government operations of Iraq or Afghanistan. This is government operations of these United States.

Secretary Snow, I go back, and repetition is good because I want to make sure that folks understand. Gentlemen, I want to say this, and you cannot say this enough. They have broken records, borrowing $1.057 trillion from foreign nations. Like I said before, the President cannot just do this by himself, so I am going to put a picture of the Republican leadership there to say they are a part of this incompetence as it relates to borrowing from foreign nations that we have concern about like China.

So, Mr. DELAHUNT, you have hit the nail right on the head. Mr. HOLT, you are 210 percent right. We cannot talk about innovation, but in the meantime we have other priorities with the special interest. I think it is important. I want to make sure that staff gets a picture of the Republican conference because I think it is important. I think we need to put the pressure on not only on individual decisions but on decisions that the majority has made that has put this country in the back seat as it relates to innovation and as it relates to many other areas that we should be leading in.

Mr. HOLT. A little earlier this evening folks on the other side were saying that revenues have continued to grow because of the tax cuts. No, what has grown because of the tax cuts is this deficit, this borrowing. So much of it from China, Japan, even OPEC, as my friend from Massachusetts has pointed out.

Mr. DELAHUNT. I think it was interesting to hear our friends and colleagues on the other side say we have to hold them accountable in Washington. We have to hold those bureaucrats, we have to hold them accountable. Let us get on with the job. I find that confusing.

I thought, now maybe you can give me some guidance here. I thought the Republicans were the majority party in this House and in the Senate for a substantial period of time, and I am confident that President Bush was elected in 2000 and it is 2006 and it has been 6 years. Who is in charge? Who is in charge, Mr. Speaker?

They are the ones that should be held accountable. This is not about bureaucrats. I understand it is an election year and all of a sudden they are going to position and posture themselves as outsiders. Outsiders, that is a bad joke. They run this place. They run this town. They know how to exercise power.

Mr. RYAN of Ohio. In fact, I thought that was a joke. In fact, I wrote it down in a journal, and I laughed about it later in the day because I thought it was a joke. Then I find out that they are serious.

Mr. Speaker, I yield to Mr. INSLEE.

Mr. INSLEE. Under the current control of the Federal Government, if China invades Taiwan, we will have to borrow money from China to fight the war. That is a very sad irony, if not a joke.

I wanted to point out one thing before we finish, an aspect of the Democratic Innovation Agenda that we have not talked about, and that is our efforts to help small businesses innovate because Democrats recognize that small businesses are tremendous engines of innovation. That is where a lot of our creative genius comes out. I want to point out a few things that we have proposed to make sure that small businesses are successful in innovating, and one is we have a constellation of proposals that will help small businesses across what is called the valley of death which is where they cannot get financing when they have a good idea but cannot quite get to commercialization. We would make sure that the Small Business Innovation Research Program is held up and supported. This administration is actually cutting the availability of small businesses to use the innovation grant program to get their innovations to market. They purport to believe in the power of business but will not help them with that.

Second, we propose that we will help reward risk taking and entrepreneurship by promoting broad-based stock options, and not just for top dogs in corporations but for the rank and file.

Third, we want to protect intellectual property by making sure that patent fees go to help the patent process so these businesses can get their patents.

Fourth, we want to help specially tailored guidelines for small businesses to help with the Sarbanes-Oxley requirement in accounting.

I point these out because I think it is fair to say that the Democrats have put forth four very concrete proposals to make sure small businesses can thrive in a challenging environment. That is important because we know that government is not the source of all great ideas in our society. We want small businesses to achieve, and we have good proposals for that to happen.

Mr. RYAN of Ohio. Mr. Speaker, I yield to Mr. HOLT and thank him for his good leadership.

Mr. HOLT. I thank the Thirty-Something group for allowing us to join you. Yesterday with Mr. Lucas, he and I were the only ones there with gray hair. I thank you for having us here tonight.

Mr. RYAN of Ohio. Mr. Speaker, to get ahold of us, any of the Members who are in their offices or anyone else, the Website is www.housedemocrats.gov/30Something. All of the charts you saw here tonight are available on our Web site, and we will be back in an hour.

□ 2130

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. CONAWAY). Without objection, the 5-minute Special Order speech of the gentleman from California (Mr. GEORGE MILLER) is vacated.

There was no objection.

THE END OF DOLLAR HEGEMONY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes.

Mr. PAUL. Mr. Speaker, my Special Order tonight deals with the subject, the end of dollar hegemony. Mr. Speaker, 100 years ago it was called dollar diplomacy; after World War II and especially after the fall of the Soviet Union in 1989 the policy had all been to dollar hegemony.

After all of this great success, our dollar dominance is coming to an end. It has been said, rightly, that he who holds the gold makes the rules. In earlier times it was readily accepted that fair and honest trade be required in an exchange of something of real value. First, it was simply barter of goods, and then it was discovered that gold held a universal attraction and was a convenient substitute for more cumbersome barter transactions.

Not only did gold facilitate exchange of goods and services, it served as a store of value for those who wanted to save for a rainy day. Though money developed naturally in the marketplace as governments grew in power, they assumed monopoly control over money. Sometimes governments succeeded in guaranteeing the quality and purity of gold; but in time, governments learned to outspend their revenues.

New or higher taxes always incurred the disapproval of the people, so it was not long before the kings and caesars learned how to inflate their currencies by reducing the amount of gold in each coin, always hoping their subjects would not discover the fraud. But the people always did, and they strenuously objected.

This helped pressure leaders to seek more gold by conquering other nations. The people became accustomed to living beyond their means and enjoyed the circuses and bread. Financing extravagances by conquering foreign lands seemed a logical alternative to working harder and producing more. Besides, conquering nations not only brought home gold; they brought home slaves as well. Taxing the people in conquered territories also provided an incentive to build empires.

This system of government worked well for a while, but the moral decline of the people led to an unwillingness to produce for themselves. There was a limit to the number of countries that could be sacked for their wealth, and this always brought empires to an end. When gold no longer could be obtained, their military might crumbled. In those days, those who held the gold truly wrote the rules and lived well.

That general rule has held fast throughout the ages. When gold was used and the rules protected honest

commerce, productive nations thrived. Whenever wealthy nations, those with powerful armies and gold, strived only for empire and easy fortunes to support welfare at home, those nations failed.

Today, the principles are the same, but the process is quite different. Gold is no longer a currency of the realm; paper is. The truth now is he who prints the money makes the rules, at least for the time being. Although gold is not used, the goals are the same: compel foreign countries to produce and subsidize the country with military superiority and control over the monetary printing presses.

Since printing paper money is nothing short of counterfeiting, the issuer of the international currency must always be the country with the military might to guarantee control over the system. This magnificent scheme seems the perfect system for obtaining perpetual wealth for the country that issues the de facto world currency.

The one problem, however, is that such a system destroys the character of the counterfeiting nation's people just as was the case when gold was the currency, and it was obtained by conquering other nations. This destroys the incentive to save and produce while encouraging debt and runaway welfare.

The pressure at home to inflate the currency comes from the corporate welfare recipients, as well as those who demand handouts as compensation for their needs and perceived injuries by others. In both cases, personal responsibility for one's actions is rejected.

When paper money is rejected, or when gold runs out, wealth and political stability are lost. The country then must go from living beyond its means to living beneath its means until the economic and political systems adjust to the new rules; rules no longer written by those who ran the now defunct printing press.

Dollar diplomacy, a policy instituted by William Howard Taft and his Secretary of State, Philander C. Knox, was designed to enhance U.S. commercial investments in Latin America and the Far East. McKinley concocted a war against Spain in 1898 and Teddy Roosevelt's corollary to the Monroe Doctrine preceded Taft's aggressive approach to using the U.S. dollar and diplomat influence to secure U.S. investments abroad.

This earned the popular title of ''dollar diplomacy.''

The significance of Roosevelt's change was that our intervention now could be justified by the mere appearance that a country of interest to us was politically or fiscally vulnerable to European control. Not only did we claim a right, but even an official government obligation to protect our commercial interest from Europeans.

This new policy came on the heels of the gunboat diplomacy of the late 19th century, and it meant we could buy influence before resorting to the threat of force. By the time dollar diplomacy of William Howard Taft was clearly articulated, the seeds of the American empire were planted, and they were destined to grow in the fertile political soil of a country that lost its love and respect for the Republic bequeathed to us by the authors of the Constitution. Indeed they did. It was not too long before dollar diplomacy became dollar hegemony in the second half of the 20th century.

This transition only could have occurred with a dramatic change in monetary policy and the nature of the dollar itself. Congress created the Federal Reserve system in 1913. Between then and 1971, the principle of sound money was systematically undermined. Between 1913 and 1971, the Federal Reserve found it much easier to expand the money supply at will for financing war or manipulating an economy with little resistance from Congress while benefiting the special interests that influence Congress.

Dollar dominance got a huge boost after World War II. We were spared the destruction that so many other nations suffered, and our coffers were filled with the world's gold. But the world chose not to return to the discipline of the gold standard, and the politicians applauded. Printing money to pay the bills was a lot more popular than taxing or restraining or unnecessary spending. In spite of the short-term benefits, imbalances were institutionalized for decades to come.

The 1944 Bretton Woods agreement solidified the dollar as the preeminent world reserve currency, replacing the British pound. Due to our political and military muscle, and because we had a huge amount of physical gold, the world readily accepted our dollar, defined as 1/35 of an ounce of gold as the world's reserve currency.

The dollar was said to be as good as gold and convertible to all foreign banks at that rate. For American citizens, however, it remained illegal to own. This was a gold exchange standard that from inception was doomed to fail.

The U.S. did exactly what many predicted she would do: she printed more dollars for which there was no gold backing. But the world was content to accept these dollars for more than 25 years with little question, until the French and others in the late 1960s demanded we fulfill our promise to pay 1 ounce of gold for each $35 they delivered to the U.S. Treasury. This resulted in a huge gold drain that brought an end to a very poorly devised pseudo-gold standard.

It all ended on August 15, 1971, when Nixon closed the gold window and refused to pay out any of our remaining 280 million ounces of gold. In essence, we declared our insolvency, and everyone recognized that some other monetary system had to be devised in order to bring stability to the markets. Amazingly, a new system was devised which allowed the U.S. to operate the printing presses for the world reserve currency, with no restraints placed on it, not even a presence of gold convertibility, none whatsoever.

Though the new policy was even more deeply flawed, it nevertheless opened the door for dollar hegemony to spread. Realizing the world was embarking on something new and mind-boggling, elite money managers with especially strong support from U.S. authorities struck an agreement with OPEC to price oil in U.S. dollars exclusively for all worldwide transactions.

This gave the dollar a special place among world currencies, in essence backed the dollar with oil. In return, the U.S. promised to protect the various oil-rich kingdoms in the Persian Gulf against threat or invasion or domestic coup. This arrangement helped ignite the radical Islamic movement among those who resented our influence in the region.

The arrangement gave the dollar artificial strength with tremendous financial benefits for the United States. It allowed us to export our monetary inflation by buying oil and other goods at a great discount as dollar influence flourished.

This post-Bretton Woods system was much more fragile than the system that existed between 1945 and 1971. Though the dollar-oil arrangement was helpful, it was not nearly as stable as the pseudo-gold standard under Bretton Woods. It certainly was less stable than the gold standard of the late 19th century.

During the 1970s, the dollar nearly collapsed as oil prices surged and gold skyrocketed to $800 an ounce. By 1979, interest rates of 21 percent were required to rescue the system. The pressure on the dollar in the 1970s, in spite of the benefits accrued to it, reflected reckless budget deficits and monetary inflation during the 1960s. The markets were not fooled by LBJ's claim that we could afford both guns and butter.

Once again, the dollar was rescued, and this ushered in the age of true dollar hegemony, lasting from the early 1980s to the present. With tremendous cooperation coming from the central banks and international commercial banks, the dollar was accepted as if it were gold.

Federal Chairman Alan Greenspan, on several occasions before the House Banking Committee, answered my challenges to him about his previously held favorable views on gold by claiming that he and other central bankers had gotten paper money, that is the dollar system, to respond as if it were gold. Each time I strongly disagreed and pointed out that if they had achieved such a feat they would have defied centuries of economic history regarding the need for money to be something of real value. He smugly and confidently concurred with this.

In recent years, central banks and various financial institutions, all with vested interest in maintaining a workable fiat dollar standard, were not secretive about selling and maintaining large amounts of gold to the market,

even while decreasing gold prices raised serious questions about the wisdom of such a policy. They never admitted to gold price fixing, but the evidence is abundant that they believed that if the gold price fell, it would convey a sense of confidence to the market, confidence that they, indeed, had achieved amazing success in turning paper into gold.

Increasing gold prices historically are viewed as an indicator of distrust in paper currency. This recent effort was not a whole lot different than the U.S. Treasury selling gold at $35 an ounce in the 1960s in an attempt to convince the world the dollar was as sound and as good as gold.

Even during the Depression, one of Roosevelt's first acts was to remove free-market pricing as an indication of a flawed monetary system by making it illegal for American citizens to own gold. Economic law eventually limited that effort, as it did in the early 1970s, when our Treasury and the IMF tried to fix the price of gold by dumping tons into the market to dampen the enthusiasm of those seeking a safe haven for a falling dollar after gold ownership was relegalized.

Once again, the effort between 1980 and 2000 to fool the market as to the true value of the dollar proved unsuccessful. In the past 5 years, the dollar has been devalued in terms of gold by more than 50 percent. You just cannot fool all the people all the time, even with the power of the mighty printing press and the money-creating system of the Federal Reserve.

□ 2145

Even with all the shortcomings of the fiat monetary system, dollar influence thrived. The results seemed beneficial, but gross distortions built into the system remained. And true to form, Washington politicians are only too anxious to solve the problems cropping up with window dressing while failing to understand and deal with the underlying flawed policy. Protectionism, fixing exchange rates, punitive tariffs, politically motivated sanctions, corporate subsidies, international trade management, price controls, interest rate and wage controls, supernationalist sentiments, threat of force, and even war are resorted to, all to solve the problems artificially created by a deeply flawed monetary and economic system.

In the short run, the issuer of a fiat reserve currency can accrue great economic benefits. In the long run, it poses a threat to the country issuing the world currency. In this case, that is the United States. As long as foreign countries take our dollars in return for real goods, we come out ahead. This is a benefit many in Congress fail to recognize as they bash China for maintaining a positive trade balance with us. But this leads to a loss of manufacturing jobs to overseas markets as we become more dependent on others and less self-sufficient. Foreign countries accumulate our dollars due to their high savings rates and graciously lend them back to us at low interest rates to finance our excessive consumption and our wars.

It sounds like a great deal for everyone, except the time will come when our dollars, due to their depreciation, will be received less enthusiastically or even be rejected by foreign countries. That could create a whole new ball game and force us to pay a price for living beyond our means and our production. The shift in sentiment regarding the dollar has already started, but the worst is yet to come.

The agreement with OPEC in the 1970s to price oil in dollars has provided tremendous artificial strength to the dollar as the preeminent reserve currency. This has created a universal demand for the dollar and soaks up the huge number of new dollars generated each year. Last year alone, M3 increased by over $700 billion. The artificial demand for our dollar, along with our military might, places us in the unique position to ''rule'' the world without productive work or savings and without limits on consumer spending or deficits. The problem is it cannot last.

Price inflation is raising its ugly head, and the NASDAQ bubble, generated by easy money, has burst. The housing bubble likewise created is deflating. Gold prices have doubled, and Federal spending is out of sight, with zero political will to rein it in. The trade deficit last year was over $728 billion. A $2 trillion war is raging, and plans are being laid to expand the war into Iran and possibly Syria. The only restraining force will be the world's rejection of the dollar. It is bound to come and create conditions worse than 1979–1980, which required 21 percent interest rates to correct. But everything possible will be done to protect the dollar in the meantime. We have a shared interest with those who hold our dollars to keep the whole charade going.

Greenspan, in his first speech after leaving the Fed, said that gold prices were up because of concern about terrorism and not because of monetary concerns or because he created too many dollars during his tenure. Gold has to be discredited and the dollar propped up. Even when the dollar comes under serious attack by market forces, the central banks and the IMF will surely do everything conceivable to soak up the dollars in hope of restoring stability. Eventually, they will fail.

Most importantly, the dollar/oil relationship has to be maintained to keep the dollar as the preeminent currency. Any attack on this relationship will be forcefully challenged, as it already has been.

In November, 2000, Saddam Hussein demanded euros for his oil. His arrogance was a threat to the dollar; his lack of any military might was never a threat. At the first Cabinet meeting with the new administration in 2001, as reported by Treasury Secretary Paul O'Neill, the major topic was how we could get rid of Saddam Hussein though there was no evidence whatsoever he posed a threat to us. This deep concern for Saddam Hussein surprised and shocked O'Neill.

It is now common knowledge that the immediate reaction of the administration after 9/11 revolved around how they could connect Saddam Hussein to the attacks to justify an invasion and overthrow of his government. Even with no evidence of any connection to 9/11 or evidence of weapons of mass destruction, public and congressional support was generated through distortions and flat-out misrepresentations of the facts to justify overthrowing Saddam Hussein.

There was no public talk of removing Saddam Hussein because of his attack on the integrity of the dollar as a reserve currency by selling his oil in euros, yet many believe this was the reason for our obsession with Iraq. I doubt it was the only reason, but it may well have played a significant role in our motivation to wage war. Within a very short period after the military victory in Iraq, all Iraqi oil sales were carried out in dollars. The euro was immediately abandoned.

In 2001, Venezuela's ambassador to Russia spoke of Venezuela's switching to the euro for all their oil sales. Within a year, there was a coup attempt against Chavez, reportedly with assistance from our CIA.

After these attempts to nudge the euro toward replacing the dollar as the world's reserve currency were met with resistance, the sharp fall of the dollar against the euro was reversed. These events may well have played a significant role in maintaining dollar dominance.

It has become clear the U.S. administration was sympathetic to those who plotted the overthrow of Chavez and was embarrassed by its failure. The fact that Chavez was democratically elected had little influence on which side we supported. Now a new attempt is being made against the petrodollar system. Iran, another member of the ''Axis of Evil,'' has announced her plans to initiate an oil bourse in March of this year. Guess what? The oil sales will be priced in euros, not dollars.

Most Americans forgot how our policies have systematically and needlessly antagonized the Iranians over the years. In 1953, the CIA helped overthrow a democratically elected Mohammed Mossadegh and installed the authoritarian Shah, who was friendly to the U.S. The Iranians were still fuming over this when the hostages were seized in 1979. Our alliance with Saddam Hussein in his invasion of Iran in the early 1980s did not help matters and obviously did not do much for our relationship with Saddam Hussein. The administration's announcement in 2001 that Iran was part of the Axis of Evil did not improve the diplomatic relationship between our two countries.

Recent threats over nuclear power, while ignoring the fact that they are

surrounded by countries with nuclear weapons, does not seem to register with those who continue to provoke Iran. With what most Muslims perceive as our war against Islam and this recent history, there is little wonder why Iran might choose to harm America by undermining the dollar. Iran, like Iraq, has zero capability to attack us, but that did not stop us from turning Saddam Hussein into a modern-day Hitler ready to take over the world. Now Iran, especially since she has made plans for pricing oil in euros, has been on the receiving end of a propaganda war not unlike that waged against Iraq before our invasion.

It is not likely that maintaining dollar supremacy was the only motivating factor for the war against Iraq nor for agitating against Iran. Though the real reasons for going to war are complex, we now know the reasons given before the war started, like the presence of weapons of mass destruction and Saddam's connection to 9/11, were false.

The dollar's importance is obvious, but this does not diminish the influence of the distinct plans laid out years ago by the neoconservatives to remake the Middle East. Israel's influence as well as that of the Christian Zionists likewise played a role in prosecuting this war. Protecting our oil supplies has influenced our Middle East policy for decades.

But the truth is that paying the bills for this aggressive intervention is impossible the old-fashioned way, with more taxes, more savings, and more production by the American people. Much of the expense of the Persian Gulf War in 1991 was shouldered by many of our willing allies. That is not so today. Now more than ever, the dollar hegemony, its dominance as the world's reserve currency, is required to finance our huge war expenditures. This $2 trillion never-ending war must be paid for one way or another. Dollar hegemony provides the vehicle to do just that.

For the most part, the true victims are not aware of how they pay the bills. The license to create money out of thin air allows the bills to be paid through price inflation. American citizens as well as average citizens of Japan and China and other countries suffer from price inflation, which represents the tax that pays the bills for our military adventures. That is, until the fraud is discovered and the foreign producers decide not to take dollars nor hold them very long in payment for those goods. Everything possible is done to prevent the fraud of the monetary system from being exposed to the masses who suffer from it. If oil markets replace dollars with euros, it would in time curtail our ability to continue to print, without restraint, the world's reserve currency.

It is an unbelievable benefit to us to import valuable goods and export depreciating dollars. The exporting countries have become addicted to our purchases for their economic growth. This dependency makes them allies in continuing the fraud, and their participation keeps the dollar's value artificially high. If this system were workable long term, American citizens would never have to work again. We, too, could enjoy ''bread and circuses'' just as the Romans did, but their gold finally ran out and the inability of Rome to continue to plunder conquered nations brought an end to her empire.

The same thing will happen to us if we do not change our ways. Though we do not occupy foreign countries to directly plunder, we nevertheless have spread our troops across 130 nations of the world. Our intense effort to spread our power in the oil-rich Middle East is not a coincidence. But, unlike the old days, we do not declare direct ownership of the natural resources. We just insist that we can buy what we want and pay for it with our paper money. Any country that challenges our authority does so at great risk.

Once again, Congress has bought into the war propaganda against Iran just as it did against Iraq. Arguments are now made for attacking Iran economically and militarily if necessary. These arguments are based on the same false reasons given for the ill-fated and costly occupation of Iraq.

Our whole economic system depends on continuing the current monetary arrangement, which means recycling the dollar is crucial. Currently, we borrow over $700 billion every year from our gracious benefactors, who work hard and take our paper for their goods. Then we borrow all the money we need to secure the empire, which includes the entire DOD budget of $450 billion, plus more. The military might we enjoy becomes the backing of our currency. There are no other countries that can challenge our military superiority, and therefore they have little choice but to accept the dollars we declare are today's ''gold.'' This is why countries that challenge the system, like Iraq, Iran, and Venezuela, become targets of our plans for regime change.

Ironically, dollar superiority depends on our strong military, and our strong military depends on the dollar. As long as foreign recipients take our dollars for real goods and are willing to finance our extravagant consumption and militarism, the status quo will continue, regardless of how huge our foreign debt and current account deficit become.

But real threats come from our political adversaries who are capable of confronting us militarily yet are not bashful about confronting us economically. That is why we see the new challenge from Iran being taken so seriously. The urgent arguments about Iran's posing a military threat to the security of the United States are no more plausible than the false charges levied against Iraq. Yet there is no effort to resist this march to confrontation by those who grandstand for political reasons against the Iraq War.

It seems that the people and Congress are easily persuaded by the jingoism of the preemptive war promoters. It is only after the cost of human life and dollars are tallied up that the people object to unwise militarism.

The strange thing is that the failure in Iraq is now apparent to a large number of Americans, yet they and Congress are acquiescing to the call for a needless and dangerous confrontation with Iran.

But then again our failure to find Osama bin Laden and destroy his network did not dissuade us from taking on Iraqis in a war totally unrelated to 9/11. Concern for pricing oil only in dollars helps explain our willingness to drop everything and teach Saddam Hussein a lesson for his defiance in demanding euros for oil.

□ 2200

Once again, there is the urgent call for sanctions and threats of force against Iran at the precise time Iran is opening a new oil exchange with all transactions in Euros.

Using force to compel people to accept money without real value can only work for a short time. It ultimately leads to economic dislocation, both domestic and international, and always ends with a price to be paid. The economic law that honest exchange demands only things of real value as currency cannot be repealed. The chaos that one day will ensue from our 35-year experiment with worldwide fiat money will require a return to money of real value. We will know that day is approaching when oil-producing countries demand gold or its equivalent for their oil rather than dollars or Euros. The sooner the better.

NEED FOR REFORM IN LIGHT OF LOBBYING SCANDAL

Mr. Speaker, I would like to now switch topics and address another subject, and this is regarding the need for reform in light of the recent lobbying scandal.

Mr. Speaker, the Abramoff scandal has been described as the biggest Washington scandal ever, bigger than Watergate, bigger than ABSCAM, bigger than Koreagate, bigger than the House banking scandal, bigger than Teapot Dome. Possibly so. It is certainly serious and significant.

It has prompted urgent proposals of suggested reforms to deal with the mess. If only we had more rules and regulations, more reporting requirements and stricter enforcement of laws, the American people will be assured we mean business. Ethics and character will return to the Halls of Congress. It is argued that new champions of reform should be elected to leadership positions to show how serious we are about dealing with the crisis of confidence generated by the Abramoff affair. Then all will be well.

But it is not so simple. Maybe what we have seen so far is just the tip of the iceberg and the insidious crisis staring us in the face that we refuse to properly identify and deal with.

It has been suggested we need to change course and correct the way Congress is run. A good idea, but if we merely tinker with current attitudes about what role the Federal Government ought to play in our lives, it won't do much to solve the ethics crisis.

True reform is impossible without addressing the immorality of wealth redistribution. Merely electing new leaders and writing more rules to regulate those who petition Congress will achieve nothing.

Could it be that we are all looking in the wrong places for our solution to a recurring, constant, and pervasive corruption in government? Perhaps some of us in Congress are mistaken about the true problem. Perhaps others deliberately distract us from exposing the truth about how miserably corrupt the budget process in Congress is.

Others simply are in a State of denial. But the denial will come to an end as the Abramoff scandal reveals more and more. It eventually will expose the scandal of the ages, how and to what degree the American people have become indebted by the totally irresponsible spending habits of the U.S. Congress as encouraged by successive administrations, condoned by our courts, and enjoyed by the recipients of the largesse.

This system of government is coming to an end, a fact that significantly contributes to the growing anxiety of most Americans, especially those who pay the bills and receive little in return from the corrupt system that has evolved over the decades.

Believe me, if everybody benefited equally, there would be scant outcry over a little bribery and influence peddling. As our country grows poorer and more indebted, fewer people benefit. The beneficiaries are not the hard-working, honest people who pay the taxes. The groups that master the system of lobbying and special interest legislation are the ones who truly benefit.

The steady erosion of real wealth in this country and the dependency on government generated by welfare-ism and warfare-ism presents itself as the crisis of the ages. Lobbying scandals and the need for new leadership are mere symptoms of a much, much deeper problem.

There are quite a few reasons a relatively free country allows itself to fall into such an ethical and financial mess. One major contributing factor for the past 100 years is our serious misunderstanding of the dangers of pure democracy.

The Founders detested democracy and avoided the use of the word in all the early documents. Today, most Americans accept without question a policy of sacrificing life, property and dollars to force democracy on a country 6,000 miles away. This tells us how little opposition there is to democracy. No one questions the principle that a majority electorate should be allowed to rule the country, dictate rights, and redistribute wealth. Our system of democracy has come to mean worshiping the notion that a majority vote for the distribution of government largesse, loot confiscated from the American people through an immoral tax system, is morally and constitutionally acceptable.

Under these circumstances, it is no wonder a system of runaway lobbying and special interests has developed. Add this to the military industrial complex that developed over the decades due to a foreign policy of perpetual war and foreign military intervention, and we shouldn't wonder why there is such a powerful motivation to learn the tricks of the lobbying trade and why former Members of Congress and their aides become such high-priced commodities.

Buying influence is much more lucrative than working and producing for a living. The trouble is in the process; the process invites moral corruption. The dollars involved grow larger and larger because of the deficit financing and inflation that pure democracy always generates.

Dealing with lobbying scandals while ignoring the scandal of unconstitutional runaway government will solve nothing. If people truly believe that reform is the solution through regulating lobbyists and increasing congressional reporting requirements, the real problem will be ignored and never identified. This reform only makes things worse.

Greater regulation of lobbyists is a dangerous and unnecessary proposition. If one expects to solve a problem without correctly identifying its source, the problem persists. The first amendment clearly states ''Congress shall make no laws respecting the right of the people to petition the government for a redress of grievances.'' That means no law.

The problem of special interest government that breeds corruption comes from our lack of respect for the Constitution in the first place. So what do we do? We further violate the Constitution, rather than examine it for guidance as to the proper role of the Federal Government.

Laws addressing bribery, theft, and fraud already on the books are adequate to deal with the criminal activities associated with lobbying. New laws and regulations are unnecessary.

The theft that the Federal Government commits against its citizens and the power that Congress has assumed illegally are the real crimes that need to be dealt with. In this regard, we truly need a new direction: get rid of the evil tax system, the fraudulent monetary system and the power of the government to run our lives, the economy and the world, and the Abramoff types would be exposed for the mere gnats they are. There would be a lot less of them since the incentive to buy politicians would be removed.

Even under today's flawed system of democratic government, which is dedicated to redistributing property by force, a lot could be accomplished if government attracted men and women of good will and character. Members could just refuse to yield to the temptations of office and reject the path to a lobbying career.

But it seems once government adopts the rules of immorality, some of the participants in the process yield to the temptation as well, succumbing to the belief that the new moral standards are acceptable.

Today, though, any new rules designed to restrain special interest favoritism will only push the money further under the table.

Too much is at stake. Corporations, bureaucrats, lobbyists and politicians have grown accustomed to the system and have learned to work within it to survive. Only when the trough is empty will the country wake up. Eliminating earmarks in the budget will not solve the problem.

Comparing the current scandal to the big one, the Abramoff types are petty thieves. The government deals in trillions of dollars, the Abramoffs in mere millions. Take a look at the undeclared war we are bogged down in 6,000 miles from our shore. We have spent $300 billion already, but Nobel Prize winner Joseph Stiglitz argues that the war will actually cost between $1 trillion and $2 trillion when it is all over. That is trillions, not billions. Even that figure is unpredictable, because we may be in Iraq for another year or 10. Who knows.

Considering the war had nothing to do with our national security, we are talking big bucks being wasted in lining the pockets of well-connected American corporations. Waste, fraud, stupidity, and no-bid contracts characterize the process; and it is all done in the name of patriotism and national security. Dissenters are accused of supporting the enemy. Now, this is a ripoff that a little tinkering with House rules and restraints on lobbyists won't do much to solve.

Think of how this undeclared war has contributed to our national deficit, undermined military preparedness, antagonized our allies, and exposed us to an even greater threat from those who resent our destructive occupation. Claiming we have no interest in the oil of the entire Middle East hardly helps our credibility throughout the world.

The system of special interest government that has evolved over the last several decades has given us a national debt of over $8 trillion, a debt that now expands by over $600 billion every year. Our total obligations are estimated to be between $15 trillion and $20 trillion. Most people realize that the Social Security system, the Medicare system and the new prescription drug program are unfunded. Thousands of private pension funds are now being dumped on the U.S. Government and American taxpayers. We are borrowing over $700 billion each year from foreigners to finance this extravagance, and we now

qualify as the greatest international debtor Nation in history.

Excessive consumption using borrowed money is hardly the way to secure a sound economy. Instead of reining in government spending, Congress remains oblivious to the financial dangers and panders to special interests by offering no resistance whatsoever to every request for new spending. Congress spends $2.7 trillion annually in an attempt to satisfy everyone's demands. The system has generated over $200 trillion in derivatives.

These problems can't be addressed with token leadership changes and tinkering with the budget. A new and dramatic direction is required.

As current policy further erodes the budget, special interests and Members of Congress become even more aggressive in their efforts to capture a piece of the dwindling economic pie. That success is the measure of effectiveness that guarantees a Member's reelection.

The biggest ripoff of all, the paper money system that is morally and economically equivalent to counterfeiting, is never questioned. It is the deceptive tool for transferring billions from the unsuspecting poor and middle class to the special-interest rich, and in the process the deficit-propelled budget process supports the spending demands of all the special interests, left and right, welfare and warfare, while delaying payment to another day and sometimes even to another generation.

The enormous sums spent each year to support the influential special interests expand exponentially and no one really asks how it is accomplished. Raising taxes to balance the budget is out of the question, and rightfully so. Foreigners have been generous in their willingness to loan us most of what we need, but even that generosity is limited and may well diminish in the future.

But if the Federal Reserve did not pick up the slack and create huge amounts of new credit and money out of thin air, interest rates would rise and call a halt to the charade. The people who suffer from a depreciated dollar don't understand why they suffer, while the people who benefit promote the corrupt system. The wealthy clean up on Wall Street and the unsophisticated buy in at the market tops. Wealth is transferred from one group to another, and it is all related to the system that allows politicians and the central banks to create money out of thin air. It is literally legalized counterfeiting.

Is it any wonder jobs go overseas? True capital only comes from savings, and Americans save nothing. We only borrow and consume. A counterfeiter has no incentive to take his newly created money and build factories. The incentive for Americans is to buy consumers goods from other countries whose people are willing to save and invest in their factories and jobs. The only way we can continue this charade is to borrow excess dollars back from the foreign governments who sell us goods and perpetuate the pretense of wealth that we enjoy.

The system of money contributes significantly to the problems of illegal immigration. On the surface, immigrants escaping poverty in Mexico and Central America come here for the economic opportunity that our economy offers. However, the social services they receive, including education and medical benefits, as well as the jobs they get, are dependent on our perpetual indebtedness to foreign countries. When the burden of debt becomes excessive, this incentive to seek prosperity here in the United States will change.

The prime beneficiaries of a paper money system are those who use the money early, governments, politicians, bankers, international corporations and the military industrial complex. Those who suffer most are the ones at the end of the money chain, the people forced to use depreciated dollars to buy urgently needed goods and services to survive. And guess what? By then, their money is worth less, prices soar, and their standard of living goes down.

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The consequences of this system, fully in place for the past 34 years, are astronomical and impossible to accurately measure. Industries go offshore, and the jobs follow. Price inflation eats away at the middle class and deficits soar, while spending escalates rapidly as Congress hopes to keep up with the problems it created.

The remaining wealth that we struggle to hold on to is based on debt, future tax revenues, and our ability to manufacture new tax dollars without restraint.

There is only one problem. It all depends on trust in the dollar, especially by foreign holders and purchasers. This trust will end, and signs of the beginning of the end are already appearing.

During this administration, the dollar has suffered severely as a consequence of the policy of inflating the currency to pay our bills. The dollar price of gold has more than doubled. This means the dollar has depreciated in terms of gold, the time-honored and reliable measurement of a nation's currency, by an astounding 55 percent. The long-term economic health of a nation is measured by the soundness of its currency. Once Rome converted from a republic to an empire, she depreciated her currency to pay the bills. This eventually led to Rome's downfall. That is exactly what America is facing unless we change our ways.

Now, this is a real scandal worth worrying about. Since it is not yet on Washington's radar screen, no attempt at addressing the problem is being made. Instead, we will be sure to make those the Constitution terms petitioners to redress their grievances fill out more forms. We will make government officials attend more ethics courses so they can learn how to be more ethical.

A free nation as it moves towards authoritarianism tolerates and hides a lot of the abuse in the system. The human impulse for wealth creation is hard to destroy, but in the end it will happen here if true reform of our economic, monetary, and political system is not accomplished.

Whether government programs are promoted for good causes, helping the poor, or bad causes, permitting a military industrial complex to capitalize on war profits, the principles of the market are undermined. Eventually, nearly everyone becomes dependent on the system of deficits, borrowing, printing press money, and the special interest budget process that distributes the loot by majority vote.

Today, most business interests and the poor are dependent on government handouts. Education and medical care is almost completely controlled and regulated by an overpowering central government. We have come to accept our role as world policeman and nation builder with little question despite the bad results and inability to pay the bills.

The question is, what will it take to bring about the changes in policy needed to reverse this dangerous trend? The answer is, quite a lot; and, unfortunately, it is not on the horizon. It probably will not come until there is a rejection of the dollar as the safest and strongest world currency and a return to commodity money like gold and silver to return confidence.

The Abramoff-type scandals come and go in Washington, patched over with grandiose schemes and reform that amount to nothing more than government and congressional mischief. But our efforts should be directed toward eliminating the greatest of all frauds, printing press money that creates the political conditions breeding the vultures and leaches who feed off the corrupt system.

Counterfeiting money never creates wealth. It only steals wealth from the unsuspecting. The Federal Reserve creation of money is exactly the same. Increasing the dollars in circulation can only diminish the value of each existing dollar. Only production and jobs can make a country wealthy in the long run. Today, it is obvious our country is becoming poorer and more uneasy as our jobs and capital go overseas.

The Abramoff scandal can serve a useful purpose if we put it in the context of the entire system that encourages corruption. If it is seen as an isolated case of individual corruption and not an expected consequence of big government run amok, little good will come of it. If we understand how our system of government intervenes in our personal lives, the entire economy and the internal affairs of other nations around the world, we can understand how it generates the conditions where lobbyists thrive.

Only then will some good come of it. Only then will we understand that undermining the first amendment right of

people to petition the government is hardly a solution to this much more serious and pervasive problem.

If we are inclined to improve conditions we should give serious consideration to the following policy reforms, reforms the American people who cherish liberty would enthusiastically support. Let us have no more No Child Left Behind legislation. Let us have no more prescription drugs programs. No more undeclared wars. No more nation building. No more acting as the world policeman. No more deficits. No more excessive spending everywhere. No more political and partisan resolutions designed to embarrass those who may well have legitimate and honest disagreements with current policy. No inferences that disagreeing with policy is unpatriotic or disloyal to the country. No more pretense of budget reforms while ignoring off-budget spending in the ever-growing 14 appropriations bills.

Cut funding for corporate welfare, foreign aid, international NGOs, defense contractors, the military industrial complex, and rich corporate farmers before cutting welfare for the poor at home. No more unconstitutional intrusions into the privacy of law-abiding American citizens. Reconsider the hysterical demands for security over liberty by curtailing the ever-expanding oppressive wars on drugs, tax violators and gun ownership.

Finally, why not try something novel like having Congress act as an independent and equal branch of government? Restore the principle of the separation of powers so that we can perform our duty to provide checks and balances on an executive branch and an accommodating judiciary that spies on Americans, glorifies the welfare state, fights undeclared wars, and enormously increases the national debt.

Congress was not meant to be a rubber stamp. It is time for a new direction.

30-SOMETHING WORKING GROUP

The SPEAKER pro tempore (Mr. CONAWAY). Under the Speaker's announced policy of January 4, 2005, the gentleman from Florida (Mr. MEEK) is recognized for 60 minutes.

Mr. MEEK of Florida. Mr. Speaker, it is an honor to come and address the U.S. House of Representatives. I want to thank Democratic Leader NANCY PELOSI and our Democratic Whip, Mr. STENY HOYER, and also our chairman, Mr. JAMES CLYBURN, and I think it is also Mr. LARSON who is our vice chair, and the rest of the ranking members and other members of the Democratic Caucus.

Mr. Speaker, an hour ago we were talking about the issues of fiscal responsibility. We were talking about trying to make sure that the American taxpayer gets what they deserve out of this government, this government that they have elected to come to Washington, D.C., to represent them, to make sure that they get the biggest bang for their tax dollar.

I think it is important to point out, Mr. Speaker, that we are having some real financial issues right now. Some may say on the majority side, and I do respect the members on the majority side, and I know that there are a few members on the majority side that feel the way we feel here on the minority side, on the Democratic side of the aisle, that we have to get our fiscal house in order. And we are not there yet. I can say here boldly and honestly that we are not there.

There are a number of third-party validators that are talking about the fiscal irresponsibility on the majority side and by this President that has put this country in financial jeopardy. You have individuals saying we want to cut the deficit in half, but, meanwhile, back at the ranch, they want to borrow from countries like China. They want to borrow from countries like Saudi Arabia and give those countries a piece of the American pie, Mr. Speaker.

I think it is important that in the last hour, when we talked about innovation, we talked about putting America first. We talked about not cutting student loans to everyday Americans. We talked about assisting that next generation and the generations that we expect to be able to stand up and make this and continue to make this country free and put us ahead as it relates to inventions, as it relates to innovation.

We are talking about on this side of the aisle, Mr. Speaker, that we embrace and we appreciate our troops and our veterans. But, meanwhile, in the President's budget, it talks about cuts in veterans affairs. It talks about higher co-payments for veterans.

I must say, Mr. Speaker, I am a Democrat, but guess what? I represent Republicans, Independents, green party, and Democrats back in my district; and they feel the way that I do.

I have not had one constituent say, Congressman, I want you to go to Washington, D.C., and make sure that you borrow as much money as possible so that I can pay it back with interest. Congressman, I want you to go to Washington, D.C., and be irresponsible with my tax dollars and make sure that we do not have accountability as it relates to unbid contracts. Congressman, I want you to look the other way when it comes down to making sure that you have the proper oversight so that we do not have this culture of corruption, cronyism and incompetence that we are seeing on the majority side and in the White House right now.

I think it is very, very important, Mr. Speaker, the perception that the American people and the reality that they are seeing right now. This is not the Kendrick Meek or the 30-Something or the Tim Ryan report. This is what is being printed every day in the papers.

It is not that the Congress is taking a bold step to make sure that the children of America have what they need; making sure that we have the kinds of innovation that the President spoke about, Mr. Speaker; making sure that the veterans do not have to pay a higher co-payment for health insurance that we promised them as a country.

We salute one flag right now, Mr. Speaker, not because of coincidence. Because individuals have died for that opportunity. We have individuals that have served and served in many theaters to make sure that we can salute one flag, and the bottom line is we should not turn our backs on those individuals.

What Mr. RYAN and I are going to talk about in this 30-Something hour is the tax on corruption, the corruption tax that the American people have to pay and the American children have to pay, and men and women that have worn a uniform have to pay.

Guess what? It is not just Democrats. It is not just Republicans. It is not just independents. It is the American people. It is not just the folks that vote. It is not just the folks that do not vote. It is not the folks who are seeking status that have green cards in this country that are legally here. It is happening right now.

Mr. Speaker and Mr. RYAN, I just want to say before I yield, I feel good about the fact that we were talking about the K Street Project 2 years ago. Night after night, week after week, we talked about it. We were honest and upfront with the American people that something was fundamentally wrong when you have a K Street Project, talk about it, put a press release out about it, about how we have this relationship with the special interests.

What about a relationship with the American people, Mr. Speaker? So now we have a lobbyist here in this town that has admitted to guilt, Mr. RYAN, that has said, I have broken the law. We do not have to have a trial because the evidence is so strong. We do not have to have a jury pool. We do not have to have people come in and waste 6 months of their lives on a jury pool and a jury selection. I will admit to guilt.

Days after this particular lobbyist said, I am guilty, I am willing to help the government in seeking out those Members that were part of this.

Mr. RYAN of Ohio. Would the gentleman yield?

Mr. MEEK of Florida. I am closing in a minute, Mr. RYAN, because we have been talking about this. I admit to guilt, and I am willing to help the government. All of a sudden, all of a sudden, Mr. Speaker, the Republican majority says, you know, we are done. The K Street Project is no longer in existence. As a matter of fact, this little thing that we call K Street, what are you talking about? I do not know what you are talking about. We are just going to rip it up. It is not anything that we really care about. We are going to do away with that.

It is almost like, as I would say, Mr. RYAN, and as I will yield to you, the