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We were elected, of course, to bring those solutions to the challenges of balancing the budget, and raising take-home pay by lowering taxes, and reforming welfare and taming the IRS. But there were a lot of folks here in Washington who said, you know, those are challenges that you will never solve, that you will never be able to do that, and they said it just could not be done. And I am proud to say tonight that we did. We did do what we were told we could not do. I am proud that our accomplishments include the first balanced budget in 28 years, the first middle class tax cut in 16 years, the first real welfare reform in a generation and the first ever reform of the IRS. Our efforts produced a balanced budget that has now generated a projected surplus of extra tax revenue of \$2.3 trillion over the next 10 years. We now have a \$500 per child tax credit that is going to benefit 3 million children in my State of Illinois. Welfare reform that has succeeded in reducing welfare rolls by 25 percent, and taxpayers now enjoy the same rights with the IRS that they have in a courtroom. For the first time taxpayers are innocent until proven guilty.

Madam Speaker, these are real accomplishments of this Congress, and I am proud to have been part of those accomplishments, but we also have greater challenges ahead of us.

Because this Congress held the President's feet to the fire, we balanced the budget, and now we are collecting more in taxes than we are spending, something new here in Washington, and the question before this House and this Congress in Washington is: What do we do with that extra tax revenue, \$2.3 trillion, an extra tax revenue? We are collecting more than we are spending.

I think it is pretty clear. There was an agreement, a bipartisan agreement, that the first priority for this extra tax revenue is to save Social Security, to make sure that we keep Social Security on sound footing for our seniors and future generations, and I do want to note that last fall the Republican House passed and sent to the Senate legislation that would earmark 90 percent of the surplus of extra tax revenue for saving Social Security. Now this year President Clinton says he only needs 62 percent; we can save Social Security with 62 percent. Well, we agreed that at a minimum we should set-aside 62 percent of surplus tax revenues for saving Social Security.

Of course the question is: What do we do with the rest? Bill Clinton says that we should save Social Security and then spend the rest, the remaining 38 percent of surplus tax revenues, on new government programs, on big government. I disagree and say that we should save Social Security and we should raise take-home pay by lowering taxes.

The question is pretty simple before this House: Whose money is it to start with?

You know, if you think about it, if you go to a restaurant, and you buy a meal, and you find that you overpay, the restaurant will usually say, wait a second, you have given us too much, you should take this back. You have paid too much, and that extra money they should get back to you. Well, it is clear today that this government is collecting too much, and it is time to give that too much back in a tax cut.

There is a pretty simple question again. It is do we want to save Social Security and spend the rest of the surplus tax revenue, or do we save Social Security and give it back for working families, give it back by eliminating the marriage tax penalty and rewarding retirement savings?

You know the Tax Foundation tells us that today's tax burden is too high. The average family in Illinois sends 40 percent of its annual income, its earnings, its salary, to government at local, State and Federal levels. Forty percent of your income goes to government at one level or another. And I also want to note that the IRS tells us that since Bill Clinton was elected President in 1992, taxes collected by the Federal Government from individuals and from families have gone up 63 percent. The tax burden on America's families is the highest ever.

My colleagues, we can save Social Security, we can eliminate the marriage tax penalty. Let us save Social Security, and let us lower taxes for working Americans.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 99, TEMPORARY EXTENSION OF FEDERAL AVIATION ADMINISTRATION PROGRAMS

Mr. DREIER (during the special order of Mr. PAUL), from the Committee on Rules, submitted a privileged report (Rept. No. 106-4) on the resolution (H. Res. 31) providing for consideration of the bill (H.R. 99) to amend title 49, United States Code, to extend Federal Aviation Administration programs through September 30, 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

CONGRESS RELINQUISHING THE POWER TO WAGE WAR

The SPEAKER pro tempore (Mrs. BIGGERT). Under the Speaker's announced policy of January 6, 1999, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes as the designee of the majority leader.

Mr. PAUL. Madam Speaker, I have great concern for the future of the American Republic. Many Americans argue that we are now enjoying the best of times. Others concern themselves with problems less visible but smoldering beneath the surface. Those who are content point out that the economy is booming, we are not at war, crime rates are down, and the ma-

majority of Americans feel safe and secure in their homes and community. Others point out that economic booms, when brought about artificially with credit creation, are destined to end with a bang. The absence of overt war does not negate the fact that tens of thousands of American troops are scattered around the world in the middle of ancient fights not likely to be settled by our meddling and may escalate at any time.

Madam Speaker, the relinquishing of the power to wage war by Congress to the President, although ignored or endorsed by many, raises serious questions regarding the status of our Republic, and although many Americans are content with their routine activities, much evidence demonstrating that our personal privacy is routinely being threatened. Crime still remains a concern for many with questions raised as to whether or not violent crimes are accurately reported, and ironically there are many Americans who now fear that dreaded Federal bureaucrat and possible illegal seizure of their property by the government more than they do the thugs in the street. I remain concerned about the economy, our militarism and internationalism, and the systemic invasion of our privacy in every aspect of our lives by nameless bureaucrats. I am convinced that if these problems are not dealt with. The republic for for which we have all sworn an oath to protect will not survive.

Madam Speaker, all Members should be concerned about the war powers now illegitimately assumed by the President, the financial bubble that will play havoc with the standard of living of most Americans when it bursts and the systemic undermining of our privacy even in this age of relative contentment.

The Founders of this great Nation abhorred tyranny and loved liberty. The power of the king to wage war, tax and abuse the personal rights of the American colonists drove them to rebel, win a revolution and codify their convictions in a new Constitution. It was serious business, and every issue was thoroughly debated and explained most prominently in the Federalist Papers. Debate about trade among the States and with other countries, sound money and the constraints on presidential power occupied a major portion of their time.

Initially the Articles of Confederation spoke clearly of just who would be responsible for waging war. It gave the constitutional Congress, quote, sole and exclusive right and power of determining on peace and war. In the debate at the Constitutional Convention it was clear that this position was maintained as the power of the British king was not to be, quote, a proper guide in defining executive war powers, close quote, for the newly formed republic. The result was a Constitution that gave Congress the power to declare war, issue letters of mark and reprisal, call up the militia, raise and

train an Army and Navy and regulate foreign commerce, a tool often used in international conflict. The President was also required to share power with the Senate in ratifying treaties and appointing ambassadors.

Let there be no doubt. The President, according to the Constitution, has no power to wage war. However it has been recognized throughout our history that certain circumstances might require the President to act in self-defense if Congress is not readily available to act if the United States is attacked.

Recent flagrant abuse of the power to wage war by modern-day Presidents, including the most recent episodes in Iraq, Afghanistan and Sudan, should prompt this Congress to revisit this entire issue of war powers. Certain abuses of power are obviously more injurious than others. The use of the FBI and the IRS to illegally monitor and intimidate citizens is a power that should be easy to condemn, and yet it continues to thrive. The illegal and immoral power to create money out of thin air for the purpose of financing a welfare-warfare state serving certain financial interests while causing the harmful business cycle is a process that most in Washington do not understand nor care about. These are ominous powers of great magnitude that were never meant to be permitted under the Constitution.

But as bad as these abuses are, the power of a single person, the President, to wage war is the most egregious of all presidential powers, and Congress deserves the blame for allowing such power to gravitate into the hands of the President. The fact that nary a complaint was made in Congress for the recent aggressive military behavior of our President in Iraq for reasons that had nothing to do with national security should not be ignored. Instead, Congress unwisely and quickly rubber stamped this military operation. We should analyze this closely and decide whether or not we in the Congress should promote a war powers policy that conforms to the Constitution or continue to allow our Presidents ever greater leverage to wage war any time, any place and for any reason.

This policy of allowing our Presidents unlimited authority to wage war has been in place since the end of World War II, although abuse to a lesser degree has occurred since the beginning of the 20th century. Specifically, since joining the United Nations congressional authority to determine when and if our troops will fight abroad has been seriously undermined. From Truman's sending of troops to Korea to Bush's Persian Gulf War, we have seen big wars fought, tens of thousands killed, hundreds of thousands wounded and hundreds of billions of dollars wasted. U.S. security, never at risk, has been needlessly jeopardized by the so-called peacekeeping missions and police exercises while constitutional law has been seriously and dangerously undermined.

Madam Speaker, something must be done. The cost of this policy has been great in terms of life and dollars and our constitutional system of law. Nearly 100,000 deaths occurred in the Vietnam and Korean wars, and if we continue to allow our Presidents to casually pursue war for the flimsiest of reasons, we may well be looking at another major conflict somewhere in the world in which we have no business or need to be involved.

The correction of this problem requires a concerted effort on the part of Congress to reclaim and reassert its responsibility under the Constitution with respect to war powers, and efforts were made to do exactly that after Vietnam in 1973 and more recently in 1995. Neither efforts were successful, and ironically the President emerged with more power, with each effort being undermined by supporters in the Congress of presidential authoritarianism and internationalism. Few objected to the Truman-ordered U.N. police actions in Korea in the 1950s, but they should have. This illegal and major war encouraged all subsequent Presidents to assume greater authority to wage war than was ever intended by the Constitution or assumed by all the Presidents prior to World War II. It is precisely because of the way we have entered in each military action since the 1940s without declaring war that their purposes have been vague and victory elusive, yet pain, suffering and long term negative consequences have resulted. The road on which this country embarked 50 years ago has led to the sacrifice of a lot of congressional prerogatives and citizen control over the excessive power that have fallen into the hands of Presidents quite willing to abuse this authority. No one person, if our society is to remain free, should be allowed to provoke war with aggressive military acts. Congress and the people are obligated to rein in this flagrant abuse of presidential power.

Not only did we suffer greatly from the unwise and illegal Korean and Vietnam wars, Congress has allowed a continuous abuse of military power by our Presidents in an ever increasing frequency. We have seen troops needlessly die in Lebanon, Grenada, invaded for questionable reasons, Libya bombed with innocent civilians killed, persistent naval operations in the Persian Gulf, Panama invaded, Iraq bombed on numerous occasions, Somalia invaded, a secret and illegal war fought in Nicaragua, Haiti occupied, and troops stationed in Bosnia and now possibly soon in Kosovo.

□ 1800

Even the Congressional permission to pursue the Persian Gulf War was an afterthought, since President Bush emphatically stated that it was unnecessary, as he received his authority from the United Nations.

Without an actual declaration of war and support from the American people,

victory is unachievable. This has been the case with the ongoing war against Iraq. Without a legitimate concern for our national security, the willingness to declare war and achieve victory is difficult. The war effort becomes narrowly political, serving special interests, and not fought for the defense of the United States against a serious military threat. If we can win a Cold War against the Soviets, we hardly need a hot war with a third world nation, unable to defend itself, Iraq.

Great concern in the 1960's over the excessive presidential war powers was expressed by the American people, and, thus, the interests of the U.S. Congress after Vietnam in the early 1970's. The War Powers Resolution of 1973 resulted, but due to shrewd manipulation and political chicanery, the effort resulted in giving the President more authority, allowing him to wage war for 60 to 90 days without Congressional approval.

Prior to the Korean War, when the Constitution and historic precedent had been followed, the President could not and for the most part did not engage in any military effort not directly defensive in nature without explicit Congressional approval.

The result of the passage of the War Powers Resolution was exactly opposite to its authors' intentions. More power is granted to the president to send troops hither and yon, with the various Presidents sometimes reporting to the Congress and sometimes not. But Congress has unwisely and rarely objected, and has not in recent years demanded its proper role in decisions of war, nor hesitated to continue the funding that the various presidents have demanded.

Approval of presidential-directed aggression, disguised as "support for the troops," comes routinely, and if any member does not obediently endorse every action a President might take, for whatever reason, it is implied the member lacks patriotism and wisdom. It is amazing how we have drifted from the responsibility of the Founders, imagine, the Congress and the people would jealously protect.

It is too often and foolishly argued that we must permit great flexibility for the President to retaliate when American troops are in danger. But this is only after the President has invaded and placed our troops in harm's way.

By what stretch of the imagination can one say that these military actions can be considered defensive in nature? The best way we can promote support for our troops is employ them in a manner that is the least provocative. They must be given a mission confined to defending the United States, not policing the world or taking orders from the United Nations or serving the special commercial interests of U.S. corporations around the world.

The 1995 effort to repeal the War Powers Resolution failed because it was not a clean repeal, but one still requiring consultation and reporting to

the Congress. This led to enough confusion to prevent its passage.

What is needed is a return to the Constitution as a strict guide as to who has the authority to exert the war powers and, as has been scrupulously followed in the 19th century by essentially all political parties and presidents.

The effort to curtail presidential powers while requiring consultation and reporting to the Congress implies that that is all that is needed to avoid the strict rules laid out by the Constitution.

It was admitted in the House debate by the House leadership that the repeal actually gave the President more power to use troops overseas and therefore urged passage of the measure. This accurate assessment prompted antiwar pro-peace Republicans and Democrats to narrowly reject the proposal.

The message here is that clarification of the War Powers Resolution and a return to constitutional law are the only way presidential authority to wage war can be curtailed. If our presidents do not act accordingly, Congress must quickly and forcefully meet its responsibility by denying funds for foreign intervention and aggression initiated by the President.

The basic problem here is that there are still too many Members of Congress who endorse a presidency armed with the authority of a tyrant to wage war. But if this assumption of power by the President with Congress' approval is not reversed, the republic cannot be maintained.

Putting the power in the hands of a single person, the president, to wage war, is dangerous and costly, and it destroys the notion that the people through their Congressional representatives decide when military action should start and when war should take place.

The sacrifice of this constitutional principle, guarded diligently for 175 years and now severely eroded in the past 50, must be restored if we hope to protect our liberties and avoid yet another unnecessary and, heaven-forbid, major world conflict, and merely changing the law will not be enough to guarantee that future presidents will not violate their trust.

A moral commitment to the principle of limited presidential war powers in the spirit of the republic is required. Even with the clearest constitutional restriction on the President to wage undeclared wars, buffered by precise legislation, if the sentiment of the Congress, the courts and the people or the President is to ignore these restraints, they will.

The best of all situations is when the spirit of the republic is one and the same, as the law itself, and honorable men are in positions of responsibility to carry out the law. Even though we cannot guarantee the future Congress' or our president's moral commitment to the principles of liberty by changing the law, we still must make every ef-

fort possible to make the law and the Constitution as morally sound as possible.

Our responsibility here in the Congress is to protect liberty and do our best to ensure peace and trade with all who do not aggress against us. But peace is more easily achieved when we reject the notion that some Americans must subsidize foreign nations for a benefit that is intended to flow back to a select few Americans. Maintaining an empire or striving for a world government while allowing excessive war powers to accrue to an imperial president will surely lead to needless military conflicts, loss of life and liberty, and a complete undermining of our constitutional republic.

On another issue, privacy, privacy is the essence of liberty. Without it, individual rights cannot exist. Privacy and property are interlocked and if both are protected, little would need to be said about other civil liberties. If one's home, church or business is one's castle, and the privacy of one's person, papers and effects are rigidly protected, all rights desired in a free society will be guaranteed. Diligently protecting the right to privacy and property guarantees religious, journalistic and political experience, as well as a free market economy and sound money. Once a careless attitude emerges with respect to privacy, all other rights are jeopardized.

Today we find a systematic and pervasive attack on the privacy of all American citizens, which undermines the principle of private property ownership. Understanding why the attack on privacy is rapidly expanding and recognizing a need to reverse this trend is necessary if our republic is to survive.

Lack of respect for the privacy and property of the American colonists by the British throne was a powerful motivation for the American revolution and resulted in the strongly worded and crystal clear Fourth Amendment.

Emphatically, searches and seizures are prohibited except when warrants are issued upon probable cause supported by oath or affirmation, with details listed given as to place, person and things to be seized.

This is a far cry from the routine seizure by the Federal Government and forfeiture of property which occurs today. Our papers are no longer considered personal and their confidentiality has been eliminated. Private property is searched by Federal agents without announcement, and huge fines are levied when Federal regulations appear to have been violated, and proof of innocence is demanded if one chooses to fight the abuse in court and avoid the heavy fines.

Eighty thousand armed Federal bureaucrats and law enforcement officers now patrol our land and business establishments. Suspicious religious groups are monitored and sometimes destroyed without due process of law, with little or no evidence of wrong-

doing. Local and state jurisdiction is rarely recognized once the feds move in.

Today, it is routine for government to illegally seize property, requiring the victims to prove their innocence in order to retrieve their property, and many times this fails due to the expense and legal roadblocks placed in the victim's way.

Although the voters in the 1990's have cried out for a change in direction and demanded a smaller, less intrusive government, the attack on privacy by the Congress, the administration and the courts has, nevertheless, accelerated. Plans have now been laid or implemented for a national I.D. card, a national medical data bank, a data bank on individual MDs, deadbeat dads, intrusive programs monitoring our every financial transaction, while the Social Security number has been established as the universal identifier.

The Social Security number is now commonly used for just about everything, getting a birth certificate, buying a car, seeing an MD, getting a job, opening up a bank account, getting a driver's license, making many routine purchases, and, of course, a death certificate. Cradle-to-the-grave government surveillance is here and daily getting more pervasive.

The attack on privacy is not a coincidence or an event that arises for no explainable reason. It results from a philosophy that justifies it and requires it. A government not dedicated to preserving liberty must by its very nature allow this precious right to erode.

A political system designed as ours was to protect life and liberty and property would vigorously protect all citizens' rights to privacy, and this cannot occur unless the property and the fruits of one's labor, of every citizen, is protected from confiscation by thugs in the street as well as in our legislative bodies.

The promoters of government instruction into our privacy characteristically use worn out cliches to defend what they do. The most common argument is that if you have nothing to hide, why worry about it?

This is ludicrous. We have nothing to hide in our homes or our bedrooms, but that is no reason why big brother should be permitted to monitor us with a surveillance camera.

The same can be argued about our churches, our businesses or any peaceful action we may pursue. Our personal activities are no one else's business. We may have nothing to hide, but, if we are not careful, we have plenty to lose, our right to be left alone.

Others argue that to operate government programs efficiently and without fraud, close monitoring is best achieved with an universal identifier, the Social Security number.

Efficiency and protection from fraud may well be enhanced with the use of a universal identifier, but this contradicts the whole notion of the proper role for government in a free society.

Most of the Federal programs are unconstitutional to begin with, so eliminating waste and fraud and promoting efficiency for a program that requires a violation of someone else's rights should not be a high priority of the Congress. But the temptation is too great, even for those who question the wisdom of the government programs, and compromise of the Fourth Amendment becomes acceptable.

I have never heard of a proposal to promote the national I.D. card or anything short of this for any reasons other than a good purpose. Essentially all those who vote to allow the continual erosion of our privacy and other constitutional rights never do it because they consciously support a tyrannical government; it is always done with good intentions.

Believe me, most of the evil done by elected congresses and parliaments throughout all of history has been justified by good intentions. But that does not change anything. It just makes it harder to stop.

Therefore, we cannot ignore the motivations behind those who promote the welfare state. Bad ideas, if implemented, whether promoted by men of bad intentions or good, will result in bad results.

Well-intentioned people, men of goodwill, should, however, respond to a persuasive argument. Ignorance is the enemy of sound policy, every bit as much as political corruption.

Various management problems in support for welfarism motivates those who argue for only a little sacrifice of freedom to achieve a greater good for society. Each effort to undermine our privacy is easily justified.

The national I.D. card is needed, it is said, to detect illegal aliens, yet all Americans will need it to open up a bank account, get a job, fly on an airplane, see a doctor, go to school or drive a car.

□ 1815

Financial privacy must be sacrificed, it is argued, in order to catch money launderers, drug dealers, mobsters and tax cheats. Privacy for privacy's sake, unfortunately for many, is a nonissue.

The recent know-your-customer plan was designed by Richard Small, Assistant Director of the Division of Banking Supervision Regulation at the Federal Reserve. He is not happy with all of the complaints that he has received regarding this proposal. His program will require that every bank keep a detailed profile on every customer, as to how much is deposited, where it comes from, and when and how the money is spent. If there is any deviation from the profile on record, the bank is required to report this to a half dozen government agencies, which will require the customer to do a lot of explaining. This program will catch few drug dealers, but will surely infringe on the liberty of every law-abiding citizen.

After thousands of complaints were registered at the Federal Reserve and

the other agencies, Richard Small was quoted as saying that in essence, the complaints were coming from these strange people who are overly concerned about the Constitution and privacy. Legal justification for the program, Small explained, comes from a court case that states that our personal papers, when in the hands of a third party like a bank, do not qualify for protection under the Fourth Amendment.

He is accurate in quoting the court case, but that does not make it right. Courts do not have the authority to repeal a fundamental right as important as that guaranteed by the Fourth Amendment. Under this reasoning, when applied to our medical records, all confidentiality between the doctor and the patient is destroyed.

For this reason, the proposal for a national medical data bank to assure us there will be no waste or fraud, that doctors are practicing good medicine, that the exchange of medical records between the HMOs will be facilitated and statistical research is made easier, should be strenuously opposed. The more the government is involved in medicine or anything, the greater the odds that personal privacy will be abused.

The IRS and the DEA, with powers illegally given them by the Congress and the courts, have prompted a flood of seizures and forfeitures in the last several decades without due process and frequently without search warrants or probable cause. Victims then are required to prove themselves innocent to recover the goods seized.

This flagrant and systematic abuse of privacy may well turn out to be a blessing in disguise. Like the public schools, it may provide the incentive for Americans finally to do something about the system.

The disaster state of the public school system has prompted millions of parents to provide private or home schooling for their children. The worse the government schools get, the more the people resort to a private option, even without tax relief from the politicians. This is only possible as long as some remnant of our freedom remains, and these options are permitted. We cannot become complacent.

Hopefully, a similar reaction will occur in the area of privacy, but overcoming the intrusiveness of government into our privacy in nearly every aspect of our lives will be difficult. Home schooling is a relatively simple solution compared to avoiding the roving and snooping high of big brother. Solving the privacy problem requires an awakening by the American people with a strong message being sent to the U.S. Congress that we have had enough.

Eventually, stopping this systematic intrusion into our privacy will require challenging the entire welfare state. Socialism and welfarism self-destruct after a prolonged period of time due to their natural inefficiencies and na-

tional bankruptcy. As the system ages, more and more efforts are made to delay its demise by borrowing, inflating and coercion. The degree of violation of our privacy is a measurement of the coercion thought necessary by the proponents of authoritarianism to continue the process.

The privacy issue invites a serious discussion between those who seriously believe welfare redistribution helps the poor and does not violate anyone's rights, and others who promote policies that undermine privacy in an effort to reduce fraud and waste to make the programs work efficiently, even if they disagree with the programs themselves. This opportunity will actually increase as it becomes more evident that our country is poorer than most believe and sustaining the welfare state at current levels will prove impossible. An ever-increasing invasion of our privacy will force everyone eventually to reconsider the efficiency of the welfare state, if the welfare of the people is getting worse and their privacy invaded.

Our job is to make a principled, moral, constitutional and practical case for respecting everyone's privacy, even if it is suspected some private activities, barring violence, do not conform to our own private moral standards. We could go a long way to guaranteeing privacy for all Americans if we, as Members of Congress, would take our oath of office more seriously and do exactly what the Constitution says.

THE FINANCIAL BUBBLE

On a third item, the financial bubble, a huge financial bubble engulfs the world financial markets. This bubble has been developing for a long time but has gotten much larger the last couple of years. Understanding this issue is critical to the economic security of all Americans that we all strive to protect.

Credit expansion is the root cause of all financial bubbles. Fiat monetary systems inevitably cause unsustainable economic expansion that results in a recession and/or depression. A correction always results, with the degree and duration being determined by government fiscal policy and central bank monetary policy. If wages and prices are not allowed to adjust and the correction is thwarted by invigorated monetary expansion, new and sustained economic growth will be delayed or prevented. Financial dislocation caused by central banks in the various countries will differ from one to another due to political perceptions, military considerations, and reserve currency status.

The U.S.'s ability to inflate has been dramatically enhanced by other countries' willingness to absorb our inflated currency, our dollar being the reserve currency of the world. Foreign central banks now hold in reserve over \$600 billion, an amount significantly greater than that even held by our own Federal Reserve System. Our economic and

military power gives us additional license to inflate our currency, thus delaying the inevitable correction inherent in a paper money system. But this only allows for a larger bubble to develop, further jeopardizing our future economy.

Because of the significance of the dollar to the world economy, our inflation and the dollar-generated bubble is much more dangerous than single currency inflation such as Mexico, Brazil, South Korea, Japan and others. The significance of these inflations, however, cannot be dismissed.

The Federal Reserve Board Chairman Alan Greenspan, when the Dow was at approximately 6,500, cautioned the Nation about irrational exuberance and for a day or two the markets were subdued. But while openly worrying about an unsustainable stock market boom, he nevertheless accelerated the very credit expansion that threatened the market and created the irrational exuberance.

From December 1996, at the time that Greenspan made this statement, to December 1998, the money supply soared. Over \$1 trillion of new money, as measured by M-3, was created by the Federal Reserve. MZM, another monetary measurement, is currently expanding at a rate greater than 20 percent. This generous dose of credit has sparked even more irrational exuberance, which has taken the Dow to over 9,000 for a 30 percent increase in just two years.

When the foreign registered corporation long term capital management was threatened in 1998, that is, the market demanding a logical correction to its own exuberance with its massive \$1 trillion speculative investment in the derivatives market, Greenspan and company quickly came to its rescue with an even greater acceleration of credit expansion.

The pain of market discipline is never acceptable when compared to the pleasure of postponing hard decisions and enjoying for a while longer the short-term benefits gained by keeping the financial bubble inflated. But the day is fast approaching when the markets and Congress will have to deal with the attack on the dollar, once it is realized that exporting our inflation is not without limits.

A hint of what can happen when the world gets tired of holding too many of our dollars was experienced in the dollar crisis of 1979 and 1980, and we saw at that time interest rates over 21 percent. There is abundant evidence around warning us of the impending danger. According to Federal Reserve statistics, household debt reached 81 percent of personal income in the second quarter of 1998. For 20 years prior to 1985, household debt averaged around 50 percent of personal income. Between 1985 and 1998, due to generous Federal Reserve credit, competent American consumers increased this to 81 percent and now it is even higher. At the same time, our savings rate has dropped to zero percent.

The conviction that stock prices will continue to provide extra cash and confidence in the economy has fueled wild consumer spending and personal debt expansion. The home refinance index between 1997 and 1999 increased 700 percent. Secondary mortgages are now offered up to 120 percent of a home's equity, with many of these funds finding their way into the stock market. Generous credit and quasi-government agencies make these mortgage markets robust, but a correction will come when it is realized that the builders and the lenders have gotten ahead of themselves.

The willingness of foreign entities to take and hold our dollars has generated a huge current account deficit for the United States. It is expected a \$200 billion annual deficit that we are running now will accelerate to over \$300 billion in 1999, unless the financial bubble bursts.

This trend has made us the greatest international debtor in the world, with a negative net international asset position of more than \$1.7 trillion. A significantly weakened dollar will play havoc when this bill comes due and foreign debt holders demand payment.

Contributing to the bubble and the dollar strength has been the fact that even though the dollar has problems, other currencies are even weaker and thus make the dollar look strong in comparison. Budgetary figures are frequently stated in a falsely optimistic manner. In 1969 when there was a surplus of approximately \$3 billion, the national debt went down approximately the same amount. In 1998, however, with a so-called surplus of \$70 billion, the national debt went up \$113 billion, and instead of the surpluses which are not really surpluses running forever, the deficits will rise with a weaker economy and current congressional plans to increase welfare and warfare spending.

Government propaganda promotes the false notion that inflation is no longer a problem. Nothing could be further from the truth. The dangerous financial bubble, a result of the Federal Reserve's deliberate policy of inflation and the Fed's argument that there is no inflation according to government-concocted CPI figures, is made to justify a continuous policy of monetary inflation because they are terrified of the consequence of deflation. The Federal Reserve may sincerely believe maintaining the status quo, preventing price inflation and delaying deflation is possible, but it really is not.

The most astute money manager cannot balance inflation against deflation as long as there is continued credit expansion. The system inevitably collapses, as it finally did in Japan in the 1990s. Even the lack of the CPI inflation as reported by the Federal Reserve is suspect.

A CPI of all consumer items measured by the private source shows approximately a 400 percent increase in prices since 1970. Most Americans real-

ize their dollars are buying less each year and no chance exists for the purchasing power of the dollar to go up. Just because prices of TVs and computers may go down, the cost of medicine, food, stocks and entertainment, and of course, government, certainly can rise rapidly.

One characteristic of an economy that suffers from a constantly debased currency is sluggish or diminished growth in real income. In spite of our so-called great economic recovery, two-thirds of U.S. workers for the past 25 years have had stagnant or falling wages. The demands for poverty relief from government agencies continue to increase. Last year alone, 678,000 jobs were lost due to downsizing. The new service sector jobs found by many of those laid off are rarely as good paying.

In the last 1½ years, various countries have been hit hard with deflationary pressures. In spite of the IMF-led bailouts of nearly \$200 billion, the danger of a worldwide depression remains. Many countries, even with the extra dollars sent to them courtesy of the American taxpayer, suffer devaluation and significant price inflation in their home currency.

□ 1830

But this, although helpful to banks lending overseas, has clearly failed, has cost a lot of money, and prevents the true market correction of liquidation of debt that must eventually come. The longer the delay and the more dollars used, the greater the threat to the dollar in the future.

There is good reason why we in the Congress should be concerned. A dollar crisis is an economic crisis that will threaten the standard of living of many Americans. Economic crises frequently lead to political crises, as is occurring in Indonesia.

Congress is responsible for the value of the dollar. Yet, as we have done too often in other areas, we have passed this responsibility on to someone else; in this case, to the Federal Reserve.

The Constitution is clear that the Congress has responsibility for guaranteeing the value of the currency, and no authority has ever been given to create a central bank. Creating money out of thin air is counterfeiting, even when done by a bank that the Congress tolerates.

It is easy to see why Congress, with its own insatiable desire to spend money and perpetuate a welfare and military state, cooperates with such a system. A national debt of \$5.6 trillion could not have developed without a willing Federal Reserve to monetize this debt and provide for artificially low interest rates. But when the dollar crisis hits and it is clearly evident that the short-term benefits were not worth it, we will be forced to consider monetary reform.

Reconsidering the directives given us in the Constitution with regard to money would go a long way towards developing a sound monetary system that

best protects our economy and guides us away from casually going to war. Monetary reform is something that we ought to be thinking about now.

Mr. Speaker, let me summarize. We in the Congress, along with the President, will soon have to make a decision that will determine whether or not the American republic survives. Allowing our presidents to wage war without the consent of Congress, ignoring the obvious significance of fiat money to a healthy economy, and perpetuating pervasive government intrusion into the privacy of all Americans will surely end the American experiment with maximum liberty for all unless we reverse this trend.

Too often the American people have chosen security over liberty. Allowing the President a little authority to deal with world problems under a U.N. banner has been easier than reversing the trend of the past 50 years. Accepting the financial bubble when on the short run, it helps everyone's portfolio, helps to finance government spending, is easy, even if it only delays the day of reckoning when the bills come due, as they already have in so many other countries in the world.

Giving up a little privacy seems a small price to pay for the many who receive the generous benefits of big government, but when the prosperity comes to an end and the right to privacy has been squandered, it will be most difficult to restore the principles of a free society.

Materialistic concerns and complacency toward the principles of liberty will undo much of what has been built in America over the past 200 years, unless there is a renewed belief that our God-given rights to life and liberty are worth working for. False economic security is no substitute for productive effort in a free society, where the citizens are self-reliant, generous, and nonviolent. Insisting on a limited government designed to protect life and property, as is found in a republic, must be our legislative goal.

A RESPONSE TO THE PRESIDENT'S PRESENTATION OF THE DEFENSE BUDGET TO CONGRESS

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 6, 1999, the gentleman from California (Mr. HUNTER) is recognized for 60 minutes.

Mr. HUNTER. Mr. Speaker, I rise today to respond to the President's presentation of his defense budget to the U.S. Congress. We listened to Secretary of Defense Cohen today as he made this presentation to us, and explained to us that we are in fact, according to him, increasing defense for the first time in many years.

I think it is important to respond to Secretary Cohen and to the President, because otherwise I think the American people will be somewhat misled with respect to his presentation.

First, we are not, I repeat, not, increasing the defense budget of the Clinton

administration. The Clinton administration has cut defense since they took over in 1992 by \$102 billion below what President Bush had planned for our country when he sat down with Colin Powell and other defense leaders. So he put together a blueprint for where he thought defense should go, and President Clinton, when he took over, decided to cut that blueprint by \$102 billion.

So now he is coming up slightly in this year's budget with a \$12 billion increase. I say it is \$12 billion, even though they averaged a \$112 billion increase, because the last half or two-thirds of that increase is not during his presidency. That means that he is giving us a recommendation that defense be increased by some other president some other time.

That means some president who is elected, who is out there in the year 2004, 2005, is, according to the recommendation of President Clinton, going to increase defense, but I do not think the American people nor the men and women who wear the uniform of the United States can count on that increase. All we can count on President Clinton doing is what he is capable of doing and has the legitimate right to do under his presidency. So let us focus on that.

If we look at Ronald Reagan's defense budgets back in 1986 and compare them with today's, our defense budget today is well over \$100 billion less on an annual basis than it was in 1986. It is way under what it was in 1986.

Let us look at what has happened as a result of these defense cuts. First, Mr. Speaker, let me speak a little bit about what is happening with respect to mission capable rates. The mission capable rates are the rates at which your aircraft can fly out, fly from their carrier or from their home base, do their mission, and return to the United States or return to their home base.

That rate in 1991 was 83 percent for the Air Force. It is now down to 74 percent. It was 69 percent for the Navy. It is now down to 61 percent. For the Marine Corps it was 77 percent and it is now down to 61 percent.

That means that under the Clinton administration, the ability of our aircraft, for some reason, whether it is lack of pilot training, lack of pilots, lack of spare parts, lack of fuel, our aircraft are not able to rise off their carrier deck or rise off of their air base, go out and do their mission, and return home like they were just a few years ago. That is a very serious problem with our ability to project military power.

Mr. Speaker, let me talk about our equipment shortages a little bit. I am the chairman of the Subcommittee on Military Procurement. I looked at the President's military budget for this year. That budget calls for a six-ship building program this year.

Now, Navy ships have a life of 30 to 35 years, so that means that the President's budget is building toward a fleet

of only 200 ships. When he came in we had 546 naval vessels. Now we are down to about 325. If we keep building at this low rate, we are going to be down to 200 ships in our Navy.

With respect to ammunition, we are \$1,600,000,000 short in basic ammunition for the U.S. Army. We are \$193 million short in ammunition for the Marine Corps. With respect to equipment our CH46s are 40 years old, our AAVs average about 26 years old. We have many, many pieces of equipment, right down to Jeeps and trucks and tanks, that are extremely old. Basically, we are living on what we had during Ronald Reagan's presidency, and we haven't replaced that equipment.

Now, the interesting thing is that most Americans have looked at the old pictures on television of our air strikes during Desert Storm, and they have the impression that we are able to wage a war like we waged in Desert Storm just a few years ago, but we are not able to do that.

The reason we are not able to do that is because we do not have the equipment and the force structure that we had just a couple of years ago. We have cut our military almost in half. That is, we had 18 army divisions in 1992. We are now down to 10. We had 546 ships during Desert Storm. We are now down to about 325. We have 346 on this poster. They have actually retired more ships since we made the poster. Active airwings were down from 24 airwings to only 13. If we include reserve airwings, we are down from 36 to only 20.

What we have done under this administration is we have cut America's force structure of our Armed Forces almost in half. The tragedy is, Mr. Speaker, that while we have cut it in half, the half that we have left is not ready. It is not ready to fight.

Mr. Speaker, let me get to another very critical area. We are 18,000 sailors short right now in the Navy. That means that the few sailors that we have left, and this is manning a very, very reduced fleet, the few sailors that we have left now have to shift back and forth between ships.

It also means that when a sailor comes home to be with his family, he may be called the next week and told, "Instead of getting that 1- or 2- or 3-month reprieve and being able to stay home with your wife and family, you are going to have to head out again, because we don't have enough people to man all of our ships. You are going to have to go back out and join the fleet again, and go back into these strenuous operations without seeing your family."

That is called personnel tempo. That is the amount of time—basically it reflects the amount of time that a soldier or sailor or airman or marine spends away from his family.

That means that, for example, with the Marine Corps, we are seeing a higher personnel tempo, marines away from their families more than they have ever been since World War II. That is