expansion of credit. They have created paper reserves in the form of govern-

ment 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 statisticians' 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 statisticians' 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, with-

out 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

tests and treatment cost \$3,000. We can say that the cost ratio of the first doctor is 20-to-1, whereas the cost ratio of the second doctor is 30-to-1.

In certain managed care plans, such as health maintenance organizations, HMOs, with prepaid premiums, the doctor with the 20-to-1 cost ratio has preferable "economic credentials" in comparison with the doctor whose ratio is 30-to-1. If the managed care plan is going to make a profit, it will do better with the first doctor than with the second. So the plan gives the boot to the second doctor and welcomes the first one.

Essential to this program is knowing how much doctors actually cost the program in terms of expenses meted out for patients' medical care. These expenses used to be called medical care. Now they are characterized as losses, or expenses that rob corporate owners or shareholders of profit.

Keeping track of this data and using it to grant doctors membership in HMOs, independent practice associations, or hospitals is the backbone of economic credentialing. Unfortunately, this backbone is spineless and without soul. It doesn't care a whit about patients as people, but only about patients as progenitors of cost and expenses. Companies want to minimize these costs to enhance profits.

The danger is that physicians' "economic credentials" will become more vital to managed care companies than their medical credentials. Court decisions have not shot down economic credentialing.

In Florida, a doctor was denied membership on a hospital staff because he was already a heart surgery director at another hospital. In other words, his services were declined not because he could not measure up medically, but because he was viewed as an economic competitor.

In Los Angeles, a doctor was terminated from a health care plan based solely on a business and financial management analysis. The company told the doctor that, "This decision in no way is a reflection on your performance." An inquiry has been launched to discover if medical red-lining occurred.

In San Jose, a group of doctors in a managed care organization were issued an edict telling them that coronary stents, a type of heart surgery, no longer would be authorized. To ensure that the doctors took the edict to heart, so to speak, they were hammered with the following declaration, "If any charges are incurred for such (coronary stents), the cost resulting from such will be deducted from your income."

Patients need to know that before they join any managed care plan they must make sure the plan manages to take care of them before it takes care of its owners.

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This advice will not be easy to follow. In some plans, doctors operate under "gag" or

"no-cause" clauses, legally imposed conditions, whereby participating doctors agree not to discuss with patients the plan's financial incentives for doctors.

Additionally, a doctor's criticism of a plan's refusal to provide diagnostic testing or recommended treatment may be treated as corporate disloyalty and grounds for dismissal.

In the meantime, it behooves patients and doctors alike to learn how the health insurance industry works. Otherwise, we risk being red-lined out of whatever health care coverage we believe we may still have.

This ends the editorial by Dr. Robert Weinmann in the San Francisco Examiner of Friday, January 12, 1996.

2000 CENSUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Mrs. MALONEY of New York. Mr. Speaker, I rise this evening to clarify the status of planning for the 2000 Census.

Some of my colleagues tried to give the impression that the Census Bureau is pursuing an illegal course of action by planning for a scientific census that will count all Americans. Nothing could be further from the truth.

There are three issues here: Number one, what have the courts said? Secondly, what were the terms of the agreement between the administration and Congress passed by the Commerce, Justice, State Appropriations bill last November? And thirdly, what is the appropriate course of action for the future?

Last month, the District Court for the District of Columbia issued a ruling in the case of the U.S. House of Representatives v. the Department of Commerce. That court ruled that the use of sampling in the census violates the provisions of Title 13 of the United States Code.

If this were the first ruling on this issue, this might be news, but it is not. The fact of the matter is, three district courts have ruled on this issue since 1980 and all three have come to the opposite conclusion.

Let me read to my colleagues a few of the other courts' decisions so that we can make up our own mind about the guidance from the courts.

In 1980, the United States District Court for the Eastern District of Michigan said, "The words 'actual enumeration' in Article 1, section 2, clause 3 do not prohibit an accurate statistical adjustment of the decennial census to obtain a more accurate count."

That court went on to address Title 13 and said, "There is nothing contained in Title 13, United States Code, section 195, as amended, which would suggest that the Congress was interested in terminating the Census Bureau's practice, manifested in the 1970 census, of adjusting the census returns to account for people who were not enumerated. All that section 195 does is prohibit the use of figures derived solely by statistical techniques."

In that same year, the United States District Court for the Eastern District of Pennsylvania said, "The court holds that the Census Act permits the Bureau to make statistical adjustments to the headcount in determining the population for apportionment."

In 1993, these concepts were restated by the District Court for the Eastern District of New York, which said, "It is no longer novel or in any sense new law to declare that statistical adjustment of the decennial census is both legal and constitutional."

Three separate district courts have ruled that the use of modern statistical methods to correct the census is both legal and constitutional. One district court has said that it is illegal and did not address the constitutional issue.

When agreement was reached last November to pursue the legality and constitutionality of the census plans in the courts, all agreed that the ultimate answer must come from the Supreme Court. This division among the district courts, even though it is 3 to 1, simply reinforces the wisdom of that decision.

If we were to draw a conclusion from the district courts, the smart money would be on the side of the Census Bureau. But that is not what we agreed to, and it is irresponsible to now chastise the Census Bureau for continuing down the path laid out last November.

Where do we go from here? The answer is obvious. We stay the course. That is not what the Republican majority is doing. Instead, they want to hold the funding for the second half of the 1999 census hostage because they fear that the Supreme Court will rule in favor of the Census Bureau.

The Republican majority's fight against the census has always been an issue of political survival, not one of getting the most accurate count. We need a scientific census, one that will count all Americans. We need to support the professional Census Bureau plan.

MANAGED CARE REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, it is not my intention to use all the time this evening, but I did want to spend some time this evening to talk about managed care reform.

Today, after having spent the last month in their districts, Members of the House returned from Congress' annual August recess. And the month of August always provides Members with an extended opportunity to hear what is on their constituents' minds. And I just wanted to assure my colleagues that the number one issue on people's minds, at least in my district, continues to be managed care reform.

I think over the last 4 weeks I held about 20 town meetings or forums in