

with the subcommittee's Senate counterpart committee, and Indonesia and East Timor will undoubtedly be a major topic at the APEC summit President Clinton will be attending this weekend.

In the wake of the historic vote in East Timor, both Indonesia and East Timor face a future filled with portent. For Indonesia, the referendum comes at a time of very sensitive political maneuvering and a fragile economic recovery.

When the subcommittee last held hearings on Indonesia on May 12, we were anxiously awaiting the June 7 national election results. Despite some violence, a very slow vote count and a limited amount of election irregularities that election was nonetheless judged by the international community to be a success. It buoyed optimism about Indonesia's ability to overcome its profound political and economic crises. However, that June election also created new complexities. No one party achieved a majority, and, in fact, the opposition, PDIP led by Megawati Sukarnoputri won a plurality of the vote. Therefore, for the first time in modern Indonesian history political coalitions will be needed to form in order to elect a new president, form a new government, carry out further economic and political reforms, address the subject of rescinding the 1976 law which integrated East Timor into Indonesia as its 27th province and address separatist sentiments in other parts of Indonesia like the province of Aceh in northern Sumatra. Indeed this is a new experience for these relatively immature political forces in a democratic Indonesia. How they carry out these responsibilities will determine the legitimacy of the new Indonesian government as viewed by the eyes of the Indonesian public and by the international community.

Of course, the most obvious and immediate task is the crisis in East Timor. After years of Indonesian intransigence, President Habibie took bold steps towards resolving this long-standing problem. In January, he seemingly brushed aside the reservations of the military and others in the Indonesian society and surprised the world by offering the people of East Timor an opportunity to determine their own future through the ballot box. Many of us were encouraged by this bold and positive development. There was perhaps a general sense of guarded optimism prompted by the assurances of President Habibie and Armed Forces Chief General Wiranto that Jakarta would maintain order and create an environment conducive for a fair and safe election, but that proved not to be a realistic assessment. Despite increasing violence and intimidation by Indonesian militarily supported militia in the recent Timorese elections, a record 98.6 percent of registered voters turned out to vote with 78 percent of them choosing independence.

The will of the East Timorese people is clear and overwhelming. It is evident

by the truly horrific events in East Timor over the past week that the Indonesian government and particularly the Indonesian military has been deliberately unwilling or perhaps in some cases unable to uphold their responsibilities to provide peace and security.

It must be emphasized that this is Indonesia's responsibility. Indonesia demanded this responsibility from the United Nations, and the international community entrusted it to Indonesia. It is reported the United Nations Secretary General Kofi Annan has made very strong representations to the Indonesian government about their obligations and the negative consequences Jakarta could face from the international community for jeopardizing the integrity and the subsequent implementation of the expressed citizens' desires of this U.N.-sponsored election. The United Nations General Assembly should do the same.

Mr. Speaker, I will report more on these events after the weekend and after we complete work on a resolution that we intend to offer on a bipartisan basis early next week.

#### AMERICAN PEOPLE ARE RENTING THEIR CURRENCY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. METCALF) is recognized for 5 minutes.

Mr. METCALF. Mr. Speaker, I would like to talk briefly about money. Everybody is interested in money. My wife asked me: If you know so much about money, how come we do not have very much? But I would like to talk about money this evening.

Did you know that we pay rent on our money; the cash we use, we pay rent on it? It costs the American people \$100 per person per year to rent our cash; that is, the paper money, from the Federal Reserve.

Now, the Federal Reserve gets the money, it just does not spend that money or keep it. They return it to the Federal Treasury. That means that the American people are paying a tax on our money in circulation for the privilege of using Federal Reserve notes. In reality, this money is paid to the Fed by the Treasury to pay the interest on the U.S. bonds that back our money.

This is a foolish system when the U.S. Treasury could issue our currency directly without debt and without interest as they issue our coins. Most people do not know that our coins are minted by the Treasury, essentially spent into circulation, and the U.S. Treasury makes a neat profit on them. But when we issue cash, we go further into debt. When the U.S. Government issues paper cash, they go further into debt because bonds are created to back the cash, and thus the debt increases.

With a currency we go into debt, but it makes a profit when coins are placed in circulation. This is truly a system that defies logic, and we should issue our coins or issue our cash as we issue our coins.

Here is a simple way to accomplish that; this is not complex, this is not rocket science. Congress only needs to pass legislation requiring the Treasury to print and issue U.S. Treasury currency in the same amount, in the same denominations, of the present Federal Reserve notes. No change in the money supply. The Treasury would issue these U.S. notes through the banks and at the same time withdrawing a like amount of Federal Reserve notes.

As these Federal Reserve notes are collected by the U.S. Treasury, they must be returned to the Federal Reserve and essentially to redeem the over \$400 billion of U.S. interest bearing U.S. Treasury bonds now held by the Fed. So the Fed holds the bonds. We can take the U.S. currency and exchange it for those bonds. Over a couple of years we will have U.S. currency circulating instead of Federal Reserve notes, and the U.S. debt would be reduced by over \$400 billion.

That sounds too simple. Well, it is simple. This is not rocket science. There is no appreciable down side, and I expect to discuss this issue a lot in the future just because somebody needs to take a look at how our money was issued and allow us to avoid paying that \$27 billion a year interest just to rent our currency from the Federal Reserve.

#### HMO REFORM UPPERMOST ON MINDS OF AMERICANS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, the issue of HMO reform has become one of the most important issues on the minds of Americans today, and I can certainly tell you that from the forums and the people that I met and talked to during the August break that we recently held with the House of Representatives. I had a number of forums in my district that were specifically about HMO reform where we talked about the Patients' Bill of Rights and what some of us are trying to do in the House of Representatives to reform HMOs and to end some of the abuses. And I found overwhelmingly that at my general forums or my forums that were specific to HMO reform that people felt that the need to address the abuses of HMOs and managed care was the number one issue on the minds of my constituents. And we know that polling around the country amongst Democrats, Republicans, and Independents shows that that is certainly the case as well.

There have been also I should mention a number of front page articles in the leading newspapers, the New York Times, the Washington Post on the fevered pitch, if you will, that the debate over managed care reform has assumed on Capitol Hill, and it is also assumed