

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