

## HOUSE OF REPRESENTATIVES—*Tuesday, July 27, 1999*

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mrs. WILSON).

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
July 27, 1999.

I hereby appoint the Honorable HEATHER WILSON to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,  
*Speaker of the House of Representatives.*

### MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, 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 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes, but in no event shall debate extend beyond 9:50 a.m.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

### LIVABLE COMMUNITIES IN A GLOBAL ECONOMY

Mr. BLUMENAUER. Madam Speaker, one aspect of the livable community in a global economy is the struggle of this Congress to understand the huge and complex nation, that is China. An ancient society, over 4,000 years old, and a large country, almost beyond our comprehension, more than four times the United States, a quarter of the world's population. In my lifetime, we have turned a blind eye to the cruelty and corruption of the Kuomintang government, headed by Chiang Kai-Shek.

We chose to support that effort during World War II. We ended up making some unfortunate decisions perhaps only history will judge, but the recent evidence suggests that we did not have to make as much of an enemy of Mao Tse-Tung and the communists.

This tragic miscalculation came into fore during the Korean war, when General MacArthur defied President Truman and enlarged the conflict and ultimately cost thousands of United States lives that was unnecessary. At the

time, of course, in the well of this Congress, MacArthur was viewed as a hero and Truman was vilified.

History has shown that President Truman was, in fact, a visionary in a number of respects; one of our greatest presidents, praised by no one less than Ronald Reagan, but we have seen the ebb and flow on this floor where Congress simply has not exercised proper perspective.

We saw where Richard Nixon, who was characterized during his early career as a red baiter, as someone who was against the Communist Chinese, yet he was able during his presidency, one of the most enduring and lasting contributions was to swing the balance of power towards a more strategic alliance with China, and that hastened the collapse of the former Soviet Union.

We have seen China behave as a nation of what appears to be to us in excess. The great leap forward, costing millions of lives of their own people, the cultural revolution of the seventies, the current turmoil that is in this context is perhaps a little more understandable, but one thing is very clear, that we are seeing unprecedented access to the Chinese people, more and more educated abroad, particularly in the United States.

Even with the Internet access, it is transforming the internal dynamics of China. The United States does not have to sit back helplessly as we look at forces in China but nonetheless it seems to me important that we do not use heavy-handed, clumsy behavior, assuming that the United States can isolate China and make it bend to our dictates. It is important that we use trade and our economic relationship as tools.

There is no turning back. Our history, both of the United States and of the West in general, has been mixed with the Chinese and there is much to make them apprehensive, but the United States has paid a heavy price for miscalculating during World War II, during the Korean War and Vietnam.

The United States and China spies on each other continuously but we really do not know each other very well. I am hopeful that this week on this floor Congress will reject the notion that we ought not to treat China as we do 180 other countries, with normal trade relations, because if we are able to take that important step, it is only going to hasten the further change and progress within China, strengthening our country, strengthening the Chinese people and their economy, and ultimately the world itself will be a better place.

### A DEBT MONEY SYSTEM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Washington (Mr. METCALF) is recognized during morning hour debates for 5 minutes.

Mr. METCALF. Madam Speaker, there is a fundamental flaw in our money system that allows money to be created as a debt instrument. It is called a debt money system, and money must never be created and loaned into circulation. The reason this must be avoided at all costs is that when interest is charged on money at the point of issue, the interest is mathematically unpayable.

This can be illustrated. Let me give just a quick example. It is an oversimplification. Let us say that five people design a money system. They create \$50 in currency without intrinsic value, paper currency, say. Each one borrows \$10 and agrees to repay the \$10 in one year and, of course, they will pay interest on it. They will each pay \$1 in interest.

Now, this is obviously a flawed system because if only \$50 is created, a year later it is impossible for \$55 to be repaid. Someone in the system is going to lose their collateral that they pledged for the loan.

Unfortunately for us, this is the kind of system which has been imposed on this country. The deeper problems do come to light as we look carefully at our monetary system.

Now, there will always be some people who are better managers, just good at business or just lucky in their choices. That is the first group. They will prosper in any system. Then there is the upper middle class who will manage a satisfactory standard of living. Then next is the lower middle class, who may manage a satisfactory standard of living by working two jobs or being frugal in their spending or so forth.

Number four, there are the working poor who really do work hard but at low paying jobs they can never get ahead at all.

Number five, at the bottom are the hopeless poor who may work some or are on some sort of welfare but have little chance to better their situation in the real world. They are the last hired in good times and the first fired when the economy is slipping.

Now, it is easy to say this group does not have the skills, probably true; does not want to work, probably not true, but in any event there is strong evidence that the system, the system we

□ 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.

have, plays a critical role in their lack of success.

Let us suppose there are five heads of families that live on a new continent. We will just invent a situation. Again, they work hard, bartering for things. The plan proposed would be to issue the certificates, as I mentioned, and they would be the medium of exchange. They issue fifty pieces of paper or fifty certificates and they have to each repay one certificate at the end of the year, and thus the interest on it is impossible to be paid. That is, if money is issued as a loan, the interest is impossible to be repaid.

Now, it is easy to see in a simple situation like that, or example, but it is impossible to see in our huge national monetary system with hundreds of billions of dollars constantly being created and extinguished. Actually, it is estimated that about \$20 billion is extinguished and created each day in America, causing the fundamental flaw in our system. The fact of creating money out of thin air and loaning it into circulation at interest makes the interest mathematically impossible to be paid.

The result is that this system builds more and more debt which cannot be repaid, resulting ultimately in monetary problems, anything from a minor recession to a major hair-curling depression such as we experienced in the 1930s. These things are the result or can be the result of a flawed monetary system.

The point I make is that we must understand the danger of relying on the issue of debt money. It is the responsibility of Congress to understand this issue and its ramifications, and change the way we issue the Nation's money. More on this later.

#### A PERMANENT NEGOTIATOR TO FACILITATE DIRECT TALKS ON NAGORNO KARABAGH MUST BE APPOINTED

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Madam Speaker, the foreign operations appropriations bill, which this House is expected to begin debating later this week, contains an important provision that is extremely timely and deserves our support. Language in the foreign ops legislation addresses the need for a negotiated settlement to the Nagorno Karabagh conflict; noting that the important position of special negotiator for Nagorno Karabagh and NIS, the Newly Independent States of the former Soviet Union, regional conflicts is currently vacant.

The Committee on Appropriations urged the Secretary of State to move

forthwith to appoint a permanent special negotiator to facilitate direct negotiations and any other contacts that will bring peace to the long suffering people of the South Caucasus.

Madam Speaker, Nagorno Karabagh is an historically Armenian populated region that declared its independence as the Soviet Union was breaking up. The neighboring Republic of Azerbaijan, which claims Nagorno Karabagh as part of its own territory, went to war to prevent Karabagh, known to the Armenian people as Artsakh, from achieving its independence.

The people of Karabagh prevailed in battle and Azerbaijan agreed to a cease-fire in 1994 but, Madam Speaker, a permanent negotiated settlement acceptable to all sides has been elusive.

The U.S. has played a leading role in the effort to resolve this conflict, as a co-chair of the Minsk Group, under the auspices of the Organization for Security and Cooperation in Europe.

The U.S. has had three of our diplomats serve in the post of special negotiator to try to resolve this conflict.

Madam Speaker, the position of special negotiator recently became vacant with the departure of Donald Keyser, a career diplomat who moved on to another post in the State Department. Mr. Keyser, our third special negotiator, played a major role in shaping a new plan to settle the conflict, known as the Common State proposal.

Despite their substantial reservations, both Armenia and Nagorno Karabagh agreed to the Common State proposal as a basis for negotiations. Unfortunately, Azerbaijan flatly rejected this proposal.

Mr. Keyser worked very hard to move this process forward, so his departure leaves a major void. At this critical juncture, we must get another permanent special negotiator in place without delay, preferably either a very senior diplomat or perhaps another American recognized for leadership in public policy and public life, someone who can command the respect necessary to win the confidence of all parties to the conflict.

To echo and amplify the language in the foreign ops bill, I will be circulating amongst our colleagues here a letter to President Clinton and Secretary Albright urging that they move to appoint a special negotiator immediately.

Madam Speaker, two weeks ago Armenia's ambassador to the United States, Ambassador Rouben Shugarian, came to Capitol Hill to brief Members of Congress and our staff about the Nagorno Karabagh peace process, and one of the most positive developments of late has been the increase in direct contacts between the presidents of Armenia and Azerbaijan. The presidents of the two countries recently met privately in Geneva.

The surprise announcement that came out of the meeting was a tentative agreement to have Nagorno Karabagh participate directly in the next session of face-to-face talks. While it may be too soon to talk of a breakthrough, Armenian President Kocharian stated that he believes Azerbaijan's President Heydar Aliyev is serious about achieving a solution to the Karabagh conflict. Ambassador Shugarian spoke at our recent meeting with cautious optimism about other avenues for direct talks, and it is important for this process to continue and indeed to be accelerated as much as possible.

That is why today I want to stress that the presence of a permanent U.S. special negotiator to facilitate direct negotiations and other contacts is extremely important at this time. I urge the administration to act quickly to appoint a new and permanent special negotiator.

#### BUDGET PRIORITIES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentlewoman from Georgia (Ms. MCKINNEY) is recognized during morning hour debates for 5 minutes.

Ms. MCKINNEY. Madam Speaker, in the 1980s, at the height of the so-called Reagan revolution, Congress passed a Budget Act which made trickle down economics the policy of the land. Under the banner of fiscal conservatism, that budget provided for large increases in military spending, along with sweeping tax cuts that mainly benefited the wealthy. The theory was that the money would trickle down to regular folks, but we regular folks only got trickled on.

In fact, we got so tired of being trickled on that we voted George Bush out of the White House and put Bill Clinton in. The result, as was predicted by the liberals at the time, was the largest debt in the history of the world.

However, let us fast forward to the 1990s where the Republican Contract on America has been totally discredited and they would like us to forget that they shut down the government in order to force our President to accept their twisted priorities. Instead, because Democrats stood up to the Republican bullying, we are now experiencing Bill Clinton's economy where job growth is up, unemployment is down, homeownership is up and interest rates are down. The deficit is down and the budget surplus is up.

Unfortunately, the Republican Congress' response to all of this is predictable. Increase military spending and go back to the same old trickle down theories that produced the largest debt in the history of the free world; this time a trillion dollar tax cut to their wealthy fat cat buddies and an increase