

Beltway, there are all kinds of things that come into play and there is politics and there is rumor mongering and everything else. The American people are not interested in that. The American people are interested in what is Congress, what is the President, what is Government in Washington doing to affect their lives, to help them in their lives.

Again, I can think of nothing more that we can do to help the average American than to expand health care coverage and to make sure that every American has decent, quality health care; and that is what I think we ought to do in this Congress.

Mr. PALLONE. Mr. Speaker, I want to thank both of my colleagues.

I think that the President sent a very strong message last night on a number of issues, managed care reform, expansion of Medicare to the near elderly. These are common sense ideas that have the support of the American people; and so we are going to pledge, as Democrats in this House, that we are going to fight to make sure that these proposals get enacted. And if we have to drag along the Republican leadership, we will just drag them along.

Mr. Speaker, I yield back the balance of my time.

STATE OF THE REPUBLIC

The SPEAKER pro tempore. 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, the first session of the 105th Congress has been completed and the third year of the conservative revolution has passed. Current Congressional leadership has declared victory and is now debating on how to spend the excess revenues about to flow into the Treasury.

As the legislative year came to a close, the only serious debate was over the extent of the spending increases negotiated into the budget. The more things changed, the more they stayed the same. Control over the Congress is not seriously threatened, and there has been no clear-cut rejection of the 20th century welfare state. But that does not mean that there is no effort to change the direction of the country. It is just that it is not yet in progress.

But many taxpayers throughout the country are demanding change, and today there are more people in Washington expressing a sincere desire to shrink the welfare state than there were when I left 13 years ago. The final word on this has not yet been heard.

In contemplating what needs to be done and why we have not done better, we should consider several philosophic infractions in which Members of Congress participate that encourage a loss of liberty and endanger our national security and the republic while perpetuating the status quo.

Following are some of the flaws or errors in thinking about issues that I

find pervasive throughout the Congress:

Foreign affairs. Although foreign affairs was not on the top of the agenda in the last session, misunderstanding in this area presents one of the greatest threats to the future of America. There is near conformity, uniformity of opinion in the Congress for endorsing the careless use of U.S. force to police the world. Although foreign policy was infrequently debated in the past year and there are no major wars going on or likely to start soon, the danger inherent in foreign entanglements warrants close scrutiny.

The economy, crime, the environment, drugs, currency instability, and many other problems are important. But it is in the area of foreign policy and for interventionism that provokes the greatest threat to our liberties and sovereignty. Whenever there are foreign monsters to slay, regardless of their true threat to us, misplaced patriotic zeal is used to force us to look outward and away from domestic problems and the infractions placed on our personal liberties here at home.

Protecting personal liberties in any society is always more difficult during war. The uniformity of opinion in Congress is enshrined with the common cliches that no one thinks through, like foreign policy is bipartisan; only the President can formulate foreign policy; we must support the troops and, therefore, of course, the war, which is usually illegal and unwise but cannot be challenged; we are the only world's superpower; we must protect our interests like oil. However, it is never admitted, although most know, our policy is designed to promote the military industrial complex and world government.

Most recently, the Congress almost unanimously beat the drums for war, i.e., to kill Hussein; and any consideration of the facts involved elicited charges of anti-patriotism. Yet in the midst of the clamor to send our planes and bombs to Baghdad, cooler heads were found in, of all places, Kuwait.

A Kuwaiti professor, amazingly, was quoted in a proper pro-government Kuwaiti newspaper as saying, "The U.S. frightens us with Saddam to make us buy weapons and sign contracts with American companies," thus ensuring a market for American arms manufacturers and United States' continued military presence in the Middle East.

A Kuwaiti legislator was quoted as saying, "The use of force has ended up strengthening the Iraqi regime rather than weakening it."

Other Kuwaitis have suggested that the U.S. really wants Hussein in power to make sure his weak neighbors fear him and are forced to depend on the United States for survival.

In spite of the reservations and reasons to go slow, the only criticism coming from congressional leaders was that Clinton should do more, quicker, without any serious thought as to the consequences, which would be many.

The fact that of the original 35 allies in the Persian Gulf War only one remains, Great Britain, should make us question our policy in this region. This attitude in Washington should concern all Americans. It makes it too easy for our presidents to start a senseless war without considering dollar costs or threat to liberty here and abroad. Even without a major war, this policy enhances the prestige and the influence of the United Nations.

These days, not even the United States moves without permission from the UN Security Council. In checking with the U.S. Air Force about the history of U-2 flights in Iraq, over Iraq, and in their current schedules, I was firmly told the Air Force was not in charge of these flights, the UN was. The Air Force suggested I call the Defense Department.

There is much to be concerned about with our current approach to foreign policy. It is dangerous because it can lead to a senseless war like Vietnam or small ones with bad results like in Somalia.

Individual freedom is always under attack; and once there is any serious confrontation with a foreign enemy, we are all required to rally around the President, no matter how flawed the policy. Too often, the consequences are unforeseen, like making Hussein stronger and not weaker after the Persian Gulf War.

The role of the military industrial complex cannot be ignored; and since the marching orders come from the United Nations, the industrial complex is more international than ever.

But there is reason to believe the hidden agenda of our foreign policy is less hidden than it had been in the past. In referring to the United States in the international oil company success in the Caspian Sea, a Houston newspaper recently proclaimed, "U.S. views pipelines as a big foreign policy victory."

This referred to the success of major deals made by giant oil companies to build pipelines to carry oil out of the Caspian Sea while also delivering a strong message that, for these projects to be successful and further enhance foreign policy, it will require government subsidies to help pay the bill. Market development of the pipelines would be cheaper but would not satisfy our international government planners.

So we must be prepared to pay, as we already have started to, through our foreign aid appropriations. This promotes on a grand scale a government business partnership that is dangerous to those who love liberty and detest fascism. And yet, most Members of Congress will say little, ask little, and understand little, while joining in the emotional outburst directed towards the local thugs running the Mideastern fiefdoms like Iraq and Libya.

This attitude, as pervasive as it is in Washington, is tempered by the people's instincts for minding our own

business, not wanting Americans to be the policemen of the world, and deep concern for American sovereignty. The result, not too unusual, is for the politicians in Washington to be doing one thing while saying something else at home.

At home, virtually all citizens condemn U.S. troops serving under UN command, and yet the financing and support for expanding the United Nations' and NATO's roles continues as the hysteria mounts on marching on Baghdad or Bosnia or Haiti or wherever our leaders decide the next monster is to be found.

The large majority of House Members claim they want our troops out of Bosnia. Yet the President gets all the funding he wants. The Members of Congress get credit at home for paying lip service to a U.S. policy of less intervention, while the majority continue to support the troops, the President, the military industrial complex, and the special interests who drive our foreign policy, demanding more funding while risking the lives, property, peace, and liberty of American citizens.

Congress casually passes resolution after resolution, many times nearly unanimously, condemning some injustice in the world, and for the most part there is a true injustice, but along with the caveat that threatens some unconstitutional U.S. military interference, financial assistance, or withdrawal of assistance, or sanctions in order to force our will on someone else. And it is all done in the name of promoting the United Nations and one-world government.

Many resolutions on principle are similar to the Gulf of Tonkin resolution, which became equivalent to a declaration of war and allowed for a massive loss of life in the Vietnam fiasco. Most Members of Congress fail to see the significance of threatening violence against countries like Libya, Somalia, Rwanda, Bosnia, Iraq, Iran, or Haiti. Yet our credibility suffers since our policies can never satisfy both sides of each regional conflict.

In the Middle East, even with all our announced intentions and military effort to protect Kuwait, our credibility is questioned as most Arabs still see us as pro-Israel, anti-Arab, and motivated by power, oil and money.

America's effort to prevent a million casualties in Rwanda does not anywhere compare to our perennial effort to get Hussein. It is hardly violations of borders or the possession of weapons of mass destruction that motivates us to get Hussein or drive our foreign policy.

We were allies of Iraq when it used poison gas against the Kurds and across the border into Iran. We support the Turks even though they murdered Kurds, but we condemn the Iraqis when they do the same thing.

There are more than 25,000 Soviet nuclear warheads that cannot be accounted for, and all we hear about from the politicians is about Iraq's control of weapons of mass destruction.

Our policy in the Middle East is totally schizophrenic and driven by Arab oil, weapon sales, and Israel. This is especially dangerous because the history of the West's intrusion into the Middle East for a thousand years in establishing the artificial borders that exist today has created a mindset among Islamic fundamentalists that guarantees that friction will persist in this region no matter how many Husseins or Aya-tollahs we kill. That would only make things worse for us.

As much as I fear and detest one-world government, this chaos that we contribute to in the Middle East assures me that there is no smooth sailing for the new world order. Rough seas are ahead for all of us. If the UN's plans for their type of order is successful, it will cost American citizens money and freedom. If significant violence breaks out, it will cost American citizens money, freedom, and lives.

Yes, I fear a biological and even a nuclear accident. But I see our cities at a much greater risk because of our policy than if we were neutral and friends with all factions instead of trying to be a financial and military ally of all factions depending on the circumstances.

□ 1545

The way we usually get dragged into a shooting war is by some unpredictable incident, where innocent Americans are killed after our government placed them in harm's way and the enemy provoked. Then the argument is made that once hostilities break out, debating the policy that created the mess is off limits. Everybody then must agree to support the troops.

But the best way to support our troops and our liberties is to have a policy that avoids unnecessary confrontation. A pro-American constitutional policy of nonintervention would go a long way toward guaranteeing maximum liberty and protection of life and property for all Americans.

American interests around the world could best be served by friendship and trade with all who would be friends, and subsidies to none.

The balanced budget. There is a naive assumption in Washington that the budget is under control and will soon be balanced, while believing perpetual prosperity is here and new programs can now be seriously considered. It reminds me of an old Chinese saying, when words lose their meaning, people lose their liberty.

Even the revolutionaries have claimed victory. One of the staunchest Members recently declared, in the end we achieved a balanced budget for the first time since 1969. Medicare and welfare were reformed, all in three short years, a truly remarkable record on how far we have come.

I can understand a positive spin on events of the last three years by party leaders. That is what party leaders do. But the revolutionary members of the 104th Congress should not be taken in easily or quickly. But Washington has

a strange way of dulling the senses, and no one enjoys peer rejection or lonely fights, where one is depicted as pursuing a fruitless adventure and appearing negative. Capitulating to the status quo is the road of least resistance, and rationalizations are generously offered up.

It has been especially tempting for Members of Congress to accept the projection of higher revenues as a panacea to our budgetary problems. The prevailing attitude in Washington as 1997 came to a close was that the limited government forces had succeeded. The conservative revolution has won, and now it is time to move on and make government work more efficiently.

I am sure some know better, but the real reason for these declarations of budgetary success is for the sole purpose of maintaining power. Minority leaders find themselves frustrated because they know spending has gone up, and the higher tax revenues have helped those in charge.

The Republican Congress and President Clinton benefited, while the Democratic Congressional leaders could only ask why can't more be spent on welfare if the country is doing so well? Fundamental problems like the size of the budget, the deficit, the debt, higher taxes, currency problems and excessive regulations were put on the back burner, if not ignored altogether.

While complacency regarding foreign policy sets the stage for danger overseas, this naive attitude regarding the budget and the deficit is permitting the welfare state to be reenergized and cancel entirely any efforts to reduce the size and scope of government.

Under Reagan, as in the early parts of the Republican control of Congress, some signs of deceleration in the growth of government were seen. But even then, there was no pretense made to shrink the size of government. And, once again, the path of least resistance has been to capitulate and allow government to grow as it has been for decades. Heaven forbid, no one ever again wants to be blamed for closing down nonessential government services. Only cruel and heartless Constitution lists would ever suggest such a politically foolish stunt.

It is not going to happen. 1997 has proven what many have suspected, that reversing or arresting a welfare state cannot occur by majority vote. With apparent wealth abundance in the United States, the reversal assuredly will not come with ease. Once redistribution of wealth is permitted by the democratic vote, destruction of production will occur before the majority will choose to curtail their own benefits.

The end is closer than most realize, considering the optimistic rhetoric coming from Washington, plus the fact the majority of citizens are beneficiaries of the system, and even the producers have grown dependent on government protection, grants, contracts and special subsidies.

Although the session ended on a modestly happy bipartisan note, I suspect

in time 1997 will be looked upon as a sad year, in that the limited government revolution of 1994 was declared lost by adjournment time in November.

That does not mean the fight for liberty is over, but the hope that came by reversing Congressional rule after 40 years has been dampened and a lot more work is necessary for success. The real battle is to win the hearts and minds of Americans outside of Washington to prepare the country for the day when the welfare state ceases to function due to an empty treasury and the dollar, not worth its weight, comes under attack.

Specifics worth pondering: The budget for current fiscal year 1998 calls for expenditures of \$1.69 trillion, or \$89 billion above last year. The 1997 budget was \$22 billion over 1996. The so-called balanced budget bragged about is to occur in the year 2002, with more cuts being made in the year 2001 and a level of spending far above today's. The expenditures in the year 2002 are expected to increase to \$1.9 trillion, over \$200 billion more than this year.

Increased revenues obviously accomplish the job of a theoretically balanced budget, but also these projections do not take into account the huge sums borrowed from Social Security. Even if things go well and as planned, the optimism is based on deception, wishful thinking and a huge raid on the Social Security and other trust funds. In spite of this, the politicians in Washington are eagerly planning on how to spend the coming budgetary surpluses.

All these rosy projections are dependent on economic strength, steady low interest rates, and no supplemental appropriations. Every session of Congress gets supplementals, and if the economy takes a downturn, the higher the appropriation.

The last three years are not much to brag about. Domestic spending has gone up by \$183 billion. In the prior three years, when Democrats controlled the Congress, spending increased by \$155 billion. Tax increases are now inevitably referred to as revenue enhancement and closing of loopholes.

In spite of some wonderful IRS bashing by nearly everyone and positive hearings in exposing the ruthless tactics of the IRS, Congress and the President saw fit to give the IRS a whopping \$729 million increase in its budget, hoping the IRS will become more efficient in their collection procession. Real spending cuts are not seriously considered.

Congress continues to obfuscate by calling token cuts in previously proposed increases as budget cuts. The media and the proponents of big government and welfare obediently demagogue this issue by decrying why the slashes in the budget are inhumane and uncaring.

Without honesty in language and budgeting, true reforms are impossible. In spite of the rhetoric, bold new edu-

cational and medical programs were started, setting the stage for massive new spending in the future. New programs always cost more than originally projected. The block grant approach to reform did not prompt a decrease in spending, and frequently added to it. The principle of whether or not the Federal Government should even be involved in education, medicine, welfare, farming, et cetera, was not seriously considered.

The 1998 budget is the largest ever and represents the biggest increase in the domestic budget in eight years. Those in charge threw in the towel and surrendered all efforts this past year to cut back the size of government. In this fiscal year, many concede the deficit will actually go up, even without a slowing in the economy.

In this year's budget, Medicare and Medicaid increased four to five times the rate of inflation. This is not a complete surprise to the logical skeptics when it comes to fiscal matters, but it is just a little exasperating to hear the positive pronouncements of current leaders who just a few years ago would have been only too eager to point out the shortcomings of deceptive arithmetic.

Power is a corrupting influence, but, for now, at least, a Congressional power shift is not in the making. There are still a lot of recipients that are happily reassured that additional revenues can be found. The new management is welcomed, and it is hoped the new guys on the block can salvage for a while a system that many deep down in their hearts are convinced is not manageable for much longer.

There is a sense of relief the welfare state has received a reprieve. One can almost hear the sigh amplified by hearing of the problems in the Southeast Asia countries with their currency and stock market problems, not realizing it is the U.S. taxpayers and the dollar that will be called upon for the bailout of this financial crisis.

The great danger of all of this is the false sense of economic security Congress feels, that has prompted total abandonment of efforts to actually cut any spending and with plans being laid for spending increases.

The message is this: The politicians will never limit spending, but, eventually, the market will. It has already done so in Thailand, South Korea, the Philippines, Indonesia and Malaysia.

The international currency crisis: Congress lacks concern and understanding of the significance of the Asian currency crisis. Monetary policy has never excited many Members of the Committee on Banking, let alone other members of Congress. A handful of Members do consistently complain to the Chairman of the Federal Reserve, but inevitably it is to object to the high interest rates and not enough credit being available to either the poor or the rich beneficiaries of Central Bank credit largesse.

The Southeast Asian currency and economic bailout will exceed \$100 bil-

lion. We will be propping up these currencies by sending American taxpayers' dollars, the same thing we did in Mexico in 1995. Multilateral efforts through the IMF, World Bank and other development banks are used, and in each one the United States is the most generous donor.

IMF bailouts, just as our military foreign intervention, are generally supported by the leadership of both parties. The establishment has firm control in these two areas and who, out of ignorance or neglect, the Congress as a whole provides little resistance. When the stronger currencies, in this case the dollar, props up a weaker currency, it is nothing more than an example of an international transfer of payment that helps our banks and international corporate investors who have financial exposure in the country or currency under attack.

These bailouts will work, to some degree, until the dollar itself comes under attack. Our relatively strong economy and the current perceptions of undue dollar strength allows great leverage in this extremely expensive and risky bailout operation.

The genius of it all is that Federal Reserve credit expansion and its off-budget budgeting permits these funds to be spent without oversight. IMF appropriations are not even counted toward the deficit, and credit expansion is under complete control of the Federal Reserve.

Long-term, the average American citizen suffers through higher interest rates, rising prices, recessions and lower standard of living, but the cause and effect is conveniently hidden from the public and the Congress.

After the Mexican bailout, her citizens lost 50 percent of their purchasing power, a dramatic pay cut. Yet the great danger is that some day we will be forced to pay, possibly with a dollar crisis that will make the Asian currency crisis look small in comparison.

All currency crises are serious and usher in economic and political problems for the country involved, and since no one likes it, blame is generally misplaced.

When the dollar comes under attack, since it is the reserve currency of the world, a much more serious crisis than we are currently witnessing in Asia will occur. Only a universal acceptance of a single worldwide commodity standard of money can prevent these periodic devaluations and disruptions in trade that are so prevalent today.

The day before we adjourned the first session of the 105th Congress, the Committee on Banking and Financial Services held hearings on the Asian currency crisis, but it was more an attempt to reassure the financial community than to sort out the cause and do something about it.

Instead, the dollar was crowned king, and Greenspan promised stability. Our real interest rates, balance of payments, our current account deficit and budgetary deficits were conveniently

ignored, because if they had been looked at seriously, it would have been recognized that the U.S. and the world faces a major financial crisis once the dollar can no longer be used to bail out the world financial system.

Currency issues are serious and a much bigger problem than Congress realizes. Even the Fed has convinced itself it is quite capable of managing our fiat currency and our financial markets through any crisis. The money managers are every bit as powerful as the Congress, which taxes and spends, but the Federal Reserve's actions are much less scrutinized.

But when push comes to shove, the markets always win out. Interest rates are less than one percent in Japan, but have not prompted borrowers to come forth nor bankers to lend. The proposed \$25 billion injection by the Bank of Japan will not solve the problem either. Even central bankers cannot push on a string.

The sad part is that all these shenanigans will cause undue suffering to the innocent who lose their jobs, suffer from price inflation and see their standard of living shrink.

Eventually, everyone though is threatened by the political disruption that can ensue with a currency mishap. Our greatest concern should be for our loss of liberties that so often accompany a currency crisis. Congressional attitude toward monetary policy is not likely to change soon, so we can expect a lot more turmoil in the currency markets in the months ahead.

□ 1600

Two special areas. Congress in the past year capitulated in two significant areas by not only failing to cut spending, but massively increasing government's role in medicine and in education. House Republicans bragged that 7 out of 8 educational initiatives passed the House, many of them being quite expensive. Charter schools cost over \$100 million, funding for vouchers was increased, \$3 billion was appropriated to extend student loans, and a new \$210 million reading in excellence program was initiated. A program for high-tech training and one designed to help children with disabilities was also started.

Clinton's new health care program for children was accepted by Congress, which will eventually cost billions and further centralize medical care in Washington, while quality of care is diminished. Billions of dollars increased in NIH, AIDS research and preventative health care were also approved.

The Federal Government has been involved in education and medicine more than in any other domestic area. This has caused a serious price inflection for these two services, while undermining the quality and results in both. The more we spend, the higher the cost, the worse the service, and the greater the regulations. So what did Congress do to solve the problems in the past year? Even in this so-called age of cutting

back and a balanced budget, it expanded government precisely in the two areas that suffer the most from big government.

This is strong evidence that we have not yet learned anything in the past 50 years, and the 1994 revolution has not yet changed things. We can expect more HMO's and PPO mismanagement, rationing medical service and price control of all medical services. Shortages of quality health care and education will result.

Devolution. Block grants are the popular vehicle to restore local control of the Federal bureaucracy. The housing bill, the first major change to public housing since the Depression, did not cut spending, but actually increased funding through the block grant system of devolving power to the States. A token effort similar to this was made in the early 1970s under Nixon called revenue-sharing. It did not work and was dropped.

This new method will not work either. Whether the bureaucrats are in Washington or in the State capitols, it will not change the dynamics of public housing. Public ownership, whether managed locally or federally, cannot replace the benefits of private ownership. Besides, the block grant method of allocating funds does not eliminate the need to first collect the revenues nationally and politically distribute the funds to the various State entities. Strings will always be attached no matter how many safeguards are written into the law. The process of devolution is an adjustment in management and does not deal with the philosophic question of whether or not the Federal Government or even the State governments ought to be involved. The high hopes that this process will alter the course of the welfare state will, I am sure, be dashed after many more years of failures and dollars spent.

There is essentially no serious consideration in Washington for abolishing agencies, let alone whole departments. If the funding for the pornographic NEA cannot be cut, which agency of government should we expect to be? The devolution approach is not the proponents of big government's first choice, but it is acceptable to them. Early adjournment meant the call for more spending was satisfied and the supporters of big government, in spite of the rhetoric, were content. Searching for a partisan issue, the minority was content with campaign reform and the questions surrounding illegal voting.

Devolution is said to be a return to States rights since it is inferred that management of the program will be decentralized. This is a new 1990s definition of the original concept of States rights and will prove not to be an adequate substitute.

At the same time these token efforts were made in welfare, education and human resources reform, Congress gave the Federal Government massive new influence over adoption and juvenile

crime, education and medicine. Block grants to States for specific purposes after collecting the revenues at the Federal level is foreign to the concept that once was understood as States rights. This process, even if temporarily beneficial, will do nothing to challenge the underlying principle and shortcomings of the welfare State.

Real battles. The real battles in the Congress are more often over power and personalities than philosophy. Both sides of most debates represent only a variation of some interventionist program. Moral and constitutional challenges are made when convenient and never follow a consistent pattern. These, along with the States rights arguments, are not infrequently just excuses used to justify opposing or approving a program supported for some entirely different reason. The person who makes any effort at consistency is said to be extreme or unyielding.

After giving a short speech criticizing the inconsistency of our foreign policy, another Member quickly rose to his feet and used the Walter Emerson quote to criticize my efforts saying, "A foolish consistency is the hobgoblin of little minds adored by little statesmen and philosophers and divines." Criticizing another Member for following a consistent freedom philosophy and strict adherence to the Constitution is more of an attempt to reassure the critics themselves who are uneasy with their own position. Obviously, criticizing one for consistency either means that pragmatism and inconsistency is something to be proud of, or there is little respect for the philosophy that is consistently being defended, a truth the critics are not likely to admit.

Public relation debates. Oftentimes the big debates in Congress are more public relation efforts than debates on real issues. This is certainly true when it comes to preventing foreign aid funds from being used by any organization for abortions. I agree with and vote for all attempts to curtail the use of U.S. taxpayers' funds for abortion within or outside the United States. But many in the pro-life movement are not interested in just denying all birth control, population control and abortion money to everyone, and avoid the very controversial effort to impose our will on other nations. Believing money allocated to any organization or country is not fungible is naive, to say the least. The biggest problem is that many who are sincerely right to life and believe the Mexico City language restriction on foreign aid will work are also philosophic believers in internationalism, both social and military.

The politics of it has allowed temporary withholding of IMF and U.N. funds in order to pressure the President into accepting the restrictive abortion language. Withholding these funds from the United Nations and the IMF in this case has nothing to do with the criticism of the philosophy behind the United Nations, the IMF, the World

Bank, and why the international government agencies are tax burdens on the American people.

It is conceded by the majority on both sides of this debate that the U.N., the IMF, the development banks and even the funds for population control are legitimate expenditures and eventually will be funded. The question is only whether or not a public relations victory can be achieved by the radical pro-abortion supporters of the President's or the pro-life supporters.

We have at least started to debate the merits of any money at all going to population control, the United Nations or the IMF. This is where the debate should be. Even though the restrictions that the Mexico City language might place on foreign expenditures probably will not change the number of abortions around the world, the vote itself does reflect, through Congress, the sentiment of the American people, and therefore, its importance cannot be denied. But I am convinced that if the American people had the option of whether or not to send any money at all, they would reject all the funding, making the restriction debate moot.

Most would agree with the fungibility argument, even when funds are sent for reasons other than family planning and abortion like military assistance. The amazing thing is how important the debate can appear by threatening to withhold greatly sought after IMF funds for an argument that does not get to the heart of the issue. What should be debated is whether or not Congress has the moral and Constitutional authority to use force to take funds from American citizens for social engineering around the world, much of which results in resentment toward America.

The weak and ineffective conditions placed on foreign aid money to prevent abortions is hardly a legitimate reason for continuing the illegal funding in the first place. At times, in efforts to get more swing votes to endorse Mexico City language, some pro-life forces not only will not challenge the principle of our funding for birth control and population control overseas, but believe in increasing the appropriation for the program. If the Constitutionists cannot change the nature of the debate, we will never win these arguments.

Corporatism. Congress and the administration is greatly influenced by corporate America. We truly have a system of corporatism that if not checked will evolve into a much more threatening form of fascism. Our welfare system provides benefits for the welfare poor and, in return, the recipients vote to perpetuate the entire system. Both parties are quite willing to continue the status quo in not questioning the authority upon which these programs are justified, but the general public is unaware of how powerful corporate America is in changing and influencing legislation. Even those programs said to be specific for the poor,

like food stamps, housing, education and medicine, have corporate beneficiaries. These benefits to corporate America are magnified when it is realized that many of the welfare redistributionist programs are so often not successful in helping the poor.

But there are many other programs precisely designed to satisfy the special interests of big business. A casual observer that might think the political party that champions the needs of the poor would not be getting political and financial support from the rich. But quite clearly, both parties are very willing to receive financial and political support from special interests representing the rich and the poor, business and labor, domestic and foreign.

We should not expect campaign reform are reliable revelations of campaign fund-raising abuse in today's political climate. There are strong bipartisan reasons to keep the debate on only a superficial level. All the rules in the world will never eliminate the motivation or the ability of the powerful special interests to influence Congress. Loopholes and illegal contributions will plague us for as long as Congress continues with the power to regulate, tax, or detax, or punishes essentially everyone participating in the economy.

The most we can ever hope for is to demand full disclosure. Then, if influence is bought, at least it would be in the open. The other most difficult task, and the only thing that will ever dampen special interest control of government, would be to radically reduce the power of Congress over our lives and our economy. Taxpayer funding of campaigns would prove disastrous.

The special areas of the budget that are of specific benefit to corporate America are literally too numerous to count, but there are some special programs benefiting corporations that usually prompt unconditional support from both parties. The military industrial complex is clearly recognized for its influence in Washington. This same group has a vested interest in our foreign policy that encourages policing the world, Nation building, and foreign social engineering. Big contracts are given to friendly corporations in places like Haiti, Bosnia and the Persian Gulf region. Corporations benefiting from these programs are unable to deal objectively with foreign policy issues, and it is not unusual for these same corporate leaders to lobby for troop deployments in worldwide military intervention. The U.S. remains the world's top arms manufacturer and our foreign policy permits the exports to world customers subsidized through the Export-Import Bank. Foreign aid, Overseas Private Investment Corporation, Export-Import Bank, IMF, World Bank, development banks are all used to continue bailouts of Third World countries heavily invested in by our corporations and banks. Corporations can get special tax treatment that only the powerful and influential can achieve. For instance, pseudo-free trade legislation

like NAFTA and GATT and the recent Fast Track legislation shows how much big business influences both congressional leaders and the administration.

While crumbs are cast to the poor with programs that promote permanent dependency and impoverishment, the big bucks go to the corporations and the banking elites. The poor welcome the crumbs, not realizing how much long-term harm the programs do as they obediently continue to vote for a corporate-biased welfare state where the rich get richer and the poor get forgotten. Since generally both parties support a different version of interventionism, one should not expect the programs for the rich to be attacked on principle or cut in size. The result of last year's legislative session should surprise no one.

Both types of welfare expenditures benefit from a monetary system that creates credit out of thin air in order to monetize congressional deficits when needed and manipulate interest rates downward to nonmarket levels to serve the interests of big borrowers and lenders. Federal Reserve policy is an essential element in serving the powerful special interests. Monetary mischief of this type will not likely be ended by congressional action, but will be eventually stopped by market forces, just as has recently occurred in the Far East.

Voluntary contracts. There is little understanding or desire in Congress to consistently protect voluntary contract. Many of our programs to improve race relations have come from government interference in the voluntary economic contract. Government's role in a free society should be to enforce contracts, yet too often it does the opposite. All labor laws, affirmative action programs and consumer protection laws are based on the unconstitutional authority of government to regulate voluntary economic contracts. If the same process were applied to the press, it would be correctly condemned as prior restraint and ruled unconstitutional.

Throughout the 20th century, economic and personal liberties have undergone a systematic separation. Rules applying to the media and personal relationships no longer apply to voluntary economic transactions. Some Members of Congress are quite vocal in defending the First Amendment and fight hard to protect freedom of expression by cautioning against any effort at prior restraint. They can speak eloquently on why V chip technology in the hands of the government may lead to bad things, even if proponents are motivated to protect our children from pornography. Likewise, these partial civil libertarians are quite capable of demanding the protection of all adult voluntary sexual activity. They mount respectable challenges to the social authoritarian who never hesitates to use government force to mold society and improve personal moral behavior.

□ 1615

But these same champions of personal liberty do not hesitate at all to use the same government force they readily condemn in social matters to impose their vision of a fair and equitable economic system on all of us.

Thousands of laws and regulations are on the books to assure equality in hiring, pay, and numerous other conditions of employment and for theoretical consumer protection.

Ironically, the enemies of the voluntary contract, when dealing with the media and personal associations, are the best defenders of economic liberty and the voluntary economic contract.

Unless this glaring inconsistency is reconciled, the republic cannot be salvaged. Too often, the two sides compromise in the wrong direction. Economic libertarians concede too much to the welfare proponents and the social libertarians concede too much to the authoritarians who eagerly try to legislate good behavior. This willingness to compromise, while at the same time criticizing those who have firm beliefs as being overly rigid, serves as a serious threat to the cause of liberty.

A consistent defense of all voluntary associations does not preclude laws against violence, fraud, threat, libel and slander. To punish acts of aggression and protect non-violent economic and social associations is the main purpose of government in a constitutional republic. Moral imperfections cannot be eliminated by government force any more than economic inequalities can be eliminated through welfare or social legislation.

Once government loses sight of its true purpose of protecting liberty and embarks on a course where the generous use of force is used to interfere in the voluntary social and economic contracts, liberty will be diminished and the foundation of a true republic undermined.

That is where we are today. The effort on both sides to do "good" threatens personal liberty. There is no evidence that laws designed to improve personal sexual habits, the quality of the press or the plight of the poor have helped. The poor, under all programs of forced redistribution of wealth, always become more numerous. And the State inevitably abuses its power when it tries to regulate freedom of expression or improve personal behavior.

Too often both sides allow the principle of government force to be used to interfere in the internal affairs of other nations at a great cost and risk to American taxpayers, while accomplishing little except to promote a firm hatred of America for the interference. This itself is a threat to our security. The resulting conditions of international conflict are used as an excuse to curtail the civil liberties of all Americans.

In recent years, freedom of the press has been severely challenged when we are actively involved in military operations. Our young people are threat-

ened as they are needlessly exposed to enemy fire and medical experimentation and there is an economic cost through higher taxes.

National sovereignty designed to protect liberty in a republic is challenged as our foreign operations are controlled by U.N. resolutions, not Congress. Under these conditions, our cities are more likely to be targeted by terrorists for the hatred our policies fuel. Draft registration remains in place just in case more bodies are needed for our standing U.N. armies. The draft remains the ultimate attack on volunteerism and represents the most direct affront to individual liberty. This is made that much worse when one realizes that it is highly unlikely that we will ever see American troops in action under anything other than a U.N.-sponsored war or military operation.

Only with a greater understanding and respect for individual liberty and the importance of voluntary associations in all areas of social and economic life will we be able to preserve our liberty, peace and prosperity. This is required for the republic to survive.

Congress reflects the nation's current obsession with political correctness. The strange irony is that this whole movement has been encouraged by groups and individuals who in the past have been seen as the champions of free expression and civil liberties. These efforts to interfere with freedom of expression come from a desire to punish those in economic superior positions. Political correctness encourages promotions or firings for casual and rude statements once ridiculed by merely ignoring them. The age of victimization demands political correctness be carried to an illogical conclusion and the plan for perfect economic equality demands language that reflect these goals. It's truly an area that reflects a complete lack of understanding of the principles of liberty and is an understandable result of this century's division of liberty into two parts. The motive seems to be to make people better by forcing them to use only correct language and to provide special benefits to groups that are economically disadvantaged. It's not uncommon to hear of people losing their jobs and reputation over harmless comments or telling off-colored jokes. Talk about discrimination, this is the worst.

The concept of "hate crimes" is now enmeshed in all legislation. Pretending we can measure motivation and punish it is preposterous. Varying penalties, thus placing more value on one life than another, is a totalitarian idea.

The political correctness movement and the concept of hate crimes will lead to laws against "hate speech." Clearly the constitution is designed to protect protesters, even those who express hatred at times and is not limited to the protection of non-controversial speech. Freedom of expression is indeed under serious attack in this country. Already there are laws in two countries prohibiting even questioning the details of the Holocaust. In America that's certainly not permitted under the rules of political correctness.

Some still believe that "hate crimes" in America are limited to identifying the racial and religious motivation behind a violent crime. But it's scary when one realizes that al-

ready we have moved quickly down the path of totalitarianism. In 1995, 57% of all hate crimes reported were verbal in nature. These crimes now being prosecuted by an all powerful federal police force, at one time were considered nothing more than comments made by rude people. The federal police operation is headed up by the Office of Civil Rights of the Department of Education and can reach every nook and cranny of our entire education system as it imposes its will and curriculum on teachers and students.

Whatever happened to the child's logic of "sticks and stones will break my bones but names will never hurt me?" This basic philosophy offered a logical response to taunts by bullies. Today, the bully is the government which is determined to regulate, enforce, and imprison anyone who doesn't tow the line of political correctness, multi-culturalism and follow government dictated social and economic rules.

But why can't we consider a solution that incorporates the healthy skepticism of those opposing government mandated V-chips and telephone monitoring devices with those who see the foolishness and danger of political correctness, especially seen when it comes to enforcing crimes against hate speech. Too often the same people who understand the hate crimes issue are the ones that believe government ought to be able to monitor our telephone and computer and censor television programming.

This confusion is becoming structural and the longer it's an accepted principle, the greater the threat to the Republic and our liberties.

As long as it is fashionable or humorous to refer to one who consistently defends individual liberty as a "hobgoblin of little minds" our liberties will be threatened. Accepting and rationalizing any inconsistency while rejecting the principal defenders of a free society as impractical represents a danger to the republic. A strict adherence to the Constitution is surely not something that should be encouraged or tolerated, according to these critics.

By insisting that all government action be guided by tolerance and compromise in any effort to protect liberty, it is only natural that strict observance to standards in other areas would be abandoned. And it is true, we now live in an age where life has relative value, money has no definition, marriage is undefinable, moral values are taught as relative ethics in our classrooms, good grades in the classroom no longer reflect excellence, success in business is often subjected to doubts because of affirmative action, and corporate profits depend more on good lobbyists in Washington than creative effort.

Pragmatism and interventionism are popular because of their convenience and appeal to those who crave governing over others and those who expect unearned benefits. This process can last a long time when some incentives to produce remain in place. But eventually it leads to an attack on the value of money confiscatory taxation, over regulation, excessive borrowing on the future and undermining of trust in the political process. Once this system

is entrenched, it becomes difficult, if not impossible, to gracefully reverse the process.

The usual result is the various groups receiving benefits become highly competitive and bitter toward each other. Eventually, it leads to a time when compromise and government planning no longer look practical nor fair. In the next few years, we can expect this to become more evident as Congress will be forced to acknowledge that the budget has more problems than was admitted to in the closing days of the first session of the 105th Congress.

If we do not define the type of government we are striving for and reject interventionism as a doctrine, the endless debate will remain buried in details of form and degree of the current system with no discussion of substance. Merely deciding where to draw the line on government involvement in our lives will consume all the energy of the legislative process. Whether or not we should be involved at all will receive little attention.

In order to direct our efforts toward preservation of liberty, in lieu of planning the economy and regulating people, we must have a clear understanding of rights. But could British Prime Minister Tony Blair be telling us being about Western Civilization and government's responsibility to the people? Blair was quoted in a recent visit with the President as saying, "I tell you, a decent society is not based on rights, it is based on duty. Our duty to one another. To all should be given opportunity, from all responsibility demanded."

This sounds just a tad authoritarian and closer to the Communist Manifesto than to the Magna Carta or to the Bill of Rights.

A free society is just the opposite. I argue that a free society is the only "decent" society and the only one that I care to live in. A free society depends entirely on personal rights for which all individuals are naturally entitled. This was the bedrock of the Declaration of Independence and our Constitution and the principle upon which our republic rests.

Yet today most of the West, now engulfed by Keynesian welfarism, sadly accepts the Blair philosophy. Duty and responsibility, as Blair sees it, is not the voluntary responsibility found in a free society but rather duty and responsibility to the State. He is right about one thing. If duty to the State is accepted as an uncontested fact, rights are meaningless. And everyday our rights are indeed becoming more threatened.

We have come to accept it as immoral and selfish to demand individual rights. Today, rights are too frequently accepted as being collective, such as minority, gay, women, handicapped, poor, or student rights. But rights are only individual. Everyone has a right to life, liberty and property, and it comes naturally or is a God-given gift.

The purpose of the State is to protect equally everyone's rights. The whole purpose of political action should be to protect liberty. Free individuals then with a sense of responsibility and compassion must then strive for moral excellence and economic betterment. When government loses sight of the importance of rights and assumes the responsibility reserved to free individuals and sets about to make the economy equally fair to everyone and improve personal nonviolent behavior, the effort can only be made at the expense of liberty with the efforts ending in failure.

National governments should exist to protect individual liberty at home by enforcing laws against violence and fraud and from outside threats. The bigger and more international government becomes, the more likely it is that the effort will fail.

The original challenge to the champions of freedom centuries ago was always to limit the powers of the king. Today the challenge, every bit as great but harder to define, is to limit the power of democratic parliaments and congresses. Democratic elections of leaders is one thing, but obsession with determining all rights by majority vote has now become liberty's greatest enemy.

Throughout this century, and as the movement grows for one world government, the linchpin is always democracy, not liberty or a constitutionally restrained republic as our Founders preferred. As long as the democratic vote can modify rights, the politicians will be on the receiving end of bribes and money and will be the greatest influence on legislation.

When government's sole purpose is to protect the lowliest of the minority, the individual, there will be no market for influence buying. Regulating the peddlers of graft will only make things worse for the rules will further undermine the right of the individual to petition and seek his own redress of grievances.

Detailed rules on political donations and lobbyist activity can easily be circumvented by the avaricious. Only a better understanding of rights and the proper role of government will alter the course upon which we have embarked.

Political leaders no longer see their responsibility to protect life and liberty as a sacred trust and a concept of individual rights has been significantly undermined throughout the 20th century. The record verifies this. Authoritarian governments, in this the bloodiest of all centuries, have annihilated over 100 million people, their own. Wars have killed an additional 34 million, and only a small number of these were truly in the defense of liberty.

The main motivation behind these mass murders was to maintain political power. Liberty in many ways has become the forgotten cause of the 20th century. Even the mildest mannered welfarist depends on government guns

and threats of prison to forcefully extract wealth from producers to transfer it to the politically well-connected. The same government force is used by the powerful rich to promote from the programs designed to benefit them.

The budgetary process and the transfer of wealth that occurs through monetary inflation is influenced more by the business and banking elite than by the poor. The \$1.7 trillion budget is not an investment in liberty. The kings are gone and I doubt that we will see another Stalin, Hitler, Pol Pot or Mao, but the "majority" in our legislative bodies now reign supreme with one goal in mind: maintaining power.

To do this they must satisfy the power brokers, pretending they are humanitarian saviors while ignoring their responsibility to protect individual liberty.

"Democracy" is now the goal of all those who profess progress and peace, but instead they promote corporatism, inflationism, and world government.

The question is, where will our alternative come from? Which group or individual truly speaks for liberty and limited government? The speeches, the rhetoric, the campaigns rarely reveal the underlying support most politicians have for expanding the State, especially when coming from those who are thought to be promoting limited government.

Those who believe in welfare and socialism are frequently more straightforward. But we are now hearing from some traditional "opponents" of big government, admonishing us to stop "trashing" government. Instead, we should be busy "fixing it." They do it without once challenging the moral principle that justifies all government intervention in our personal lives and economic transactions.

William J. Bennett strongly condemns critics of big government saying, "... some of today's antigovernment rhetoric is contemptuous of history and not intellectually serious. If you listen to it, you come away with the impression that government has never done anything well. In fact, government has done some very difficult things quite well. Like ... reduced the number of elderly in poverty ... passed civil rights legislation ... insure bank deposits and insure the air and water remains clean."

Bennett's great concern is this. "Disdain of representative government (democracy) however, makes it virtually impossible to instill in citizens a noble love of country" (the State rather than liberty). Bennett complains that Americans no longer love their country because of their "utter contempt some have directed against government itself." In other words, we must love our government ruled by the tyrannical majority at all costs or it is impossible to love freedom and America.

Any effort to limit the size of government while never challenging the moral principle upon which all government force depends, while blindly defending majoritarian rule for making

government work, will not restore the American republic. Instead, this approach gives credibility to the authoritarians and undermines the limited government movement by ignoring the basic principles of liberty. Only a restoration of a full understanding of individual rights and the purpose of a constitutional republic can reverse this trend. Our republic is indeed threatened.

REPORT CONCERNING NATIONAL EMERGENCY WITH RESPECT TO TERRORISTS THREATS TO DISRUPT MIDDLE EAST PEACE PROCESS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105-182)

The SPEAKER pro tempore (Mr. SNOWBARGER) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered printed:

To the Congress of the United States:

I hereby report to the Congress on the developments concerning the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c).

1. On January 23, 1995, I signed Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process" (the "Order") (60 Fed. Reg. 5079, January 25, 1995). The Order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in an Annex to the Order. The Order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor, or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the Order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any other person designated pursuant to the

Order (collectively "Specifically Designated Terrorists" or "SDTs").

The Order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering.

Designations of persons blocked pursuant to the Order are effective upon the date of determination by the Secretary of State or her delegate, or the Director of the Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

Because terrorist activities continue to threaten the Middle East peace process and vital interests of the United States in the Middle East, on January 21, 1998, I continued for another year the national emergency declared on January 23, 1995, and the measures that took effect on January 24, 1995, to deal with that emergency. This action was taken in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)).

2. On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order 12947 who have been designated by the President as terrorist organizations threatening the Middle East peace process or who have been found to be owned or controlled by, or to be acting for or on behalf of, these terrorist organizations (60 Fed. Reg. 5084, January 25, 1995). The notice identified 31 entities that act for or on behalf of the 12 Middle East terrorist organizations listed in the Annex to Executive Order 12947, as well as 18 individuals who are leaders or representatives of these groups. In addition, the notice provided 9 name variations or pseudonyms used by the 18 individuals identified. The list identifies blocked persons who have been found to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process or to have assisted in, sponsored, or provided financial, material, or technological support for, or services in support of, such acts of violence, or are owned or controlled by, or act for or on behalf of other blocked persons. The Department of the Treasury issued three additional notices adding the names of three individuals, as well as their pseudonyms, to the List of SDTs (60 Fed. Reg. 41152, August 11, 1995; 60 Fed. Reg. 44932, August 29, 1995; and 60 Fed. Reg. 58435, November 27, 1995).

3. On February 2, 1996, OFAC issued the Terrorism Sanctions Regulations (the "TSRs" or the "Regulations") (61

Fed. Reg. 3805, February 2, 1996). The TSRs implement the President's declaration of a national emergency and imposition of sanctions against certain persons whose acts of violence have the purpose or effect of disrupting the Middle East peace process. There has been one amendment to the TSRs, 31 C.F.R. Part 595 administered by the Office of Foreign Assets Control of the Department of the Treasury, since my report of August 5, 1997. The Regulations were amended on August 25, 1997. General reporting, recordkeeping, licensing, and other procedural regulations were moved from the Regulations to a separate part (31 C.F.R. Part 501) dealing solely with such procedural matters (62 Fed. Reg. 45098, August 25, 1997). A copy of the amendment is attached.

4. Since January 25, 1995, OFAC has issued three licenses pursuant to the Regulations. These licenses authorize payment of legal expenses of individuals and the disbursement of funds for normal expenditures for the maintenance of family members of individuals designated pursuant to Executive Order 12947, and for secure storage of tangible assets of Specially Designated Terrorists.

5. The expenses incurred by the Federal Government in the 6-month period from July 22, 1997, through January 22, 1998, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to organizations that disrupt the Middle East peace process are estimated at approximately \$165,000. These data do not reflect certain costs of operations by the intelligence and law enforcement communities.

6. Executive Order 12947 provides this Administration with a tool for combating fundraising in this country on behalf of organizations that use terror to undermine the Middle East peace process. The Order makes it harder for such groups to finance these criminal activities by cutting off their access to sources of support in the United States and to U.S. financial facilities. It is also intended to reach charitable contributions to designated organizations and individuals to preclude diversion of such donations to terrorist activities.

Executive Order 12947 demonstrates the United States determination to confront and combat those who would seek to destroy the Middle East peace process, and our commitment to the global fight against terrorism. I shall continue to exercise the powers at my disposal to apply economic sanctions against extremists seeking to destroy the hopes of peaceful coexistence between Arabs and Israelis as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 27, 1998.