

world's people. We think we have done that fairly well.

We have spent more than the President asked. We hope we will be able to explain to the White House and OMB why and how that was done. We will have time after the bill is debated to do that. In the meantime, as the amendments come forward, perhaps the White House will have some suggestions. I hope they don't ask us to change our vision. I think the vision in this bill is to move ahead with new sources of energy beyond Kyoto so we can say we are going to do it in a way that everyone will grow and prosper, so the poor can get rich in the world.

I yield the floor.

Mr. REID. We are on the energy and water bill. I know the Senator from Arizona wishes to speak.

Mr. KYL. I want to take 30 seconds to compliment the Senator from New Mexico, and then I will ask unanimous consent to speak no more than 5 minutes in morning business.

Mr. REID. My friend from Oregon also wishes to speak for 20 minutes in morning business. I ask that the Senator from Arizona be recognized to speak for up to 10 minutes in morning business and the Senator from Oregon be recognized for up to 20 minutes.

Mr. DOMENICI. Reserving the right to object, Mr. President, what are you thinking in terms of the bill?

Mr. REID. I will visit with you now.

Mr. DOMENICI. I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. I will not take the full 10 minutes.

I take 30 seconds to simply say, Senator DOMENICI each year has a significant responsibility, as well as the other Members of the subcommittee on which he sits, to put together a bill for energy and water. As he pointed out, a great deal of the jurisdiction of that subcommittee deals with our nuclear weapons program. Senator DOMENICI does not simply put together what he has been told is a good idea. He has taken a career to learn from these laboratories—a couple of which he represents, and the people in those laboratories—what is best in our national interests and what needs to be done. It is not glorious work and there is no big political payoff. Very few people have the knowledge he does. He relies on people such as his staff, Clay Sell and Dr. Peter Lyons, a nuclear physicist from Los Alamos Laboratory, to assist him in developing the kind of plans that the Senate then needs to act upon, particularly with the comments about the development of nuclear energy that will be safe and that we need to promote for this country.

I think he is absolutely right on the mark. I plan to join him in his efforts to promote that in the coming months.

Mr. DOMENICI. Will the Senator yield?

Mr. KYL. I am happy to yield.

Mr. DOMENICI. I should have mentioned in my remarks, one of the Sen-

ators who has helped me in the many months that we engaged in trying to make the Department of Energy more focused with reference to our nuclear weapons problems was the distinguished Senator from Arizona. I thank him for that help. We are not over that hurdle yet. Indeed, General Gordon and that semiautonomous agency have not been totally formulated. They are not grown up yet and are still walking along, maybe comparing it to high school and the eighth grade. They still have to get the diploma. This bill should enhance it or give them some of the tools they claim they need.

In the meantime, I thank the Senator for observations and comments regarding a world beyond Kyoto. Clearly, if we do this right, we can have an abundance of energy and there need be no atmospheric pollution; we can do it another way. Clearly, we can get it done.

I thank the Senator for his observation.

Mr. REID. Will the Senator yield?

Mr. KYL. I yield.

The PRESIDING OFFICER (Mrs. CLINTON). The Senator from Nevada.

Mr. REID. The Senator from Arizona missed my brief statement today about how I had become a late believer in the work that he and Senator DOMENICI had done on the National Nuclear Security Administration. As you may recall, last year I fought that initially. As I said to Senator DOMENICI, I thought it was being done, initially, for reasons other than what it turned out to be. I commend the Senator from Arizona—I have already done that to Senator DOMENICI—for the great work being done by General Gordon and the people working with him. It certainly has been a step in the right direction.

With the deep concern I have with the nuclear arsenal, I think there is not anything we could be more devoted to than making sure General Gordon has enough money and general resources to do what he has to do which is so important.

ECONOMIC GROWTH

Mr. LOTT. Madam President, we have seen for the past year a reduction in the growth rate of our economy. The world is experiencing a global economic slowdown. The tax cut signed into law in June contained compromises to make the tax cuts in the lowest bracket retroactive to January 1. We are also going to begin to see the tax reduction checks in the American people's hands by the end of this month. Perhaps there has never been a better-timed tax cut. The dollars we are returning to the taxpayers and the rate cuts that will allow them to keep a little more of their own hard earned salaries will provide some stimulus to keep the economy from falling further behind.

I reject the advice of those who say that now is the time for the government to retreat and try and take more

money out of the American workers' pay envelopes. Nothing could be worse for a weakening economy. In fact, I believe that now is the time to find more ways to encourage economic growth. The tax cut provides some immediate stimulus and in the long-term some ways to keep the economy growing. But we need to look at ways to kick-start the supply side of the economy. One possibility is to cut the capital gains tax rates. I will be pursuing this effort in the coming weeks and months. Nothing is more important than to get our economy moving again at full speed.

My friend Jack Kemp authored a most interesting and compelling article a couple of weeks ago in the Wall Street Journal. Thirty years ago when I came to Congress I first met Jack. He was then and continues to be a person who is not afraid to challenge the common norms of economic thought. In the 70's Jack led the charge for tax rate cuts to get the economy moving. We have too easily forgotten the hopelessness that many Americans felt in the late 1970's facing stagflation with no idea of how to turn the flagging U.S. economy around. Now we face a problem of a global slowdown. Jack suggests an answer. Many will try and dismiss his proposal. This is a debate that needs to continue.

We need to get the American economy running at full speed. The tax bill was the first step. Getting the economy back to full growth will be my primary focus.

I ask unanimous consent that the article by Mr. Kemp be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, June 28, 2001]

OUR ECONOMY NEEDS A GOLDEN ANCHOR

(By Jack Kemp)

How many more dashed hopes and false recoveries must we experience before politicians and monetary authorities accept the fact that our inability to manage fiat currencies is causing the global economic slowdown? They keep waiting for interest-rate reductions to kick in, yet more than six months after the Fed began lowering rates the economy continues to weaken. Waiting for the recently enacted tax cuts to provide "stimulus" will prove futile as well. The economy does not suffer a lack of consumer demand, and more money in people's pockets will not revive the supply side of the economy.

UNPRECEDENTED EXPERIMENT

Ronald Reagan once said he knew of no great nation in history that went off the gold standard and remained great. Since Aug. 15, 1971, when the U.S. ceased to redeem dollars held by foreign governments for gold, we have put that thesis to the test. For the first time in human history, not a single major currency in the world was linked to a commodity. Economist Milton Friedman called the situation "unprecedented" and said it is "not a long-term viable alternative." "The world," he said, "needs a long-term anchor of some kind."

In the short term, at least, he was vindicated. In creating a world monetary system

of floating fiat currencies with the stroke of a pen, President Nixon touched off a worldwide inflation that lasted through the '70s and early '80s.

Yet America recovered to preside over the demise of world communism, and overcame the rising inflation and unemployment of "stagflation" to enjoy an unparalleled 18-year economic expansion. Today, the U.S. is at the pinnacle of its power and enjoying its greatest prosperity ever.

Were Messrs. Reagan and Friedman wrong? I don't think so. If the U.S. has so far come out on top in this experiment, it is only because other countries' economies have suffered even more from floating currencies.

Once the U.S. government ceased redeeming gold at \$35 an ounce, its price quadrupled on world markets to \$140 to reflect the dollar's diminished value. By breaking the gold link, the Nixon economic team forced the unwanted liquidity pouring out of the Fed—which had thus far built up in the Eurodollar market and the portfolios of foreign central banks—to remain inside the U.S. economy where it would manifest itself in price inflation. Robert Mundell was the first to predict, in January 1972, there would soon be a dramatic rise in the price of oil, with general inflation to follow.

Where the rest of the economics profession blamed the Arab oil-producing states for quadrupling the oil price in 1973, Mr. Mundell and those supply-siders who followed his intellectual lead knew that gold's quadrupling had led the way. Tax rates rose through "bracket creep," capital formation stopped in its tracks, and it soon took two workers to produce the same income that one had brought home before the experiment. The stagflation that had its roots in leaving the gold standard was compounded when Congress and three different presidents tried to fight it with wage and price controls and high marginal tax rates.

But discretionary monetary policy is Janus-faced, and instead of too much liquidity in the world economy we now have too little. Deflation began in 1996 when the Fed tightened monetary policy to combat some inflation it had created attempting to offset the economic drag of the Clinton tax hikes. A rising dollar then caused the dollar pegs of emerging economies to snap, set off the Asian, Brazilian and Russian economic meltdowns, and caused the price of oil and other commodities to collapse. Oil producers took a two-year holiday from drilling, which in turn created an oil shortage and drove energy prices sky high.

Now, the energy-price hikes are working their way through the economy and are misconstrued by the Fed as inflation. Once again, central bank errors in the discretionary management of floating fiat currencies have put the entire world economy at risk.

The Fed has cut interest rates 275 basis points since the start of the year, but the price of gold is still down to about \$272 from \$385 in 1996, having fallen \$5 yesterday alone on the Fed's announcement that it was lowering the fed funds rate another 25 basis points. Commodity prices are near their lowest levels in 15 years, and the foreign-exchange value of the dollar has risen against all major currencies since the Fed began its interest rate-easing cycle.

Without a gold standard, the Fed has no means of determining how much liquidity markets demand, and all it does by targeting interest rates is guess how much liquidity to inject or withdraw to counteract mistakes it made earlier. The Fed may be on its way to mimicking the mistakes the Bank of Japan made when it lowered interest rates to zero, all the while prolonging and deepening Japan's monetary deflation.

This is no way to manage a currency. It's obvious that we have accumulated a long series of small deflationary errors by the Fed that are dragging down the U.S. economy and helping depress world commerce. It's time to restore a golden anchor to the dollar before our luck runs out and we suffer a real economic calamity.

The Fed may yet get lucky with its rate cuts, although the Bank of Japan never did. The only certain way to end this deflation is to have the Fed stop targeting interest rates and begin targeting gold directly—not by "fixing" the price of gold by administrative fiat as some people mistakenly characterize it, but rather by calibrating the level of liquidity in the economy, over which the Fed has exclusive and precise control, to keep the market price of gold stable within a narrow band closer to \$325 than \$275.

There is nothing mysterious about how gold could be used as a reference point or how a new monetary standard for a new millennium would work. It would simply mean the Fed would stop guessing how much liquidity is good for the economy and allow the market to make that decision for it. With the dollar defined in terms of gold and with American citizens free to buy and sell gold at will, the Fed would forget about raising or lowering interest rates and simply add liquidity (buy bonds) when the price of gold tries to fall and subtract liquidity (sell bonds) when it tries to rise. Markets would determine interest rates.

The paper dollar would once again be as good as gold—no more, no less. There would be no need for the U.S. government to maintain a large stock of gold or to redeem gold and dollars on demand since people would be free to do so on their own in the marketplace. As long as the Fed calibrated its infusions and withdrawals of liquidity by the market price of gold, the world would be free of monetary inflations and deflations caused by the whims and errors of central bank governors, as was the case for more than 200 years when the private Bank of England managed the pound sterling in exactly that way.

NOTHING SIMPLER

The good news is that this could all be done easily, if President Bush and Treasury Secretary Paul O'Neill could work out an accord with Alan Greenspan. That accomplished, I believe Britain would soon follow to make the pound as good as gold and avoid having to adopt a sinking euro.

There is nothing simpler than a gold standard, as Alexander Hamilton pointed out when he persuaded the first Congress to adopt one. Just as President Nixon took us off with an executive order, President Bush can put us back on with the stroke of a pen. It would be politically popular, as ordinary people benefit most. At Camp David in 1971, as President Nixon signed the papers, he is reported to have said: "I don't know why I'm doing this. William Jennings Bryan ran against gold three times and he lost three times."

NAZI WAR CRIMINALS RESOLUTION

Mr. CORZINE. Madam President, last week I introduced a resolution that addresses the United States' use of Nazi war criminals after World War II. The resolution acknowledges the role of the United States in harboring Nazi fugitives, commends the Nazi War Criminal Interagency Working Group for serving the public interest by disclosing information about the Nazis,

and calls on other governments to release information pertaining to the assistance these governments provided to Nazis in the postwar period.

On July 14, 1934, the Reichstag declared the Nazi Party the only legitimate political party in Germany. In one fell swoop, political dissent in Germany was quashed and a tragic series of events was set into motion—a series of events that led to the genocide of six million Jews and five million Gypsies, Poles, Jehovah's Witnesses, political dissidents, physically and mentally disabled people, and homosexuals. After World War II, the international community attempted to come to terms with what, by any measure, was a horrific episode in world history.

In October 1945, a tribunal was convened in Nuremberg, Germany, to exact justice against the most nefarious Nazi War Criminals, people who knowingly and methodically orchestrated the murder of countless innocent people. Some infamous Nazi war criminals were tried and convicted elsewhere, including the infamous Adolph Eichmann, who was found guilty by an Israeli court. Still, many of the perpetrators—war criminals who heeded the call of the Nazi juggernaut—escaped justice. Some of those who evaded capture did so with the help of various world governments, including the United States.

It is natural to ask why the United States would help known Nazi war criminals avoid punishment. The United States had just spent four years fighting the Nazis at the cost of thousands of young, courageous American soldiers. We had just liberated the Nazi death camps, witnessing firsthand the carnage and degradation exacted by the Nazis on Jews and others. Despite it all, the United States felt compelled to hide the very Nazis they had defeated and grant them refuge in the United States and abroad.

The sad fact is that although we had just finished fighting a war of enormous proportions, we were entering another war—a cold war that would last for some 50 years. In fighting this war, the United States enlisted Nazi fugitives to spy on the Soviet Union.

The extent to which the United States used Nazi war criminals for intelligence purposes in the postwar years is still being studied. In January 1999, the President charged the Nazi War Criminal Records Interagency Working Group with the difficult task of locating, identifying, cataloguing, and recommending for declassification thousands of formerly classified documents pertaining to the United States' association with Nazi war criminals. In addition to an interim report completed October 1999, in late April 2001, the IWG announced the release of CIA name files referring to specific Nazi War Criminals. While there is still work to be done, one thing is clear from these documents: the United States knowingly utilized Nazi war criminals for intelligence purposes and,