this country and the world economy well to date, and we should rely on them as much as possible as we go forward.''

This is how the Fed managed price stability? Now, let me return to wage inflation. Is wage inflation inflation inflation? As I pointed out above, wage inflation is the newest indicator the Fed looks at in determining fed policy on interest rates.

Members will read in the business pages that the Fed determined that there was no real wage inflation concern, so interest rates remained as they are. Or should there be some indicator that wage inflation is a factor, interest rates may have to be increased.

If Members can understand the relationships, they should be as outraged as I am. Everybody knows that labor is almost always, and everywhere in industry, the number one and always at least number two cost of operations figure for every company, especially the largest monopoly multinationals, and it is the largest multinationals' bottom line that the Fed protects when it talks about price stability. That is a frightening thought.

Price stability is achieved by keeping wage inflation under control. This means nothing short of this: If wages of workers begin to rise, should workers begin to see the benefits of this booming economy, the Fed will raise interest rates, slowing the economy and driving wages down. More workers will lose their jobs, thus driving down wages.

We do this for the corporations' stability in pricing the goods these workers help to produce. And we call this free enterprise, the hidden hand working through our free system?

Let me quote Adam Smith, father of the so-called free enterprise: ''Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labor above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbors and equals. We seldom, indeed, hear of this combination because it is usual, and one may say the natural state of things. . . . Masters, too, sometimes enter into particular combinations to sink wages of labor even below this rate. These are always conducted with the utmost silence and secrecy, 'til the moment of execution.''

There shall be no more silence on these efforts by our masters. It may be, but it was never intended to be, ''the natural state of things'' to sink wages of labor below their actual rate, not in the United States of America; not where the people, mostly wage-earners, are the sovereigns. This statement is surely a reproach to a master, the Fed master, among his equals, if not his neighbors.

But there is more, much more. Congress has found that Federal reserve notes circulate as our legitimate currency, otherwise called money, issued by the Federal Reserve in response to interest-bearing debt instruments, usually the United States bonds. I already pointed out above that member banks must put out an equal amount of collateral when they request any amount of Federal reserve notes. They pay interest on this amount, too. That is to say, we indirectly pay interest on our paper money in circulation. Whether bonds, loans, et cetera, we pay interest.

The total cost of the interest is roughly $25 billion annually, or about $100 per person in the United States. Over $500 billion in just United States bonds are held by the Federal Reserve as backing for the notes. The Federal Reserve collects interest on these bonds from the U.S. Government, returning most of it to the U.S. Treasury.

The Federal Reserve is paid sufficiently well for all of the services it provides: regulatory, check-clearing, Fedwire, automation, compliance, and so forth. There is no rational, logical reason why Americans must pay interest on their circulating medium of exchange.

Why are we paying interest to the Fed for renting the Federal Reserve notes that we use? Why do we not issue United States Treasury currency that can be issued like our coins are issued, debt-free and without interest?

Donald F. Kettle in his book, one of the better books on the Fed, actually, ''Leadership at the Fed,'' stated, ''Members of Congress were far more likely to tell Federal officials what they disliked than what policy approaches they approved.''

As an understatement of all time, given wage inflation as indicator, John M. Berry in the journal Central Banking stated that FED officials are not all that forthcoming in their policy announcements because they ''prefer to be seen as acting essentially as controllers of inflation, not employment maximizers.''

I do not wish to be seen as one of those Members of Congress that only expresses his displeasure at the Fed policies. I shall therefore propose some solutions as a starting point. It is but one place to begin.

Congress must pass a law declaring Federal Reserve notes to be official U.S. Treasury currency, which would continue to circulate as it does today. The Federal Reserve system, then freed of the $500 billion in liabilities, which the Federal Reserve notes are now considered to be liabilities, but if we freed them from that liability, they would then simply return the U.S. Treasury bonds which backed the Federal Reserve notes to the U.S. Treasury.

That is, if they are holding the notes to back our currency and we declare they are United States Treasury currency, no longer Federal Reserve currency, then they no longer need the backing, and could return some $500 billion in liabilities or in U.S. Treasury bonds back to the Federal Reserve, back to the U.S. Treasury.

This reduces the national debt by over $500 billion, and reduces interest payments by over $25 billion annually, with no real loss to anyone.

Let me repeat that. If we did this, merely declared that the money we use is officially United States Treasury currency, then the Fed could return the $500 billion in bonds that they hold and reduce the national debt by $500 billion, reduce our annual payments by about $25 billion, with no real loss to anyone. We do this while protecting the member banks' collateral they each put up when they requested the notes originally. This is not a complicated proposal, and the rationale behind it is seen by many financial minds of note as logical and doable.

□ 1930

Then the Fed officials that have devised the monetary indicator called wage inflation should reconsider just exactly who is paying the real price for price stability and report to the Banking Committees of both Houses what indicators they might utilize rather than this horrendous approach, an approach that even Adam Smith denounced over 200 years ago.

Finally, the Fed must restrain the drastic monetary expansions and retractions using the methods described above. For whatever reasoning the Adjusted Monetary Base was inflated, causing the wild speculation in the financial markets just prior to Y2K and the subsequent disaster for so many when the base was suddenly deflated like a child's balloon, this should be subject to the most minute scrutiny.

My intent here was not just to demonstrate my dislike for some of the Fed's policies. I could write a discourse on the area that the Fed has done well. But so many of my colleagues prefer that course, I should seem redundant. In any case, the Federal Reserve Board has more than enough congratulatory praise from various corners that my praise would fall upon deaf ears.

I hope my unapologetic approach may serve to give some pause to these most important issues for all Americans, investors, owners, and workers alike. Clearly the Fed Board and the Fed Chairman especially are the single most powerful individuals ever granted, delegated the most important enumerated powers guaranteed to this Congress by the Constitution. It should be little to ask that they take heed in how they wield that power. If they are going to act like Masters, Fed Masters, then I strongly urge those individuals to rethink some of the policies they put forward and rethink in whose interests they serve.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

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

SPECIAL ORDERS GRANTED

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

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

Mr. BROWN of Ohio, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. STABENOW, for 5 minutes, today.

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

Mr. RADANOVICH, for 5 minutes, today.

Mr. BURTON of Indiana, for 5 minutes, today.

Mr. SHIMKUS, for 5 minutes, today.

ENROLLED BILLS SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1729. An act to designate the Federal facility located at 1301 Emmet Street in Charlottesville, Virginia, as the ''Pamela B. Gwin Hall''.

H.R. 1901. An act to designate the United States border station located in Pharr, Texas, as the ''Kika de la Garza United States Border Station''.

H.R. 1959. An act to designate the Federal building located at 643 East Durango Boulevard in San Antonio, Texas, as the ''Adrian A. Spears Judicial Training Center''.

H.R. 4608. An act to designate the United States courthouse located at 220 West Depot Street in Greenville, Tennessee, as the ''James H. Quillen United States Courtouse''.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1374. An act to authorize the development and maintenance of a multi-agency campus project in the town of Jackson, Wyoming.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 7 o'clock and 32 minutes p.m.), under its previous order, the House adjourned until Monday, September 18, 2000, at 12:30 p.m., for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

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

10019. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Asian Longhorned Beetle Regulations; Addition to Regulated Area [Docket No. 00–077–1] received September 7, 2000; to the Committee on Agriculture.

10020. A letter from the Secretary, Department of Defense, transmitting the approved retirement and advancement to the grade of lieutenant general of Lieutenant General David W. McIlvoy, United States Air Force; to the Committee on Armed Services.

10021. A letter from the Director, Office of Management and Budget, transmitting Congressional Budget Office and Office of Management and Budget estimates under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, for P.L. 106–246, pursuant to Public Law 105–33 section 10205(2) (111 Stat. 703); to the Committee on the Budget.

10022. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's Final rule—Revisions to the California State Implementation Plan, Sacramento Metropolitant Air Quality Management District—received August 31, 2000; to the Committee on Commerce.

10023. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Establishment of Alternative Compliance Periods under the Anti-Dumping Program—received August 31, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

10024. A letter from the Duputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's Final Rule—Hazardous Air Pollutants: Amendments to the Approval of State Programs ans Delegation of Federal Authorities—received August 31, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

10025. A letter from the Chief, Policy and Program Planning, Federal Communications Commission, transmitting the Commission's final rule—Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98–147, Order on Reconsideration and Second Further Notice of Proposed Rulemaking, and Fifth Further Notice of Proposed Rulemaking in CC Docket No. 96–98—received August 22, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

10026. A letter from the Chairman, Federal Communications Commission, transmitting reports on designs and tests of combinatorial bidding, pursuant to FCC Contracts; to the Committee on Commerce.

10027. A letter from the Associate Chief, Wirelesss Telecommunications, Federal Communications Commission, transmitting the Commission's final rule—Amendment of part I of the Commission's Rules—Competive Bidding Procedures [Docket No. 97–82] received September 8, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

10028. A letter from the Director, International Cooperation, Acquistion and Technology, Department of Defense, transmitting a copy of Transmittal No. 17–00 which constitutes a Request for Final Approval for a Project Agreement with Sweden Concerning Cooperative Research and Development in Trajectory Correctable Munitions., pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

10029. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Singapore [Transmittal No. DTC 89–00], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

10030. A letter from the Assistant Secretary for Fish and Wildlife and Parks, U.S. Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule—2000–2001 Refuge-Specific Hunting and Sport Fishing Regulations (RIN: 1018–AG01) received September 8, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

10031. A letter from the Program Analyst, FAA, Department of the Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments [Docket No. 30150; Amdt. No. 2005] received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10032. A letter from the Program Assistant, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Allison Engine Company AE 3007A and 3007C Series Turbofan Engines [Docket No. 2000–NE–33–AD; Amendment 39–11891; AD 2000–18–06] (RIN: 2120–AA64) received Spetember 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10033. A letter from the Program Assistant, FAA, Department of Transportation, transmitting the Department's final rule—IFR Altitudes; Miscellaneous Amendments [Docket No. 30177; Amdt. No. 424] received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10034. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendment [Docket No. 30148; Amdt. No. 2003] received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10035. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments [Docket No. 30174; Amdt. No. 2006] received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10036. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments [Docket No. 30176; Amdt. No. 2008] received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10037. A letter from the Program Assistant, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directive; Aerospatiale Model ATR42–300, –300, and –320 Series Airplanes [Docket No. 97–NM–270–AD; Amendment 39–11883; AD 2000–17–0–09] (RIN: 2120–AA64) received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10038. A letter from the Program Assistant, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A300, A300–600, and A310 Series Airplanes [Docket No. 2000–NM–54–AD; Amendment 39–11892; AD 2000–18–07] (RIN: 2120–AA64) received September 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10039. A letter from the Program Assistant, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Kaman Model K–1200 Helicopters [Docket No. 2000–SW–32–AD;