

This can be illustrated. Let me give just a quick example. It is an oversimplification. Let us say that five people design a money system. They create \$50 in currency without intrinsic value, paper currency, say. Each one borrows \$10 and agrees to repay the \$10 in one year and, of course, they will pay interest on it. They will each pay \$1 in interest.

Now, this is obviously a flawed system because if only \$50 is created, a year later it is impossible for \$55 to be repaid. Someone in the system is going to lose their collateral that they pledged for the loan.

Unfortunately for us, this is the kind of system which has been imposed on this country. The deeper problems do come to light as we look carefully at our monetary system.

Now, there will always be some people who are better managers, just good at business or just lucky in their choices. That is the first group. They will prosper in any system. Then there is the upper middle class who will manage a satisfactory standard of living. Then next is the lower middle class, who may manage a satisfactory standard of living by working two jobs or being frugal in their spending or so forth.

Number four, there are the working poor who really do work hard but at low paying jobs they can never get ahead at all.

Number five, at the bottom are the hopeless poor who may work some or are on some sort of welfare but have little chance to better their situation in the real world. They are the last hired in good times and the first fired when the economy is slipping.

Now, it is easy to say this group does not have the skills, probably true; does not want to work, probably not true, but in any event there is strong evidence that the system, the system we have, plays a critical role in their lack of success.

Let us suppose there are five heads of families that live on a new continent. We will just invent a situation. Again, they work hard, bartering for things. The plan proposed would be to issue the certificates, as I mentioned, and they would be the medium of exchange. They issue fifty pieces of paper or fifty certificates and they have to each repay one certificate at the end of the year, and thus the interest on it is impossible to be paid. That is, if money is issued as a loan, the interest is impossible to be repaid.

Now, it is easy to see in a simple situation like that, or example, but it is impossible to see in our huge national monetary system with hundreds of billions of dollars constantly being created and extinguished. Actually, it is estimated that about \$20 billion is extinguished and created each day in America, causing the fundamental flaw in our system. The fact of creating money out of thin air and loaning it into circulation at interest makes the interest mathematically impossible to be paid.

The result is that this system builds more and more debt which cannot be repaid, resulting ultimately in monetary problems, anything from a minor recession to a major hair-curling depression such as we experienced in the 1930s. These things are the result or can be the result of a flawed monetary system.

The point I make is that we must understand the danger of relying on the issue of debt money. It is the responsibility of Congress to understand this issue and its ramifications, and change the way we issue the Nation's money. More on this later.

A PERMANENT NEGOTIATOR TO FACILITATE DIRECT TALKS ON NAGORNO KARABAGH MUST BE APPOINTED

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Madam Speaker, the foreign operations appropriations bill, which this House is expected to begin debating later this week, contains an important provision that is extremely timely and deserves our support. Language in the foreign ops legislation addresses the need for a negotiated settlement to the Nagorno Karabagh conflict; noting that the important position of special negotiator for Nagorno Karabagh and NIS, the Newly Independent States of the former Soviet Union, regional conflicts is currently vacant.

The Committee on Appropriations urged the Secretary of State to move forthwith to appoint a permanent special negotiator to facilitate direct negotiations and any other contacts that will bring peace to the long suffering people of the South Caucasus.

Madam Speaker, Nagorno Karabagh is an historically Armenian populated region that declared its independence as the Soviet Union was breaking up. The neighboring Republic of Azerbaijan, which claims Nagorno Karabagh as part of its own territory, went to war to prevent Karabagh, known to the Armenian people as Artsakh, from achieving its independence.

The people of Karabagh prevailed in battle and Azerbaijan agreed to a cease-fire in 1994 but, Madam Speaker, a permanent negotiated settlement acceptable to all sides has been elusive.

The U.S. has played a leading role in the effort to resolve this conflict, as a co-chair of the Minsk Group, under the auspices of the Organization for Security and Cooperation in Europe.

The U.S. has had three of our diplomats serve in the post of special negotiator to try to resolve this conflict.

Madam Speaker, the position of special negotiator recently became vacant with the departure of Donald Keyser, a career diplomat who moved on to an-

other post in the State Department. Mr. Keyser, our third special negotiator, played a major role in shaping a new plan to settle the conflict, known as the Common State proposal.

Despite their substantial reservations, both Armenia and Nagorno Karabagh agreed to the Common State proposal as a basis for negotiations. Unfortunately, Azerbaijan flatly rejected this proposal.

Mr. Keyser worked very hard to move this process forward, so his departure leaves a major void. At this critical juncture, we must get another permanent special negotiator in place without delay, preferably either a very senior diplomat or perhaps another American recognized for leadership in public policy and public life, someone who can command the respect necessary to win the confidence of all parties to the conflict.

To echo and amplify the language in the foreign ops bill, I will be circulating amongst our colleagues here a letter to President Clinton and Secretary Albright urging that they move to appoint a special negotiator immediately.

Madam Speaker, two weeks ago Armenia's ambassador to the United States, Ambassador Rouben Shugarian, came to Capitol Hill to brief Members of Congress and our staff about the Nagorno Karabagh peace process, and one of the most positive developments of late has been the increase in direct contacts between the presidents of Armenia and Azerbaijan. The presidents of the two countries recently met privately in Geneva.

The surprise announcement that came out of the meeting was a tentative agreement to have Nagorno Karabagh participate directly in the next session of face-to-face talks. While it may be too soon to talk of a breakthrough, Armenian President Kocharian stated that he believes Azerbaijan's President Heydar Aliyev is serious about achieving a solution to the Karabagh conflict. Ambassador Shugarian spoke at our recent meeting with cautious optimism about other avenues for direct talks, and it is important for this process to continue and indeed to be accelerated as much as possible.

That is why today I want to stress that the presence of a permanent U.S. special negotiator to facilitate direct negotiations and other contacts is extremely important at this time. I urge the administration to act quickly to appoint a new and permanent special negotiator.

BUDGET PRIORITIES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentlewoman from Georgia (Ms. MCKINNEY) is recognized during morning hour debates for 5 minutes.

Ms. MCKINNEY. Madam Speaker, in the 1980s, at the height of the so-called

Reagan revolution, Congress passed a Budget Act which made trickle down economics the policy of the land. Under the banner of fiscal conservatism, that budget provided for large increases in military spending, along with sweeping tax cuts that mainly benefited the wealthy. The theory was that the money would trickle down to regular folks, but we regular folks only got trickled on.

In fact, we got so tired of being trickled on that we voted George Bush out of the White House and put Bill Clinton in. The result, as was predicted by the liberals at the time, was the largest debt in the history of the world.

However, let us fast forward to the 1990s where the Republican Contract on America has been totally discredited and they would like us to forget that they shut down the government in order to force our President to accept their twisted priorities. Instead, because Democrats stood up to the Republican bullying, we are now experiencing Bill Clinton's economy where job growth is up, unemployment is down, homeownership is up and interest rates are down. The deficit is down and the budget surplus is up.

Unfortunately, the Republican Congress' response to all of this is predictable. Increase military spending and go back to the same old trickle down theories that produced the largest debt in the history of the free world; this time a trillion dollar tax cut to their wealthy fat cat buddies and an increase in military spending as they embark upon a desperate effort to recapture the glory days of Ronald Reagan's trickle down.

Amazingly, they think we have forgotten. They figure that by changing the name to compassionate conservatism they can fool us, but that is just not so. In the FY 2000 budget, the United States will spend more on the interest on Ronald Reagan's debt than on the entire Medicare program. The FY 2000 budget also commits half of all Federal discretionary spending to military programs.

Now, there are some good things in the military budget that I strongly support: Cooperative threat reduction programs, increases in pay for members of our uniformed services, and increased benefits for America's veterans. However, the tremendous excesses in the military budget compelled me to oppose it. The current defense strategy calls on the military to be prepared to fight two significant wars at the same time, without any allies, and while maintaining a credible military reserve. The bottom line is that we maintain a Cold War era military and its incumbent costs irrespective of any realistic assessment of the threat to our national security. We also maintain at tremendous expense a Cold War nuclear arsenal.

I strongly believe we must leave behind the military structure and devices that we depended upon to win the Cold War and prepare for the real world of

today and tomorrow. Instead, we are layering unrealistic demands on top of Cold War needs. As a result, the emergency supplemental appropriations bill became a Christmas tree, laden with gifts of pork for everyone, and the rate of the increase in military spending now threatens Social Security, low income housing and nutrition programs.

It is clear to me that our national security cannot be measured in bombers alone. I believe our national security depends equally on our domestic programs and on constructive foreign policy initiatives. We can no longer continue to spend nearly half of all of our Federal discretionary dollars on military programs. This misplaced priority compromises our national security by shortchanging our investments in programs that make for real security: A healthy, well-educated, properly housed citizenry.

Does the U.S. really need a military that is big enough to simultaneously fight two major regional wars alone? Why does the U.S. need to continue to station 100,000 troops in Europe? Europe cannot defend itself? Why is the United States spending \$35 billion per year to maintain over 6,000 nuclear weapons on high alert against an enemy that no longer exists? Why should the U.S. spend another \$11 billion on a missile defense system that is technologically infeasible and strategically destabilizing? Why not close the military bases that the Department of Defense no longer needs and support converting them into profitable commercial and industrial centers? Why should the DOD get more money when it cannot even find over \$9 billion worth of inventory and continues to give away millions in over payments to contractors?

More money is not the answer to Pentagon waste. Instead, we should end the obsolete U.S. Cold War military, invest instead in developing multilateral civil institutions such as the organization for cooperation and security in Europe. These steps will reduce the cost of the U.S. Government by more than \$40 billion a year.

THREATS OF HATE MUST STOP AGAINST SAN FRANCISCO'S CHINESE-AMERICAN POPULATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from California (Mr. LANTOS) is recognized during morning hour debates for 5 minutes.

Mr. LANTOS. Madam Speaker, some time back I rose in the well of this House to denounce the burning of Black churches in the south. A few weeks ago, it was my duty and the duty of my like-minded colleagues to denounce the burning of three synagogues in California. Today it is my painful duty to speak out against a new and different incipient hate crime.

I am proud to represent the City of San Francisco in this body. San Fran-

cisco is viewed across the globe as one of the most spectacularly beautiful places on Earth, but its real beauty comes not from its location and topography and buildings but from the richness of the cultural variety of its citizens.

In recent days, our Chinese American population has been intimidated, attacked, assaulted, with hate literature of the most pernicious type. I stand here, Madam Speaker, calling on these merchants of hate to stop their nefarious and hideous business.

San Francisco's Chinese American community is one of the most law abiding, industrious, hard working, patriotic segments of our society. They deserve our respect and our recognition; not the oozing of hate literature and the threats of thugs who are in the process of attempting to intimidate a population which for generations has contributed so richly, not only to the cultural variety but also to the economic vibrancy of our city.

This attack on San Francisco's Chinese American community must stop. I call upon the major law enforcement agencies at all levels to be ultra vigilant in seeing to it that these merchants of hate will not go beyond their threats and, in fact, engage in physical actions of intimidation against the Chinese American population.

San Francisco prides itself, and justly so, in providing a secure, safe and civilized haven to all its citizens. The Chinese American population of the City of San Francisco is entitled to nothing less.

I intend to meet with the leadership of that community to reassure them that my colleagues in this body and indeed our Federal Government is fully prepared to protect them in all their rights and privileges as American citizens.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 10 a.m.

Accordingly (at 9 o'clock and 25 minutes a.m.), the House stood in recess until 10 a.m.

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AFTER RECESS

The recess having expired, the House was called to order at 10 a.m.

PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

Let us pray using the words of Psalm 100:

Make a joyful noise to the Lord, all the lands.

Serve the Lord with gladness.

Come into His presence with singing.

Know that the Lord is God.

It is He that made us, and we are His.