

the Humanities Act. Let's tear down Sheldon Hackney's fiefdom. The critics and the naysayers believe we cannot balance the budget. Well, here's a golden opportunity to begin that process by trimming \$177 million of fat from the Federal budget.

Mr. Speaker, I include for the RECORD the following information:

#### APPENDIX A

##### CHECKLIST FOR CONVERSATION PLANNING

##### People:

Do you need to contact organizations that can help you assemble a planning committee and find participants for the conversation?

Does your planning committee have the same racial, ethnic, and cultural diversity as the people you hope will participate?

Have you divided responsibilities among committee members?

Have you identified an effective discussion leader?

Have you appointed someone to take notes or tape-record each session?

Have you personally invited the participants or responded to them personally after they have expressed interests in joining the conversation?

Have you sent information and directions to participants several days before the first session?

Have you made reminder phone calls to participants one or two days before each session?

##### Content:

Have you decided how to focus your discussion? If there will be more than one session, have you identified all the topics? Or will participants choose the later topics at the first session?

Have you selected the materials—e.g., readings, videos, conversation starters, Scholars' Essays, news clips—for each session?

How will you use the materials? How will you distribute them?

Have you considered inviting an expert to provide background information for the discussion?

##### Format:

Have you chosen an appropriate conversation format (number, length, and frequency of sessions)?

Do you have an agenda, including time for opening remarks, introductions, and ground rules?

Is the discussion leader familiar with the reading materials and the makeup of the group?

#### MEXICAN BAILOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

(Ms. KAPTUR asked and was given permission to revise and extend her remarks.)

Ms. KAPTUR. Today the administration, with the acquiescence of the top leaders in this Congress, announced a sweeping \$47.5 billion bailout of the Government of Mexico and its Wall Street creditors by our taxpayers through the instrumentalities of the United States, including our U.S. Treasury, our Federal Reserve, the International Monetary Fund, into which the United States pumps money, and the Bank for International Settlements, on whose board sit the chairman of our Federal Reserve and the

chairman of the New York Federal Reserve.

All of this was done without a vote of the Congress of the United States, the only federally elected officials representing the people of this country.

This newest proposal is a perpetuation of the worst kind of manipulative politics, both here in our country and in Mexico. And from a constitutional standpoint, it is absolutely precedent setting in the abuse of power by our own Federal Reserve, in collaboration with the U.S. Department of Treasury.

This new proposal is nothing short of a circumvention of the democratic process and a circumvention of the proper role of the elected leaders of the Congress of the United States.

The administration chose this path because they knew that they did not have the votes in this Congress, nor the support of the American public. In fact, over 80 percent of the American people oppose this bailout.

This new proposal is representative of what is wrong with politics in our country: not reflecting the will of the people.

Federal Reserve Chairman Greenspan, officials in the administration, and the top Republican leadership of this Congress have all exhibited this type of behavior during the present Mexican peso crisis and further through past trade policies which created this mess, an arrogance and abuse of power which knows no bounds.

It is well known that people tend to change once they come into the beltway in Washington.

In October 1979, Federal Reserve Chairman Greenspan told the Senate Banking Committee that a proposed \$750 million loan, one-fortieth of what is being proposed here, for near-bankrupt Chrysler Corp. was a bad idea that flew in the face of the principles of free enterprise. This is the same man who by raising interest rates has increased your mortgage payments and increased your monthly credit card payments, eating into your wages over the last 20 years.

Chairman Greenspan and the Federal Reserve are trying desperately to cover their own tracks in this crisis. In fact, it was the Federal Reserve's own interest-rate policies of the past 3 years that helped set Mexico up for a fall.

Low United States rates in 1992 and 1993 led speculators to pump record levels of money into Mexico, some estimating over \$70 billion, and other emerging markets, but then the Fed's interest rate increases of 1994, all six of them, led those same investors to pull their money back out and bring it home.

If Chairman Greenspan was so concerned about Mexico, he would certainly not have raised United States interest rates six times over the last year.

The latest increase in interest rates means that if you own a \$60,000 home with a 30-year mortgage, your mortgage payments have gone up by an ad-

ditional \$100 a month. And as a result of the Fed's actions, your home will cost you about \$1,200 more a year or about \$36,000 over the life of your mortgage.

Chairman Greenspan is unelected, unaccountable, and evidently unaware of the people's lives in this country that his policies affect.

There is absolutely no reason that a proposal of this magnitude should not be considered by the Congress of the United States.

Under the Constitution, we have the absolute authority to coin money and to regulate the flow of money between nations. What was done here, very cleverly through the back door, was that an entity within the U.S. Treasury Department, the Currency Stabilization Fund, took deutschemarks and yen that they hold and they said to the Federal Reserve, we will borrow against those. And essentially a flow of funds came from the Federal Reserve to the U.S. Treasury against the terms of the Constitution of the United States, which require all appropriated dollars to be voted on by the Congress of the United States.

#### INVESTIGATION OF COMMERCE SECRETARY RON BROWN

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Indiana, [Mr. BURTON] is recognized for 60 minutes as the majority leader's designee.

Mr. BURTON of Indiana. Mr. Speaker, let me first say that I just listened with great interest to my colleague from Ohio. I think she is right on the money.

I would like for my friends who are paying attention to this special order to know that this is a bipartisan concern about the circumvention of the will of the people and the will of the Congress. I think it is wrong.

□ 2010

Mr. Speaker, there were many of us that worked on the draft legislation for the loan guaranty program with Mexico. In the draft legislation we had many conditions spelled out to protect the American taxpayer and to put in some other things that were very important to our hemisphere.

I am the chairman of the Subcommittee on Western Hemisphere Affairs of the Committee on Foreign Affairs. We put things in there that we thought would put the heat on Castro in Cuba and stop Mexico from giving aid, direct or indirect aid to Castro. We wanted to put \$3 billion in hard assets in American banks to protect American taxpayers against a loss or a default. All those things are circumvented by this Executive order.

I think the gentleman is right on the money. The people of this country ought to be outraged, as well as their

Representatives in the Congress. I congratulate the gentlewoman on her fine remarks.

Tonight I want to talk about another subject, however, because I think it is very, very important and it bears upon the credibility of this Government and this administration. The Secretary of Commerce, Mr. Ron Brown, who is the former chairman of the Democratic National Committee, is once again under fire by the media for possible improprieties that took place since he became the Secretary of Commerce. However, before I get into that, I want to talk a little bit about Ron Brown's background, because I think it is extremely important that my colleagues know what this gentleman has done over the past several years.

Mr. Speaker, back in the early 1990's, in 1991, Ron Brown was involved with an organization called the Chemfix Technologies Corp. The Commerce Secretary has a history of questionable business dealings. This is one of them. None of the charges have been adequately investigated by the FBI or this body regarding Chemfix or any of these other allegations I'm going to talk about tonight. We need to have answers to these questions.

In 1991, columnist Michael Kinsley wrote about Brown's conflicts of interest in the Washington Post. Kinsley's allegations were followed by a television report on "20/20."

While chairman of the Democratic National Committee, Brown was a partner in the law firm of Patton, Boggs, and Blow in Washington, DC. This firm represented BCCI here in the United States.

Brown was also a member of the board of directors of this company, Chemfix Technologies, a Louisiana-based company that helps cities dispose of sewage. Right when the Democrat National Convention was being decided, the committee was meeting to decide whether they were going to hold its 1992 convention in New York, that city gave Chemfix a \$210 million contract to dispose of sewage from New York. This deal was made despite complaints from numerous other cities about Chemfix's poor operations, their past performance.

Right after the deal was struck, before the convention, Ron Brown purchased 5,000 shares of stock in this company. The "20/20" report on Chemfix stated that the city of New Haven was so dissatisfied with Chemfix's performance that it tried to get out of the deal. Chemfix refused, and Ron Brown made \$100,000 on the stock options. Brown's firm, Patton, Boggs, and Blow, also made hundreds of thousands of dollars doing Chemfix's legal work. This all happened during Brown's tenure as chairman of the Democrat Party.

In responding to Kinsley's column, Brown stated that he had nothing to do with the fact that Chemfix was awarded the \$210 million New York contract, and that the contract played no role in

the selection of New York City as the site of the 1992 Democrat convention. Right. But as Kinsley wrote, "There is only one reason a Louisiana sewage company would want a Washington lawyer high in Democrat politics on its board, and it's not because of his knowledge of sewage." That is the first time, not the first time, but it is the first glaring example of some possible improprieties on the part of Mr. Brown.

Then, in 1993, a gentleman named Binh Ly from Florida came to see me to talk to me about a deal that was allegedly made between Mr. Brown and a man named Mr. Hao and the Government of Vietnam to normalize relations with that country, even though we had never had an accounting of the POW-MIA's that are still missing. Mr. Ly said that the Government of Vietnam had promised to give Ron Brown a large sum of money, \$700,000, as a down payment for his influence to normalize relations with that country.

Members will recall that this country had made a commitment under President after President after President since the Vietnam war that we would never normalize relations with Vietnam until we had a full accounting of all those POW's and MIA's. It still has not been done, and yet the normalization process has started because of Ron Brown's efforts.

In February of 1993 Binh Ly, this gentleman I'm talking about, was interviewed by the FBI. The FBI gave him a lie detector test, a 6-hour lie detector test, which he passed.

The FBI, after the lie detector test, gave him a briefcase equipped with a tape recorder and a beeper so he could tape conversations between him and Mr. Hao about Mr. Brown's activities. In April of 1993, the FBI mysteriously took the beeper and the briefcase back, claiming budget cuts, and discontinued the investigation.

I might add that Mr. Ly told me that he asked the FBI "Why are you taking the beeper back, because we are trying to get evidence on Mr. Brown," and the FBI man winked at him and said it was, it is because of budget cuts, and the inference was he was getting orders from the top to curtail the investigation into Mr. Brown.

A grand jury investigation was not begun until after an extensive article about Ron Brown's Vietnam contacts had been published in the U.S. News and World Report in the summer of 1993. After denying, Mr. Brown, Ron Brown, Secretary of Commerce, after denying that he had never met with Mr. Hao, Ron Brown admitted later that year in September, 1993, that he met with him not once, not twice, but three times, the third time being at the Department of Commerce, just like Binh Ly claimed.

In October of 1993, ABC News and other news organizations reported that the FBI had obtained two notes faxed from Mr. Hao to the Vietnamese Government stating that his first two meetings with Ron Brown had been a

big success, further verifying Binh Ly's statements.

Also in October the New York Times reported that the FBI had uncovered evidence of wire transfers indicating that the Vietnamese Government was preparing to establish a special bank account in Singapore, backing up Binh Ly's statements that the Vietnamese Government was going to pay Ron Brown \$700,000 through this bank in Singapore.

They had proven, the FBI had proven, that there was a bank in Singapore, that there were wire transfers, just as Ly said, and the amount was not disclosed, but we estimated, we believe it was the \$700,000 that had been promised in the agreement.

In December of 1993 the Federal prosecutor conducting the investigation in Miami, the grand jury investigation, attempted to terminate the investigation without even calling Binh Ly to testify.

We contacted him and said that Binh Ly should testify because he was the principal witness, so the special prosecutor put Binh Ly before the grand jury only when he was ordered to do so by his superiors. This was clearly not a very aggressive prosecutor.

I might add, this prosecutor was not the local U.S. District Attorney in Miami, whom you would normally think would conduct the grand jury investigation. It was a special assistant to Janet Reno, the Attorney General, who was ordered to go down there and conduct the grand jury investigation.

They then said to me and other Members of Congress, they did not say Ron Brown was innocent. They said they did not have enough evidence, in their opinion, to indict him. Because they said they did not have enough evidence to indict him, then he was able to keep his job as Secretary of Commerce and everything went on as usual.

The fact of the matter is, this Congress has never had a complete report on that investigation by the Justice Department. Now that we have a majority in this Congress on the Republican side, we are trying to get a complete documented report from the Department of Justice on the entire investigation, starting with the FBI. We are going to continue to work on that until we get to the bottom of it.

Now we come to the latest allegations that have been in the paper this past week. These are pretty damning as well. These latest allegations are about a lady named Nolanda Hill and Ron Brown, and are very serious and demand a very thorough investigation.

In a nutshell here is what happened. A company owned by Nolanda Hill defaulted on a \$40 million debt that the Federal Government inherited, the taxpayers inherited, from bankrupt savings and loans.

At the same time, that same company was paying \$12,000 a month to another company that was co-owned by Nolanda Hill and Ron Brown, so while

she was defaulting on a \$40 million obligation to the taxpayers of this country, and the same company that was in bankruptcy, she was paying \$12,000 a month to another company in the same office that was owned by her and Ron Brown.

The second company, First International Communications, was located in the very same office as the company that defaulted on the loans.

Now let us talk about First International Communications. In the 1980's Ron Brown and Noland Hill formed a partnership. They named it First International Communications. Noland Hill owned a second company named Corridor Broadcasting.

□ 2020

Corridor Broadcasting borrowed \$26 million from two savings and loans in Texas and New Mexico to buy two television stations, one here in Washington, DC, WFTY, Channel 50, and the other in Needham, MA, WUNI, Channel 27. Corridor also borrowed an additional \$23 million from another savings and loan.

Noland Hill's company, Corridor, eventually defaulted, as I said, on both of the loans, the savings and loans failed, and the \$40 million in bad debt was inherited by the taxpayers, the Federal Government.

Interestingly enough, Corridor Broadcasting, Noland Hill's company, and First International Communications, the partnership between Noland Hill and Ron Brown, as I said, were in the same office. Ron Brown has stated repeatedly that he never invested any of his own money in First International. He also stated many times for the record that there were never any ties between Corridor Broadcasting and First International.

However, it was just revealed this month that First International's only substantial source of income was the \$12,000 a month in interest payments coming from Corridor Broadcasting on a loan of \$875,000.

Here you have Ron Brown saying there is no connection between the two companies, and yet there was a loan from one to the other and the defunct company that was in default to the taxpayers to the tune of \$40 million was paying \$12,000 a month in interest to the other company, while Ron Brown said there was no connection.

In other words, at the same time that Corridor Broadcasting could not afford to repay \$40 million in debts that had been inherited by the taxpayers, it could still afford to pay \$12,000 a month in interest to Noland Hill and Ron Brown.

Ron Brown's lawyer has recently stated that Ron Brown did not know that First International had made a loan to Corridor Broadcasting and was not directly involved in First International's operations.

Here are some questions that need to be answered:

If Ron Brown was one of the two partners in the firm, how could he be

ignorant of the firm's sole source of income? It is beyond comprehension.

If Ron Brown did not invest any of his own money in First International, what was the purpose of including him in the partnership? Was it to use his influence, first as chairman of the Democrat Party and then as Secretary of Commerce?

Three. Where did the \$875,000 come from that First International loaned to Corridor Broadcasting? Nobody said where did that \$875,000 come from? Where did it come from?

It has been alleged, as I said before, that the Government of Vietnam wanted to pay Ron Brown \$700,000 for his influence to get the embargo on Vietnam lifted, and according to the FBI, there was an electronic transfer from the Government of Vietnam to this bank in Singapore, and here all of a sudden we have a mysterious \$875,000 turning up that was invested into this corporation. And Ron Brown said he does not know anything about it.

If Corridor Broadcasting could not afford to repay the taxpayers of this country, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation, how could it afford to pay \$12,000 a month in interest to Secretary Brown and Noland Hill?

Let us talk further about Ron Brown and this possible payoff that we were talking about. Ron Brown was nominated to be Secretary of Commerce in December 1992. He was confirmed by the Senate in January 1993. He owned a share of First International Communications throughout 1993, although he did not pay anything for it, but he owned a share in it. He did not pay anything for it.

Listen to this. He owns a share in it and did not pay anything for it, yet he received roughly \$135,000 in payments from First International in 1993. That is a pretty good investment. It didn't cost you anything and you get \$135,000. This was the year that Corridor Broadcasting's loans were finally written off by the Federal Government.

So while Corridor Broadcasting is going down the tubes, First International, which is getting \$12,000 a month in interest payments, paid him another \$135,000.

In December 1993, he sold his share of the company back to Noland Hill because of the bad publicity, and, get this, he did not pay anything to own part of the company, but he got between \$250,000 and \$500,000 for his one share of stock.

He got \$135,000, then when he sells his share of stock back, he gets almost half a million dollars with no investment.

However, it has just been revealed that in 1994, Noland Hill spent an additional \$190,000 paying off personal debts of Ron Brown. Their attorneys state that this was part of the transaction in which Secretary Brown liquidated his holdings in First International.

So we have got \$135,000. We have got between \$250,000 and \$500,000. Now we have another \$190,000. And all this with no investment.

It is unclear if this \$190,000 was part of the payment listed on Secretary Brown's 1993 financial disclosure statement or if it was in addition to that amount.

Here are some questions:

If Secretary Brown did not invest any of his own money in First International and most of its ventures were total failures, how could his shares be worth almost a half million dollars? Everything was a failure. He put no money into it. How could it be worth a half a million dollars?

Did Noland Hill repurchase these shares at fair market value, or was this a gift to Secretary of Commerce Brown?

Three. What was the total amount Secretary Brown received from Noland Hill? Was the \$190,000 Noland Hill used to pay Ron Brown's debts part of the money reported on Secretary Brown's financial disclosure report for 1993 or was it in addition to that amount?

Four. If Ron Brown did not invest any money in First International, then all the money he was paid when he divested himself should be considered a capital gain.

Question: Did Secretary Brown pay capital gains taxes on all these funds, including the \$190,000 paid to him last year to pay his debts?

There is another corporation in this same office, a third one, called Know, Inc. Noland Hill owned a third company, Know, Inc. Oddly enough, Know, Inc. was in the same office as Corridor Broadcasting and First International.

In 1992, Noland Hill loaned Ron Brown \$78,000 through this third corporation.

We have got \$135,000, he got \$190,000 and he got somewhere between \$250,000 and \$500,000. Through this third corporation he got \$78,000 so he could pay off another debt. According to the Washington Post, Brown needed to repay a debt to the National Bank of Washington before his Senate confirmation hearings began.

Noland Hill—now, get this—she loaned him \$78,000 to pay off his debts. And now Noland Hill later forgave the debt and did not require Ron Brown to pay it back.

So here he is now. He has got \$135,000, \$190,000, probably a half a million dollars, and now he has got \$78,000 in a note that is forgiven. All with no investment.

Questions:

If Noland Hill could not afford to repay the taxpayers any of the \$40 million she owed, where did she keep coming up with all this money for Ron Brown? Did Secretary Brown report this \$78,000 as income on his financial disclosure statement? Did Secretary Brown report this \$78,000 on his income

taxes, and why did Nolanda Hill have so many different companies, if they were all located in the same office? Could it have been to shield herself from paying off legitimate debts that the taxpayers are now paying to the tune of \$40 million?

The FDIC announced this week that they are launching an investigation of Nolanda Hill's defaulted loan. In addition, 14 Senators have written to Attorney General Reno to ask for a thorough investigation of this entire matter. A thorough investigation of this whole mess is absolutely necessary and an independent counsel is probably necessary. Congress in my opinion must also continue to investigate all of these nefarious activities or apparently nefarious activities of Ron Brown that have taken place for the last 5 or 6 years that have garnered him probably millions of dollars.

I would just like to say that we have tried for the past couple of years to get an independent counsel to investigate the allegations of the Vietnamese affair and we have done that without success.

We have brought to the attention of the gentleman from Pennsylvania [Mr. CLINGER], the chairman of the Committee on Government Reform and Oversight, and I believe that the gentleman is already looking into this and hopefully we will have a very thorough investigation not only into these latest allegations against Ron Brown but also into these others.

I hope the FDIC and the Internal Revenue Service will take a very close look at his ethics reports as well as his income taxes, because if all of that stuff is on his income tax reports, he must have paid a heck of a lot of money in the last couple of years.

□ 2030

Mr. FOX of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BURTON of Indiana. I am happy to yield to my colleague, the gentleman from Pennsylvania.

Mr. FOX of Pennsylvania. Mr. Chairman, I thank the gentleman for yielding. I would ask the gentleman from Indiana, if the Speaker will permit, a few questions if I may in regard to his presentation.

First, does the law impute that the Commerce Secretary would be knowledgeable of the questionable transactions of his firm?

Mr. BURTON of Indiana. Does the law require that?

Mr. FOX of Pennsylvania. Would the law impute, in other words, based on the transactions the gentleman spoke of and the fact it was in his firm, would they automatically assume that the Secretary would have known?

Mr. BURTON of Indiana. I would think that any investigative attorney would question highly a partner in a firm with these kinds of resources.

Mr. FOX of Pennsylvania. Especially with the size of the amount.

Mr. BURTON of Indiana. Not knowing about the activities of one of the partners, so it is beyond comprehension to me that Mr. Brown would not know of these activities.

Mr. FOX of Pennsylvania. Would the gentleman further yield?

Mr. BURTON of Indiana. Sure, I am happy to yield to the gentleman from Pennsylvania.

Mr. FOX of Pennsylvania. Are members of the Cabinet required to file statements of financial disclosure?

Mr. BURTON of Indiana. Yes; they are.

Mr. FOX of Pennsylvania. Would the transactions that the gentleman listed or discussed here this evening be noted on the Secretary's financial disclosure form?

Mr. BURTON of Indiana. Yes; I believe all of these activities should be very thoroughly documented in his report, and that is one of the reasons why I believe that the Senators and those of us in the House are asking the FDIC, and other agencies of Government to take a close look at those, and his income tax returns, because we question whether or not this stuff has been reported.

Mr. FOX of Pennsylvania. Mr. Speaker, will the gentleman further yield?

Mr. BURTON of Indiana. I am happy to yield.

Mr. FOX of Pennsylvania. Based on the issue of credibility and questionable activities you have outlined, does this loss of confidence make it difficult for the Commerce Secretary to be fully effective, in your opinion?

Mr. BURTON of Indiana. Yes; and I think one of the things that we should do is we should write a letter to the President, and I believe we will probably have one drafted sometime tomorrow asking the President to have the Commerce Secretary step aside while this investigation is taking place so it will not cast any aspersions on the administration. You know, the administration has had a lot of problems in the past year with not only allegations but proven allegations being made public on a number of administration officials, Web Hubbell and Mr. Altman and others, and Mr. Nussbaum, and as a result those people having been forced to resign, and I think the administration would be well advised to ask Mr. Brown to step aside. They do not have to ask him to resign his post if they do not want to, but ask him to step aside so he does not conduct any of his official duties while this investigation is taking place.

Mr. FOX of Pennsylvania. Only the U.S. Senate has the right to confirm Presidential appointees and Cabinet members. What options does this House have to investigate a Cabinet member as far as you know?

Mr. BURTON of Indiana. The chairman of the Government Operations Committee or Government Oversight and Reform Committee has the right to hold hearings on suspected inappropriate activity on the part of a member of

the executive branch; much like the Banking Committee held hearings on the Whitewater investigation last fall.

So, I think since the Resolution Trust is involved and a default of \$40 million of taxpayers' money, then I think that possibly the Banking Committee, as well as Government Reform and Oversight Committee would have jurisdiction and we could both have hearings.

Mr. FOX of Pennsylvania. So it is your opinion then that the Banking Committee under JIM LEACH and Government Reform and Oversight Committee under Congressman CLINGER could in fact hold appropriate hearings to get the appropriate and honest and fair information regarding this matter so Congress would have and the American people would have a proper view of these circumstances, am I correct?

Mr. BURTON of Indiana. Yes, I think that should be done. And I also believe we should seriously consider urging that an independent counsel be appointed to thoroughly look into all of these activities I have alluded to. If we can get the Justice Department and FBI to give us a thorough accounting of what went on in the Vietnamese affair I talked about, I think that that probably would give Chairman CLINGER in this particular case reason to hold hearings on that subject alone. I really believe that.

But if that were not enough, then certainly these latest revelations would lead Chairman CLINGER to hold not only hearings here, but also to urge that we have an independent counsel investigate this.

Mr. FOX of Pennsylvania. If the gentleman will further yield, one final question. Inasmuch as the Federal Deposit Insurance Corporation is already conducting an investigation in a related portion of the matters you have raised before the House tonight, would the Commerce Secretary's involvement as part of the overall investigation be appropriate by FDIC, or do you believe it should be a committee of the House?

Mr. BURTON of Indiana. I think the FDIC is looking into this already, because it involves taxpayers' moneys and loans from the Federal Government. And so I think that the FDIC is going to look into this at the request I believe of Chairman CLINGER and others.

I also think there should be an audit of Mr. Brown's tax returns because of the tremendous amounts of money and loans that were given to him and were forgiven, to see if they were declared as income.

So I think there should be a number of agencies involved in this investigation: FDIC, the IRS, independent counsel, as well as the House and Senate Committees on Government Oversight.

Mr. FOX of Pennsylvania. If the gentleman will further yield, I would say I know the Members of the House appreciate your bringing these issues forward because the very foundation of

our democracy is we are a nation of laws and not men.

And Congressman BURTON, I appreciate your bringing this forward tonight. I hope you will continue to advise the House of whatever matters come before you or Chairman CLINGER, so we are aware of what is happening and the American public has a chance to weigh in as well.

Mr. BURTON of Indiana. I thank the gentleman from Pennsylvania for his participation in this special order, and I agree with him that we should continue these special orders to illuminate issues of national concern.

One of the problems that we have in this country right now is there is not a great deal of confidence in government. I think the last election showed that very clearly. And when you have member after member after member of the administration quitting or being forced to resign under a cloud, it creates more doubts and concerns among the electorate and the people of this country. So I think what we have to do is reinstall confidence in them that the Government is honest, that the people that are running the Government in both the executive and legislative branches are honest, and if we find some wrongdoing, that needs to be brought out in the full light of day through hearings or investigations. And that is why we urged during the Vietnamese debacle there be hearings, but we were not in the majority at that time and could not get it done.

Now that we are in the majority, we should have full and fair hearings. I do not think it should be we are tying him up and tar and feathering him and carrying him off over into the sunset. I think they ought to be fair hearings with fair questions being asked and expecting fair answers from Mr. Brown and his associates.

But these things that are in the paper are going all across the country right now, and the people I am sure are shaking their heads and saying, "Oh my gosh, there is another corrupt government official." And we need to get to the bottom of it and get to the bottom of questions like this.

Mr. FOX of Pennsylvania. I hope the gentleman will get back to us through this forum of the special orders or within our Committee on Government Reform and Oversight because I know the gentleman from Pennsylvania [Mr. CLINGER] has a full plate with many of the Contract With America items, but I know he has made a priority your discussion with regard to restoring public confidence in public officials. We look forward to hearing further.

Mr. BURTON of Indiana. I thank the gentleman. Let me just say next week we will be taking a special order going into some other activities in the administration which I think will be of great interest to my colleagues.

With that, I yield back the balance of my time.

#### FINANCIAL STABILITY OF THE UNITED STATES GOVERNMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Oregon [Mr. DEFAZIO] is recognized for 60 minutes as the designee of the minority leader.

Mr. DEFAZIO. Mr. Speaker, this evening we would like to address two subjects having to do with the health of the economy of the United States, and the financial stability of our Government. And they go to the proposed or pending interest rate increase before the Federal Reserve Board, and the announcements today made by the administration regarding the Mexican bailout which apparently now will be done by administrative order.

I would like first to start, since it has not happened yet, perhaps we can prevent a disaster, start with the proposed interest rate increase by the Federal Reserve.

Six times in the last year, a record, the Federal Reserve Board has seen inflation somewhere over the horizon and raised interest rates.

□ 2040

Those six increases have hit hard at anybody in America who has to borrow money, families who want to borrow money to buy a house, individuals who want to borrow money to buy a car, people who want to start or continue with a small business, homebuilders and others. They have been hit time and time again by the Federal Reserve raising interest rates, this latest pending increase estimated to be one-half of a percent.

Now, just think about it, this is a group that will meet in secret. The Federal Reserve meets in secret. They are accountable to no one. Calls were recently placed down there by my staff regarding the Mexican peso bailout, and we were told there was no business of the Congressman what involvement the Federal Reserve might have with our tax dollars and reserve money that underlies our bank accounts. They will meet in secret, and they will consider a policy change that is likely to raise this year's deficit by \$2.5 billion.

It is likely, according to the homebuilders, to drive a medium-priced home beyond the reach of 1 million families in America. That is after they have already driven up prices of mortgages by more than \$200 a month on a \$100,000 home in the last year. This single increase will drive up the mortgage on a \$100,000 house by about \$1,600.

Now, here we are squabbling over these proposals to reduce taxes by a pizza a week for every American family, and the Federal Reserve in secret with no accountability to the U.S. Congress or the elected representatives of the people is going to unilaterally impose a policy that will increase the deficit by \$2.5 billion, will increase the price of a home for a modest family, a \$100,000 home, by \$1,600 per year with no public scrutiny, no hearings, and no

accountability. It is absolutely outrageous.

Furthermore, they have adopted a policy now, they think that any rate of unemployment less than 6 percent is inflationary. God forbid that wages should go up a little bit in this country. They have not gone up for your average family in the last 20 years, and the Federal Reserve has a concerted policy to make sure that does not happen. They consider a wage increase for working Americans to be inflationary.

Yet we had a wire story today that said we had the least pressure on employment costs since those statistics have been kept. Yet again, the Federal Reserve is going to preemptively raise interest rates with a concerted policy to put tens of thousands more Americans out of work. Remember, it used to be 4 percent was considered full employment in this country. Now they say 6-percent unemployment is full employment. That is 3½ million Americans who are going to be deprived of their jobs by the Federal Reserve because the Federal Reserve sees inflation that does not exist.

Furthermore, Alan Greenspan, the Chairman of the Federal Reserve, appointed by the last Republican President, has said that we overstate inflation in this country. He testified just last week before the Banking Committee and said, "Well, you know, the CPI overstates inflation by 1 to 1½ percent." That means, according to Alan Greenspan's own numbers, inflation is at more than a 30-year low in this country. Yet they are going to go back to the well one more time. They are going to raise interest rates again. They are going to raise the price of houses again, refrigerators, anything you buy on time will be increased.

Why? Not because there is a real threat of inflation, but because it is being demanded by Wall Street.

Now, it is an interesting question who makes monetary policy in this country, who controls the currency of the United States. And are we running this Nation for a few select bankers on Wall Street, or are we running this Nation for the American taxpayers? That brings up the Mexico bailout.

The gentlewoman from Ohio [Ms. KAPTUR] found a very interesting quote in the Wall Street Journal, and I thought you might want to present that.

Ms. KAPTUR. If the gentleman will yield, I thank you for your tremendous work on focusing on the Federal Reserve and the important role they play in this country. They are unelected. They do not have to come up here. Most Americans do not know who the Board of Governors of the Federal Reserve are, and yet all of the money that the citizens put in their banks back home, those banks, if they should choose, and most of them do, then pay dues into the Federal Reserve System.

They are organized by districts around the United States. The closest one to me is in Cleveland, OH, since I