Trade deficits, and especially current account deficits, are of much greater significance. When trade imbalances are not corrected, sudden devaluations, higher interest rates and domestic inflation are forced on the country that has most abused its monetary power. This was seen in 1997 in the Asian crisis, and precarious economic conditions continue in that region. Japan has yet to recover from its monetary inflation of the seventies and eighties and has now suffered with a lethargic economy for over a decade. Even after this length of time, there is no serious thought for currency reform in Japan or any other Asian country.

Although international trade imbalances are a predictable result of fiat money, the duration and intensity of the cycles associated with it are not. A reserve currency, such as is the dollar, is treated by the market quite differently than another fiat currency. The issuer of a reserve currency, in this case, the United States, has greater latitude for inflating, and can tolerate a current account deficit for much longer periods of time than other countries not enjoying the same benefit.

But economic law, although at times it may seem lax, is ruthless in always demanding that economic imbalances arising from abuse of economic principles be rectified. In spite of the benefits that reserve currency countries enjoy, financial bubbles still occur, and their prolongation, for whatever reason, only means the inevitable adjustment, when it comes, is much more harsh.

Our current state of imbalance includes a huge U.S. foreign debt of $1.5 trillion, a record 20 percent of our GDP, and is a consequence of our continuously running a huge monthly current account deficit that shows no signs of soon abating. We are now the world's greatest debtor.

The consequence of this deficit cannot be avoided. Our current account deficit has continued longer than many would have expected, but not knowing how long and to what extent deficits can go is not unusual. The precise event that starts the reversal in the trade balance is also unpredictable. The reversal itself is not.

Japan's lethargy, the Asian crisis, the Mexican financial crisis, Europe's weakness and uncertainty surrounding the Euro, the demise of the Soviet system and the ineptness of the Russian bailout, all contributed to the continued strength in the dollar and prolongation of our current account deficit.

This current account deficit, which prompts foreigners to loan back dollars to us and to invest in our stock and bond markets, has contributed significantly to the financial bubble. The perception that the United States is the economic and military powerhouse of the world helps perpetuate an illusion that the dollar is invincible and has encouraged our inflationary policies. By inflating our currency, we can then spend our dollars overseas, getting products at good prices which, on the short run, raises our standard of living, but on borrowed money. All currency account deficits must be financed by borrowing from abroad. It all ends when the world wakes up and realizes it has been had by the U.S. printing press. No country can expect to inflate its currency at will forever.

Since cartels never work, OPEC does not deserve credit for getting oil prices above $30 per barrel. Demand for equivalent purchasing power for the sale of oil can. Recent commodity price and wage price increases signals accelerating price inflation is at hand. We are likely witnessing the early stages in a sea change regarding the dollar, inflation and the stock market, as well as commodity prices. The nervousness in the stock and bond markets, and especially in the NASDAQ, indicates that the Congress may soon be facing an entirely different set of financial numbers regarding spending, revenues, interest costs on our national debt and the value of the U.S. dollar.

Price inflation of the conventional type will surely return, even if the economy slows. Fiscal policy and current monetary policy will not solve the crisis we will soon face. Only sound money, money that cannot be created out of thin air, can solve the many problems appearing on the horizon. The sooner we pay attention to monetary policy as the source of our international financial problems, the sooner we will come up with a sound solution.

HALT DEPARTMENT OF DEFENSE ANTHRAX VACCINATION IMMUNIZATION PROGRAM

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 am here today to address an issue of critical importance to many Gulf War veterans across our country. Today I sent a letter to Secretary of Defense William Cohen asking for an immediate halt to the Department of Defense anthrax vaccination immunization program. I am grateful 34 of my colleagues have cosigned this letter. They share my deep concerns regarding this flawed defense policy and the urgent need to suspend the program until the Department of Defense obtains approval for use of an improved vaccine.

The following developments in recent months confirm my concerns regarding this program and its impact on the health and morale of our military service members.

The Institute of Medicine Committee on Health Effects Associated With Exposures During the Gulf War, in response to a Department of Defense request, provided a report which stated in summary: ''The committee concludes that in the peer-reviewed literature, there is inadequate/insufficient evidence to determine whether an association does or does not exist between anthrax vaccination and long-term adverse health outcomes.''

An internal legal memo written in March by two Air Force Reserve judge advocates addressed the following crucial question: Are orders currently being given to Members of the U.S. Armed Forces to submit to anthrax vaccinations consistent with Federal law? In summary, the response stated: ''Orders currently being given to Members of the United States Armed Forces to submit to anthrax vaccinations are illegal because they contradict the express terms of Presidential Executive Order 13139 and 10 U.S.C. Section 1107 of 1999.''

On March 22, 2000, the Inspector General, Department of Defense, issued an audit report that documents troubling financial management practices and multiple deficiencies cited by FDA that continue to compromise the program.

The House Subcommittee on National Security, Veterans Affairs and International Relations issued a report on February 17 that was approved and adopted by the full Committee on Government Reform. After a thorough review of the current relevant scientific data and compelling testimony, the subcommittee recommended: ''The force-wide mandatory anthrax vaccination immunization program, until the Department of Defense obtains approval for use of an improved vaccine, should be suspended.'' It went on to conclude that ''use of current anthrax vaccines for force protection against biological warfare should be considered experimental and undertaken only pursuant to FDA regulations governing investigational testing.''

The American Public Health Association Governing Council adopted a policy statement November 10, 1999, urging DOD ''to delay any further immunization against anthrax using the current vaccine, or at least to make immunization voluntary.''

The General Accounting Office presented testimony on October 12, 1999, before the House Committee on Government Reform and stated among other concerns that ''long-term safety of the licensed vaccine has not been studied.''

These adverse symptoms are not new. I held a hearing in my district some time ago and invited Gulf War veterans who were having health problems they believed to be related to the injections they received. I was shocked at the number that came and testified who were truly ill and were not getting recognition of their problems, nor even needed medical help.

It is clear that the Anthrax Vaccination Immunization Program, while well intended, is a flawed policy that should immediately be stopped and reexamined in the light of the growing preponderance of evidence challenging the Department of Defense position. I am calling on Secretary Cohen to take immediate action to suspend the AVIP

until DOD complies with the recommendations of the Subcommittee on National Security, Veterans Affairs and International Relations.

I hope this action will send a clear signal to our men and women in uniform. This seriously flawed program does not meet the high standards they deserve.

INSIGHT INTO CAUSES OF RENEWED ISRAEL-PALESTINIAN VIOLENCE

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

Mr. RAHALL. Mr. Speaker, we have all seen recent news reports of renewed confrontations between Palestinians and the Israelis. This violence is deeply troubling and cannot be condoned. It is all the more worrisome because the deadline for concluding a Final Status Agreement is quickly approaching. I think it is fair to say that we all hoped the days of such confrontation had passed.

Israel's legitimate interests in stopping terrorism and achieving security are well understood and strongly supported in Washington. Sources of Palestinian frustration, however, are less well known.

The Palestinian aggravation that boiled over recently stems from their view that seven years of peace negotiations have produced few tangible improvements in the lives of Palestinians.

For example, Mr. Speaker, Palestinians continue to see their land confiscated by Israel for the building of roads and Israeli settlements. This issue, among all others may be the most frustrating to Palestinians. Gaining control of their land is the Palestinian goal in peace negotiations. Watching land confiscations continue while negotiating deadlines pass undermines confidence among Palestinians that the peace process is worthwhile.

I would like to share with my colleagues an editorial on land confiscations that appeared recently in the Chicago Tribune. It is written by the head of the Palestinian Final Status Negotiating Team, Yasser Abed Rabbo, and it explains clearly the Palestinian viewpoint on this issue.

Mr. Speaker, achieving a peaceful, stable Middle East is in America's best interest. We have therefore spent considerable time and resources supporting that goal. Israelis and Palestinians have all suffered tremendously because of their on-going conflict and the majority of both peoples clearly long for peace. All parties must renew their efforts and truly seek compromise on their remaining differences so that Israeli and Palestinian people alike see real benefits in peace and support negotiated agreements.

I submit the Editorial written by Palestinian chief negotiator, Yesser Rabbo, from the April 27, 2000 edition of the Chicago Tribune, entitled: "Israeli Settlements Undermine Change for Peace in the Middle East," for the RECORD.

[From the Chicago Tribune, Apr. 27, 2000]

ISRAELI SETTLEMENTS UNDERMINE CHANCE FOR PEACE IN MIDDLE EAST

(By Yasser Abed Rabbo)

The Israeli-Palestinian peace process is based on the acceptance of both sides that no action will be taken that will prejudice the final negotiated arrangement.

From the Palestinian perspective, continued Israeli confiscation of land and the construction of new Israeli settlements, whether approved by previous governments or not, prejudices the final outcome more than all other actions combined. A day does not go by that Palestinians are not confronted by the expansion of Israeli control of Palestinian lands. Public support among Palestinians for the peace process is rapidly being eroded in face of this increased activity, causing Palestinian negotiators to take a firmer stance in negotiations over land confiscation and settlement activity. Negotiators are making if clear that if settlement activity does not halt, the peace process very well may.

Some see this as a sign of Palestinian intransigence; others have accused us of trying to cause a crisis in order to force the United States to become directly involved in the talks. Both assertions are wrong. For Palestinians, Israeli settlement activity is a critical issue because it makes attainment of our foremost goal more difficult.

We seek to establish an independent state comprised of the West Bank and Gaza Strip. This goal represents an enormous lowering of aspirations on the part of Palestinians. It places under Palestinian sovereignty less than one-fourth of the pre-1948 Mandate of Palestine—and less than half of the territory the United Nations recommended allocating to the Palestinians in 1947. The expansion of Israeli settlements, and the continuing confiscation of Palestinian land, undermine the very reason Palestinians have chosen to enter the peace process: to regain control of our territory.

The U.S. and the international community have repeatedly condemned Israeli settlements as obstacles to peace. It is important to emphasize, however, that the obstacles posed by settlements are not abstract or rhetorical. With each new Israeli settlement or expansion of an existing settlement, new housing units are built, military installations to guard the settlement are expanded and new ''by-pass'' roads devour limited land. With the loss of land, Palestinian towns and villages become less economically viable and more isolated from one another. Most important, the ever-expanding patchwork of settlements and roads risks making it impossible for Palestinians to create a secure, contiguous, governable state. Palestinians do not aspire to become a Middle Eastern Bantustan.

Palestinians' commitment to the peace process is resolute, but it is not absolute. We have made every effort to understand and respond to Israel's concerns. We recognize, for instance, that security is of paramount importance to Israel. The Palestinian Authority is doing all in its power to prevent violence against Israelis. In testimony before Congress last year, Martin Indyk, then-U.S. assistant secretary of state, praised the Palestinian Authority for its commitment to counter-terrorism. Palestinian actions, Indyk said, are ''beginning to pay real dividends in terms of improving the security of the Israeli people.'' The Palestinian Authority has taken these steps even at the risk of alienating and angering some segments of our population, because we understand the consequences for peace if we do not. We know we will never achieve lasting peace unless Israelis believe they will be secure.

Israel, however, has not taken comparable steps to address the Palestinians' greatest concern by halting settlement activity. In November, Israeli Prime Minister Ehud Barak ordered the dismantling of a dozen so-called ''illegal outposts,'' (tiny Israeli settlements that were not authorized by the government) in the West Bank. Barak was applauded by peace advocates in Israel and the West. Palestinians, however, saw no cause for celebration. The fact is, Barak allowed 30 newly built outposts to remain. More disturbing, more than 5,000 new houses for Israeli settlers are being constructed in the West Bank with Israeli government approval and another 3,000 have been authorized. Meanwhile, Israeli authorities have repeatedly authorized confiscation of even more Palestinian land. In Gaza—which many people incorrectly believe is under full Palestinian control—6,200 Israeli settlers remain and Israel has full or partial control of more than 42 percent of the land. The 1,000,000 Palestinians in Gaza are confined to a very small area and are deprived of potable water and employment opportunities.

The Israeli government and people must understand that just as they cannot make peace without security, we cannot make peace in the face of the relentless expansion of Israeli settlements. To talk of peace on the one hand, and to continue destroying Palestinian houses and confiscating Palestinian private property on the other, undermines the process of peace the Palestinians and Israelis both want and need. It is time for Prime Minister Barak to unequivocally declare and strictly enforce a total and permanent freeze on all Israeli settlement activity and cease the confiscation of Palestinian land. To do so would go a long way toward securing the hopes and dreams of both our peoples.

SAY NO TO THE CHINA TRADE DEAL

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

Mr. BONIOR. Mr. Speaker, I am joined this evening by the distinguished gentlewoman from Ohio (Ms. KAPTUR), and I hope to be joined by others, to talk about the China trade deal.

Mr. Speaker, to listen to the lobbyists for permanent MFN, most-favored-nation trade status for China, to listen to them, China today is the last frontier of American business. People have been lusting over the Chinese market since Marco Polo. After all, it is where one-fifth of the population on the face of the Earth lives, it is where the largest market in the universe is. So there has been this constant theme in western civilization of explorer, conqueror, and perhaps ''plunder'' is too strong of a word, but economically plunder I do not think is.

But the reality of all of this is that the Chinese are a very clever people, they are a very bright people, they are a very industrious people, and despite the history of the attempts to change their market to a western market, they have persisted over centuries in fighting that very thing.

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We are told it is a market of more than 1 billion customers waiting to be sold, everything from American made SUVs to cheese-flavored dog food. Take one look behind all of this hype and one will discover a different China.

Now, why the gentlewoman from Ohio (Ms. KAPTUR) and I and others are