

plan on CNN Inside Politics, August 18, 1999, "It is not an issue of the heart with the American people today. They want a tax cut, but they don't feel a need for one."

This is exactly right. The American people want some form of tax relief, but not an extreme risky scheme as proposed by the Republican leadership. Instead of saving the American people money, the Republican plan squanders the surplus on a fiscally irresponsible \$3 trillion tax cut that would risk America's economic growth and explode the deficit.

The Democrats are prepared to work with the Republicans on a sensible alternative, but the Republican leadership refuses to put the best interest of the American people first. Why, you may ask? Chief GOP fundraiser, Representative TOM DAVIS responded thusly to the prospect of moderating the Republican's risky tax scheme in order to come closer to the Democrats plan for targeted tax relief as opposed to massive cuts:

"We (Republicans) think cutting a deal is not worth it. The issue has been a big money-raiser for us." (Washington Times, 9/6/99)

Instead, of partisan politics, the Republicans should work with the Democrats in a bipartisan way. We need to pursue a sound fiscal policy by using the surplus to pay down the national debt. We also need to continue on the path of debt reduction that will keep our interest rates low, sustain the current economic expansion, and allow the private sector to create good, high paying jobs.

Where the Republican leadership seems content to pander to their wealthy, special interest contributors, the Democrats seek to target our tax cuts to middle-class families. We need to help America's families to save some of their earnings for retirement and for their children's future and to make it easier for them to address the long-term care needs of their elderly parents. We urge our Republican colleagues to reject their leadership's risky tax scheme and opt for more pragmatic legislative tax relief.

Next week, the House will finally be permitted to debate the Shays-Meehan Bipartisan Campaign Finance Bill. The GOP will attempt to kill this bill through poison-pill amendments, but the Democrats will continue the fight for meaningful reform.

Rather than enacting irresponsible tax cuts that have no chance of being enacted into law, the Republicans should join the Democrats in enacting legislation that matters—legislation that will strengthen Medicare and provide prescription drug coverage, establish a comprehensive Patients Bill of Rights, help to keep our schools safe by enacting sensible gun-safety measures, and improve our education system through school construction and the reduction of class size.

THE POLITICAL FUTURES OF INDONESIA AND EAST TIMOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. BEREUTER) is recognized for 5 minutes.

Mr. BEREUTER. Mr. Speaker, this Member rises tonight to comment on the crisis in East Timor and its broader implications for the political future of

Indonesia. This issue was a topic of a hearing of the Committee on International Relations' Subcommittee on Asia and the Pacific which this Member chairs today. It was held jointly with the subcommittee's Senate counterpart committee, and Indonesia and East Timor will undoubtedly be a major topic at the APEC summit President Clinton will be attending this weekend.

In the wake of the historic vote in East Timor, both Indonesia and East Timor face a future filled with portent. For Indonesia, the referendum comes at a time of very sensitive political maneuvering and a fragile economic recovery.

When the subcommittee last held hearings on Indonesia on May 12, we were anxiously awaiting the June 7 national election results. Despite some violence, a very slow vote count and a limited amount of election irregularities that election was nonetheless judged by the international community to be a success. It buoyed optimism about Indonesia's ability to overcome its profound political and economic crises. However, that June election also created new complexities. No one party achieved a majority, and, in fact, the opposition, PDIP led by Megawati Sukarnoputri won a plurality of the vote. Therefore, for the first time in modern Indonesian history political coalitions will be needed to form in order to elect a new president, form a new government, carry out further economic and political reforms, address the subject of rescinding the 1976 law which integrated East Timor into Indonesia as its 27th province and address separatist sentiments in other parts of Indonesia like the province of Aceh in northern Sumatra. Indeed this is a new experience for these relatively immature political forces in a democratic Indonesia. How they carry out these responsibilities will determine the legitimacy of the new Indonesian government as viewed by the eyes of the Indonesian public and by the international community.

Of course, the most obvious and immediate task is the crisis in East Timor. After years of Indonesian intransigence, President Habibie took bold steps towards resolving this longstanding problem. In January, he seemingly brushed aside the reservations of the military and others in the Indonesian society and surprised the world by offering the people of East Timor an opportunity to determine their own future through the ballot box. Many of us were encouraged by this bold and positive development. There was perhaps a general sense of guarded optimism prompted by the assurances of President Habibie and Armed Forces Chief General Wiranto that Jakarta would maintain order and create an environment conducive for a fair and safe election, but that proved not to be a real-

istic assessment. Despite increasing violence and intimidation by Indonesian militarily supported militia in the recent Timorese elections, a record 98.6 percent of registered voters turned out to vote with 78 percent of them choosing independence.

The will of the East Timorese people is clear and overwhelming. It is evident by the truly horrific events in East Timor over the past week that the Indonesian government and particularly the Indonesian military has been deliberately unwilling or perhaps in some cases unable to uphold their responsibilities to provide peace and security.

It must be emphasized that this is Indonesia's responsibility. Indonesia demanded this responsibility from the United Nations, and the international community entrusted it to Indonesia. It is reported the United Nations Secretary General Kofi Annan has made very strong representations to the Indonesian government about their obligations and the negative consequences Jakarta could face from the international community for jeopardizing the integrity and the subsequent implementation of the expressed citizens' desires of this U.N.-sponsored election. The United Nations General Assembly should do the same.

Mr. Speaker, I will report more on these events after the weekend and after we complete work on a resolution that we intend to offer on a bipartisan basis early next week.

AMERICAN PEOPLE ARE RENTING THEIR CURRENCY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. METCALF) is recognized for 5 minutes.

Mr. METCALF. Mr. Speaker, I would like to talk briefly about money. Everybody is interested in money. My wife asked me: If you know so much about money, how come we do not have very much? But I would like to talk about money this evening.

Did you know that we pay rent on our money; the cash we use, we pay rent on it? It costs the American people \$100 per person per year to rent our cash; that is, the paper money, from the Federal Reserve.

Now, the Federal Reserve gets the money, it just does not spend that money or keep it. They return it to the Federal Treasury. That means that the American people are paying a tax on our money in circulation for the privilege of using Federal Reserve notes. In reality, this money is paid to the Fed by the Treasury to pay the interest on the U.S. bonds that back our money.

This is a foolish system when the U.S. Treasury could issue our currency directly without debt and without interest as they issue our coins. Most people do not know that our coins are minted by the Treasury, essentially

spent into circulation, and the U.S. Treasury makes a neat profit on them. But when we issue cash, we go further into debt. When the U.S. Government issues paper cash, they go further into debt because bonds are created to back the cash, and thus the debt increases.

With a currency we go into debt, but it makes a profit when coins are placed in circulation. This is truly a system that defies logic, and we should issue our coins or issue our cash as we issue our coins.

Here is a simple way to accomplish that; this is not complex, this is not rocket science. Congress only needs to pass legislation requiring the Treasury to print and issue U.S. Treasury currency in the same amount, in the same denominations, of the present Federal Reserve notes. No change in the money supply. The Treasury would issue these U.S. notes through the banks and at the same time withdrawing a like amount of Federal Reserve notes.

As these Federal Reserve notes are collected by the U.S. Treasury, they must be returned to the Federal Reserve and essentially to redeem the over \$400 billion of U.S. interest bearing U.S. Treasury bonds now held by the Fed. So the Fed holds the bonds. We can take the U.S. currency and exchange it for those bonds. Over a couple of years we will have U.S. currency circulating instead of Federal Reserve notes, and the U.S. debt would be reduced by over \$400 billion.

That sounds too simple. Well, it is simple. This is not rocket science. There is no appreciable down side, and I expect to discuss this issue a lot in the future just because somebody needs to take a look at how our money was issued and allow us to avoid paying that \$27 billion a year interest just to rent our currency from the Federal Reserve.

HMO REFORM UPPERMOST ON MINDS OF AMERICANS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, the issue of HMO reform has become one of the most important issues on the minds of Americans today, and I can certainly tell you that from the forums and the people that I met and talked to during the August break that we recently held with the House of Representatives. I had a number of forums in my district that were specifically about HMO reform where we talked about the Patients' Bill of Rights and what some of us are trying to do in the House of Representatives to reform HMOs and to end some of the abuses. And I found overwhelmingly that at my general forums or my forums that

were specific to HMO reform that people felt that the need to address the abuses of HMOs and managed care was the number one issue on the minds of my constituents. And we know that polling around the country amongst Democrats, Republicans, and Independents shows that that is certainly the case as well.

There have been also I should mention a number of front page articles in the leading newspapers, the New York Times, the Washington Post on the fevered pitch, if you will, that the debate over managed care reform has assumed on Capitol Hill, and it is also assumed I would say a clear and identifiable framework.

The debate is now one between supporters of managed care reform on the one hand, mostly Democrats, and some Republicans and the Republican leadership on the other hand. The Republican leadership which with the insurance industry are fighting tooth and nail to undermine the various managed care reform proposals that have been introduced either by Democrats, by Republicans or on a bipartisan basis.

The issue of HMO reform has reached the dimensions it has because patients are being abused within managed care organizations. It is just common sense. Many people come up to me because they have had problems with HMOs where they felt that common sense would dictate that they should be able to go to an emergency room or they should be able to have particular treatment or stay in the hospital a few extra days, and they are told that they cannot.

Patients today lack basic elementary protections from abuse, and these abuses are occurring because insurance companies and not doctors are dictating which patients can get what services under what circumstances. Within managed care organizations, HMOs, the judgment of doctors is increasingly taking a back seat to the judgment of the insurance companies. Medical necessity is being shunned aside by the desire of bureaucrats to make an extra buck, and people are literally dying because they are not getting the medical attention they need; and ironically enough, they are in theory paying for it in their premiums.

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I cannot emphasize enough, Mr. Speaker, how many times during the break, during the August recess, that people came into my district office complaining about abuses related to HMOs and managed care.

Now, because of the importance of this issue, there are a number of legislative proposals that have been introduced to give patients the protections they deserve. I have been on the floor many times talking about the Democrat Caucus' Health Care Task Force, which I cochair; and together with the

gentleman from Michigan [Mr. DINGELL] and most Democratic Members here in the House, we have introduced legislation which would provide patients with a comprehensive set of protections from managed care abuses. This is the Patients' Bill of Rights, as it is called. It is not an attempt to destroy managed care, it is an attempt to basically improve it and to make it better.

I cannot emphasize that enough. During the forums I had during the break, I had actually people from an insurance company who sold insurance policies for managed care, and I suggested to them over and over again and explained to them that those of us who want reform are not against managed care. Managed care is here to stay. We know that it saves money; we know there are positive values to it. But on the other hand, the abuses have to be corrected.

Now, I wanted to say that what happened just before the August break in that first week of August when we were last in session was very significant. At that time and a few weeks prior to that the Republican leadership was saying they were willing to bring some kind of managed care reform to the floor and let us vote on it, up or down. However, they ultimately decided not to allow that, not to do that.

Because of that, there were Republican Members, and I will mention the two leaders, the gentleman from Georgia [Mr. NORWOOD] and the gentleman from Iowa [Mr. GANSKE], both Republicans, both health care professionals, who decided they were going to join together. Because they could not get a vote on the floor on managed care reform from the Republican leadership, they would join together and bring some of the Republican colleagues over to help most of the Democrats who had sponsored and put forward the Patients' Bill of Rights.

So just before the break, it was announced there would be a new bipartisan bill sponsored by these Members, the gentleman from Michigan [Mr. DINGELL] and the gentleman from Georgia [Mr. NORWOOD], the gentleman from Michigan [Mr. DINGELL] being our Democrat and ranking member on the Committee on Commerce, and the gentleman from Georgia [Mr. NORWOOD] and the gentleman from Iowa [Mr. GANSKE], also Republican members of the Committee on Commerce; and we would put together a new bipartisan Patients' Bill of Rights, which is very similar really to the Democratic bill that came out of our Democratic Health Care Task Force and that we as Democrats have been talking about for the last year or more, and we now have 20 Republicans who have agreed to co-sponsor this new bipartisan Patients' Bill of Rights.

That was a major achievement. There are now a majority of Members