employees and nearly one-third of them indicated that they did not treat their teachers with respect. This was in 1989–90, 10 years ago.

Mr. Speaker, we put in place character education. We started out with ethics education and turned it into character education. It is now part of the curriculum in our State and it is making a difference. It is integrated into the curriculum. It is not separate.

It teaches such thing as trustworthiness. Who can disagree with that? Respect. Who can disagree with that? Responsibility, caring, fairness, citizenship, perseverance, courage and self-discipline. We can all agree with that. Those are American traits. Every child should be taught that. It makes a difference in their life, they are better students as a result of it, and those classrooms and schools across North Carolina that have instituted it, they are seeing discipline problems go down and academics go up. All we need to do is look at what is happening in North Carolina. It is making a difference.

Mr. Speaker, as I close this evening, I would call on my colleagues to step up to the plate, as we say in baseball, and face up to the responsibility that we have an obligation to fund the 100,000 teachers so children can be taught in smaller classes and make sure that we have the classrooms children can learn in and teachers can teach in. So that parents once again will have the kind of respect they need to have because they feel we put the money where we ought to put it and invest it in the future and we ought to be putting the character opportunities to teach.

As the parent of two teachers, with a wife who teaches, and children who have gone through the public school, I will say this evening that our future is in the K–12 public schools in America where 90-plus percent of all of our children go. We cannot turn our backs on the opportunity for all of our children.

FEDERAL RESERVE MONETARY POLICY: IS GREENSPAN'S FED THE WORLD CENTRAL BANK?

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

Mr. METCALF. Mr. Speaker, some years ago, William McDonough of the Federal Reserve Bank of New York stated, ''The most important asset a central bank possesses is public confidence.'' He went on in that speech to note that, ''I am increasingly concerned that in a democracy, a central bank can maintain price stability over the intermediate and long term only when it has public support for necessary policies.''

Public confidence here can only mean the confidence of the Members of Congress in our oversight capacity. Most of the American public to this very day have not the least interest in, awareness of, or knowledge of the Federal Reserve System, our central bank.

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But most members feel that Allan Sproul, another former president of the New York Federal Reserve Bank, was quite correct in his letter, still quoted by Fed officials, that Fed independence ''does not mean independence from the government but independence within the government. In performing its major task, the administration of monetary policy, the Federal Reserve System is an agency of the Congress set up in a special form to bear the responsibility for that particular task which constitutionally belongs to the Legislative Branch of the government.''

Clearly that form of argument appeals to most Members today. The construct is a masterpiece, not just for being true, Congress did abdicate its enumerated powers, but for letting even those of us responsible for the oversight off the hook; the Treasury does not rule the Fed; the White House does not rule the Fed; and this Congress does not fulfill its supervisory responsibility either.

The current Fed Chairman, Alan Greenspan, will soon testify before this House, expressing his independence. As the journal Central Banking recently noted regarding the Fed, ''It has acquired an air of sanctity, politicians hesitate to bait the Fed for fear of looking stupid.'' As a result, and still quoting from Central Banking, ''the Feds accountability is less than it appears. The Fed is always accountable in the sense that Congress could bring it to heel if it really wanted to.''

The Fed has not done too badly in some areas, as the economy demonstrates, most notably where inflation and interest rates today are resting. Whether they remain even close to where they are come a year or two from now may, indeed, be an altogether different story. Mr. Greenspan has been pretty clear about what is now important in Fed policy.

Let me quote from some past testimony. ''The Federal Reserve believes that the main contribution it can make to enhancing the long-term health of the United States economy is to promote price stability over time. Our short-run policy adjustments, while necessarily undertaken against the background of the current condition of the U.S. economy, must be consistent with moving towards the long-range goal of price stability.''

The reality is that monetary policy can never put the economy exactly where Greenspan might want it to be. He knows full well that supply shocks that drive up prices suddenly, like the two major oil shocks of the 1970s, are always going to be with us. More so than ever as the process of globalization continues to transform the world's economies.

The United States Federal Reserve is leading this global transformation. Some are quietly arguing, over lunch mostly, that Greenspan is in charge of what he may already believe to be the World Federal Reserve, the World Central Bank.

There is good reason to suggest this. As Robert Pringle noted some time ago in Central Banking, ''Central banks rather than governments are laying down the rules of the game for the new international financial system. The Fed is in the lead.''

Pringle went on to argue, and now I am quoting him again at length, ''If the Fed's record during the debt crisis and in exchange rate management is mixed, most observers would give it full marks for the way it dealt with the stock market crash of 1987. It is not clear that the verdict of history will be as favorable. After being prodded into action, some central banks, notably those of Japan and England, went on madly pumping money into the system long after the danger was passed, creating an unsustainable boom and reigniting inflationary pressures.''

I am still quoting, ''Well, our Fed can hardly be blamed for that. The real problem was that Greenspan's action risked creating the expectation among investors that the Board of Governors would support U.S. stock markets in the future. Clearly, the action was prompted by the need to protect banks from the risks to which they were exposed to firms in the securities markets.

''Equally, this support signaled an extension of the central bank's safety net to an area of the financial system where investors are traditionally expected to bear the risks themselves. It is no accident that after 1987 the bull market really took off. It has never looked back.''

I have quoted this section in the article by Robert Pringle that appeared in Central Banking because we are hearing much the same fears expressed today, though quietly over lunch, by phone, by rumor, by investors and money managers throughout the United States.

Not too long ago, former Fed Chairman Paul Volker strongly suggested that our current boom is driven almost exclusively by the major international firms in the high-tech industry and the 40 industrials. Clearly, this is due to the fact that these few giant monopolies dominate the world market. Therefore, this boom reflects less what is happening here in America than what is going on in the world to these few monopolies' financial benefits.

I am not entirely complaining, mind you. Where these few giant firms are concerned, some American workers do benefit. But more foreign workers benefit than American; more investors and owners benefit than workers; more very wealthy individuals benefit than the middle class bedrock.

My problem is that Greenspan's Fed seems to believe money does not matter. That we can create vast sums of cash and pump it into the financial markets at will, manipulate the adjusted monetary base to even greater heights, or plummet to the depths; all this done toward long-term price stability. Has Greenspan so rejected Milton's theory that to do so one guarantees inflationary pressures in the road ahead along with savage corrections when actions become necessary by, once again, the same Fed?

Can Greenspan seriously argue the Fed has not created the worst bubble in history, the worst speculation ever witnessed, with millions of day traders gambling their small fortunes, wishing to become, each of them, another Bill Gates? Clearly, Greenspan sent a signal once again to investors that the stock market bears no risk for the middle class citizen.

During 1995, it was Mexico's turn again. As Pringle pointed out, ''the American administration panicked. Again, the Federal Reserve was there to help, even though there was less reason for central banks to get involved than in 1982, since there was less risk to the international banking system.''

As Pringle goes on to State, ''Again European central bankers were annoyed at the lack of consultation. You do not need to be a populist politician to suspect that Wall Street was calling the shots, especially with former senior partner of Goldman Sachs, Robert Rubin, as U.S. Treasury Secretary.''

One of the most important arguments regarding Greenspan's Fed's ability to save the world was put forward in this journal Central Banking, and I quote, ''The Fed's good record of achievement in controlling inflation over these years contrasts with its mixed record of market management. Its Achilles heel is moral hazard. It has not been so good at preventive medicine or in taking into account the long-term effects of its actions on the behavior of governments and market participants.''

It is precisely the long-term effects of Fed monetary policy that should concern Congress. If that is not our oversight role, what is? It is precisely the long-term effects on market participants that should concern Congress. If that is not our oversight role, what is? What are the long-term effects of Fed monetary policy going to be on government?

Now, certainly Congress can get behind that question, if not in our oversight role on behalf of the American people generally, and the ill-informed market participants that are creating this speculation bubble in the mistaken belief that the stock market no longer bears any risk, if not in their behalf, then maybe in our own congressional self-interest.

We have witnessed some rather disturbing policy stratagems in just the last, say, 10 months or so. Greenspan's Fed began around August and September of last year, 1999, to expand the money supply, the adjusted monetary base, from around $500 billion to nearly $625 billion, a $70 billion run up, in anticipation of potential Y2K effects. This enormous expansion flowed directly into the financial markets and helped create the enormous boom in stock prices prior to that year's end. The speculation was seen primarily in high-tech stocks.

Then comes the sudden and nearly precisely the same spike downward of the same Adjusted Monetary Base right after the year ends and 2000 begins. There were no problems with Y2K. This spike downward lasted until around April of the year 2000. That is this year.

We know the savage corrections the stock market displayed and that there were more losers than winners. All we ever hear about is the winners one sees, not the thousands or the millions of losers. Why do we hear so little about the losers in the media? Because, so the argument goes, the market returned to almost normal. The market bounced back, so the argument goes, certainly, as the Fed began once again to pump up the monetary base around April.

But, the losers remain losers, and lost homes, businesses and bankruptcies continue to reach all time highs. Personal debt, especially credit card debt, and equity finance debt have reached unheard of levels.

This is the speculation, no, let us call it what it really is, gambling, this is the gambling that is today our U.S. stock market.

One will not hear the White House complain. Only praise for Clinton's appointee shall be the sounding out, ringing out the bell in praise for White House management of the economy. One will not hear that from the very speculative bubble created during the last 6 months of 1999. One will not hear that from the quickest investor who took their profits before the inevitable downturn and before the downturn came and before the corrections that came.

Investors were paid handsomely for their gains in capital gains taxes levied. It is no surprise to Fed watchers that the taxes collected from capital gains nearly equaled the much hailed government surplus that Clinton soberly explained was due to his wise leadership of the economy.

If the surplus was really generated by wise leadership of the White House, why is not the government's debt going down? Do not confuse the government debt with some mythical balanced budget.

For a Federal central bank, the concentration of power at the top is very marked. True, although the Board of Governors sets the discount rate and reserve requirements, the execution of monetary policy on an ongoing basis is decided by the larger 12-member Federal Open Market Committee. But the FOMC brings only five voting Reserve Bank presidents, of which the New York bank is always one, leaving the Washington Governors in the majority. They run it. The influence of the chairman alone can sometimes be near to overwhelming.

As an historical note, and I taught history and government, so forgive me, Congress insisted on scattering 12 regional Federal Reserve Banks across the country when the system was devised so that the east could not restrict credit elsewhere. Interestingly, these Federal Reserves were chartered as private institutions in which local banks owned all the stock.

That is still true today with the outside directors on the board of a Reserve Bank, a mix of representatives from small and large member banks in the district, as well as representatives from industry, commerce and the public.

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What was intended here was a sort of balancing; three bankers with six nonbankers on each Federal Reserve Board. Supposedly this would put the lenders at a disadvantage to the borrowing classes, which would outnumber the lenders six to three.

The boards choose the Reserve Bank presidents, always from the lending class, but do so only with the approval of the seven-member Federal Reserve Board in Washington. Thus, we can readily see that the bankers, the lenders, clearly dominate the Federal Reserve System itself. Even though at the regional Feds the distinction I just made is superficially valid, many of the nonbank directors are tied inextricably to banking itself or sit on separate boards of directors where bankers rest as well. Nor is the public sector category so clear. Many nonindustry participants on these boards have close ties to banking and banking's network of consultants, academics, and financial management roles clearly bank related.

Just how much power any one regional president has is still debated in inner circles. Previous efforts at restricting Reserve Bank presidents' powers have been dismissed on the grounds that their powers were a proper delegation of authority by Congress.

Allowing that the Federal Reserve is a quasi- government agency, it remains the only government agency in which private individuals, along with Government-appointed officials, together make government policy. Let me repeat that. The Federal Reserve is a quasi-government agency. It remains the only government agency in which private individuals, along with government-appointed individuals, together make government policy. It remains a solid fact that these regional bank presidents cast extremely important votes on public policies that in the present as well as the future affect the economic lives of every American. Yet, and this is the point to my digression, they lack the public accountability because they lack the public legitimacy to be making these decisions, especially these kinds of decisions, some of whose recent effects I have just pointed out.

No one can any longer deny that the Federal Reserve System dominates the

U.S. economy; that its decisions, more than even so-called market forces, which is a sham notion under managed competition in any case, affect everybody's lives and well-being; that within the decision-making process delegated to the Federal Reserve, the Board of Governors clearly dominates the process; that within that Board of Governors the chairman, and this is not intended to single out Mr. Greenspan but to apply to all past and future chairmen, that the chairman dominates the Board.

This does not seem to concern this Congress, but history will record the result; and the people of America may not like that result. Our founders and our constitution carefully limited the power of the President and of the Congress, but now we have an unelected Board of Governors with power, for good or for mischief, immense power, over our national monetary policy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MENENDEZ (at the request of Mr. GEPHARDT) for today and July 25 on account of official business.

Mr. SMITH of Washington (at the request of Mr. GEPHARDT) for today and the balance of the week on account of personal business.

Ms. WATERS (at the request of Mr. GEPHARDT) for today on account of official business in the district.

Mrs. FOWLER (at the request of Mr. ARMEY) for today on account of travel delays.

Mr. JENKINS (at the request of Mr. ARMEY) for today and the balance of the week on account of the death of his mother.

Mr. POMBO (at the request of Mr. ARMEY) for today on account of travel delays.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FILNER) to revise and extend their remarks and include extraneous material:)

Mr. FILNER, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. CUMMINGS, for 5 minutes, today.

Mrs. MINK of Hawaii, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2812. An act to amend the Immigration and Nationality Act to provide a waiver of the oath of renunciation and allegiance for naturalization of aliens having certain disabilities; referred to the Committee on the Judiciary.

ADJOURNMENT

Mr. METCALF. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 20 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, July 25, 2000, at 9 a.m., for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

9180. A letter from the Administrator, Rural Utilities Services, Department of Agriculture, transmitting the Department's final rule—General Policies, Types of Loans, Loan Requirement-Telecommunications Program (RIN: 0572–AB53) received July 17, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9181. A letter from the Associate Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Blueberry Promotion, Research, and Information Order [FV–99–701–FR] (RIN: 0581–AB78) received July 17, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9182. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Trifloxystrobin; Pesticide Tolerance [OPP–301014; FRL–6594–6] (RIN: 2070–AB78) received July 13, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9183. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Bacillus subtillis Strain QST 713; Exemption from the Requirement of a Tolerance [OPP–300997; FRL–6555–3] (RIN: 2070–AB78) received June 28, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9184. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Methoxyfenozide; Benzoic Acid, 3-methoxy-2-methyl-2-(3,5-dimethylbenzoyl)-2- (1,1-dimethylethyl) hydrazide; Pesticide Tolerance [OPP–300983; FRL–6496–5] (RIN:2070–AB78) received June 28, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9185. A letter from the the Director, the Office of Management and Budget, transmitting Cumulative report on rescissions and deferrals, pursuant to 2 U.S.C. 685(e); (H. Doc. No. 106—273); to the Committee on Appropriations and ordered to be printed.

9186. A letter from the Under Secretary of the Navy, Department of Defense, transmitting notification of the Department's decision to study certain functions performed by military and civilian personnel in the Deparmtnet of the Navy (DON) for possible performance by private contractors, pursuant to 10 U.S.C. 2461; to the Committee on Armed Services.

9187. A letter from the Deputy Secretary, Department of Defense, transmitting the Annual Defense Report: Appendix L: Resources Allocated to Mission and Support Activities; to the Committee on Armed Services.

9188. A letter from the Assistant Secretary, Force Management Policy, Department of Defense, transmitting the Annual Report for the Armed Services Retirement Home (AFRH) for Fiscal Year 1999; to the Committee on Armed Services.

9189. A letter from the Under Secretary, Acquisition and Technology, Department of Defense, transmitting a report entitled, ''Plan for Improved Demilitarization of Excess and Surplus Defense Property''; to the Committee on Armed Services.

9190. A letter from the Under Secretary, Acquisition, Technology and Logistics, Department of Defense, transmitting a report entitled, ''Integrated Chemical and Biological Research, Development and Acquisition Plan for the Departments of Defense and Energy''; to the Committee on Armed Services.

9191. A letter from the Assistant Secretary of Defense, Department of Defense, transmitting a report on portability of TRICARE Prime Benefits; to the Committee on Armed Services.

9192. A letter from the Under Secretary, Acquisition, Technology, and Logistics, Department of Defense, transmitting a report on Completed DoD A–76 Competitions; to the Committee on Armed Services.

9193. A letter from the Secretary of the Navy, transmitting the approved retirement and advancement to the grade of Vice Admiral on the retired list of Vice Admiral Michael L. Bowman, United States Navy; to the Committee on Armed Services.

9194. A letter from the Secretary of Defense, transmitting the approved retirement and advancement to the grade of Vice Admiral on the retired list of Vice Admiral Henry C. Giffin III, United States Navy; to the Committee on Armed Services.

9195. A letter from the Secretary of Defense, transmitting the approved retirement and advancement to the grade of lieutenant general on the retired list of Lieutenant General Richard A. Chilcoat, United States Army; to the Committee on Armed Services.

9196. A letter from the Secretary of Defense, transmitting the approved retirement and advancement to the grade of general on the retired list of General Anthony C. Zinni, United States Marine Corps; to the Committee on Armed Services.

9197. A letter from the Secretary of Defense, transmitting a report on proposed obligations for the Cooperative Threat Reduction (CTR) Program; to the Committee on Armed Services.

9198. A letter from the Secretary of Defense, transmitting the approved retirement and advancement to the grade of lieutenant general on the retired list of Lieutenant General Ronald R. Blanck, United States Army; to the Committee on Armed Services.

9199. A letter from the Comptroller of the Currency, transmitting the four issues of the Quarterly Journal that comprise the 1999 annual report to Congress of the Office of the Comptroller of the Currency; to the Committee on Banking and Financial Services.

9200. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting transactions involving exports to Chad and Cameroon, pursuant to 12 U.S.C. 635(b)(3)(ii); to the Committee on Banking and Financial Services.

9201. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Final Flood Elevation Determinations—received