

that should be brought up while Mr. Vajpayee is there.

I am sure that Prime Minister Vajpayee will denounce terrorism. India claims to be democratic, after all. But India continues to sponsor cross-border terrorism in the Pakistani province of Sindh, according to the Washington Times. It continues to engage in terrorist activity against the minorities within its own borders. Recently, India admitted that its troops were responsible for the massacre of 35 Sikhs in the village of Chithisinghpura in March 2000. The Council of Khalistan issued an excellent press release on this, which I will introduce later. In November 1994, the Indian newspaper Hitavada reported that the late governor of Punjab, Surendra Nath, was paid \$1.5 billion by the Indian government to foment terrorism in Punjab and Kashmir. The book *Soft Target* alleged that India blew up its own airliner in 1985 to blame Sikhs and justify further repression. These are just a few examples.

India continues to practice repression against its minorities. Its ongoing repression of Christians is well-documented. Recently, The Hindu reported that the death toll for this spring's violence in Gujarat is as high as 5,000. That is more people than were killed in the World Trade Center attack. The newspaper also reported that police officers were ordered not to intervene to stop the violence, in a scary echo of the Delhi massacre of Sikhs in 1984. Recently, in Malout, a peaceful demonstration of Sikh activists was fired upon by Indian police. In 1997, police gunfire broke up a Christian religious festival. The pattern continues.

America cannot and must not permit this to go unchallenged. When Prime Minister Vajpayee is in the country, he must be pressed on the issues of terrorism, democracy, and human rights. We should halt aid to India until it corrects these patterns of behavior, and we should support self-determination for all of the 17 freedom movements within India's borders. These measures will help to end terrorism in South Asia and promote real democracy and stability there. Mr. Speaker, I would like to place the Council of Khalistan's press release on India's admission that it was responsible for the Chithisinghpura massacre into the RECORD at this time.

INDIAN GOVERNMENT ADMITS ITS RESPONSIBILITY FOR MASSACRE IN CHITHISINGHPORA— EVIDENCE A FRAUD, INDIAN SOLDIERS IMPLICATED

WASHINGTON, DC, AUG. 2, 2002.—According to today's Washington Times, the Indian government has admitted that its forces were responsible for the massacre of 35 Sikhs in the village of Chithisinghpura, Kashmir on March 20, 2000. India finally admitted that the evidence it used to implicate alleged Kashmiri "militants" in the murders was faked.

This is a victory for Sikhs, including the Council of Khalistan, who have maintained that the Indian government is responsible for this atrocity. However, it is only after India's case against the alleged "militants" was exposed that it took responsibility.

The massacre was timed to occur at the time of former President Clinton's visit to India. Recent attacks on minorities also blamed on alleged "militants", took place just before Secretary of State Colin Powell visited. At the time of the Chithisinghpura massacre, Dr. Gurmit Singh Aulakh, President of the Council of Khalistan, strongly

condemned the murders. "What motive would Kashmiri freedom fighters have to kill Sikhs? This would be especially stupid when President Clinton is visiting. The freedom movements in Kashmir, Khalistan, Nagaland, and throughout India need the support of the United States," he said. Khalistan is the Sikh homeland declared independent on October 7, 1987.

The massacres continued a pattern of repression and terrorism against minorities by the Indian government, which it attempts to blame on other minorities to divide and rule the minority peoples within its artificial borders. In November 1994, the Indian newspaper Hitavada reported that the Indian government paid the late governor of Punjab, Surendra Nath, \$1.5 billion to organize and support covert terrorist activity in Punjab, Khalistan, and in neighboring Kashmir. The book *Soft Target*, written by Canadian journalists Brian McAndrew and Zuhair Kashmeri, shows that the Indian government blew up its own airliner in 1985 to blame Sikhs and justify further repression. It quotes an agent of the Canadian Security Investigation Service (CSIS) as saying, "If you really want to clear up the incidents quickly, take vans down to the Indian High Commission and the consulates in Toronto and Vancouver. We know it and they know it that they are involved." On January 2, the Washington Times reported that India sponsors cross-border terrorism in the Pakistani province of Sindh.

A report issued last year by the Movement Against State Repression (MASR) shows that India admitted that it held 51,268 political prisoners under the repressive "Terrorist and Disruptive Activities Act" (TADA) even though it expired in 1995. Many have been in illegal custody since 1984. There has been no list published of those who were acquitted under TADA and those who are still rotting in Indian jails. Additionally, according to Amnesty International, there are tens of thousands of other minorities being held as political prisoners. On February 28, 42 Members of the U.S. Congress from both parties wrote to President Bush to urge him to work for the release of Sikh political prisoners. The MASR report quotes the Punjab Civil Magistracy as writing "if we add up the figures of the last few years the number of innocent persons killed would run into lakhs [hundreds of thousands]."

Indian security forces have murdered over 250,000 Sikhs since 1984, according to figures compiled by the Punjab State Magistracy and human-rights organizations. These figures were published in the book *The Politics of Genocide* by Inderjit Singh Jaijee. India has also killed over 200,000 Christians in Nagaland since 1947, over 80,000 Kashmiris since 1988, and tens of thousands of other minorities. Christians have been victims of a campaign of terror that has been going on since Christmas 1998. Churches have been burned, Christian schools and prayer halls have been attacked, nuns have been raped, and priests have been killed. Missionary Graham Staines and his two sons were burned alive while they slept in their jeep by militant Hindu members of the RSS, the parent organization of the ruling BJP.

"It is good that India has finally admitted its responsibility for the massacre at Chithisinghpura," Dr. Aulakh said. "Now I urge the U.S. government to place sanctions on India as a country and practices and promotes terrorism. The Chithisinghpura massacre proves that India is not a democracy, but a repressive, terrorist state which murders its minorities."

ABOLISHING THE FEDERAL RESERVE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 10, 2002

Mr. PAUL. Mr. Speaker, I rise to introduce legislation to restore financial stability to America's economy by abolishing the Federal Reserve. I also ask unanimous consent to insert the attached article by Lew Rockwell, president of the Ludwig Von Mises Institute, which explains the benefits of abolishing the Fed and restoring the gold standard, into the RECORD.

Since the creation of the Federal Reserve, middle and working-class Americans have been victimized by a boom-and-bust monetary policy. In addition, most Americans have suffered a steadily eroding purchasing power because of the Federal Reserve's inflationary policies. This represents a real, if hidden, tax imposed on the American people.

From the Great Depression, to the stagflation of the seventies, to the burst of the dotcom bubble last year, every economic downturn suffered by the country over the last 80 years can be traced to Federal Reserve policy. The Fed has followed a consistent policy of flooding the economy with easy money, leading to a misallocation of resources and an artificial "boom" followed by a recession or depression when the Fed-created bubble bursts.

With a stable currency, American exporters will no longer be held hostage to an erratic monetary policy. Stabilizing the currency will also give Americans new incentives to save as they will no longer have to fear inflation eroding their savings. Those members concerned about increasing America's exports or the low rate of savings should be enthusiastic supporters of this legislation.

Though the Federal Reserve policy harms the average American, it benefits those in a position to take advantage of the cycles in monetary policy. The main beneficiaries are those who receive access to artificially inflated money and/or credit before the inflationary effects of the policy impact the entire economy. Federal Reserve policies also benefit big spending politicians who use the inflated currency created by the Fed to hide the true costs of the welfare-warfare state. It is time for Congress to put the interests of the American people ahead of the special interests and their own appetite for big government.

Abolishing the Federal Reserve will allow Congress to reassert its constitutional authority over monetary policy. The United States Constitution grants to Congress the authority to coin money and regulate the value of the currency. The Constitution does not give Congress the authority to delegate control over monetary policy to a central bank. Furthermore, the Constitution certainly does not empower the Federal Government to erode Americans' living standard via an inflationary monetary policy.

In fact, Congress' constitutional mandate regarding monetary policy should only permit currency backed by stable commodities such as silver and gold to be used as legal tender. Therefore, abolishing the Federal Reserve and returning to a constitutional system will enable America to return to the type of monetary system envisioned by our Nation's founders: one where the value of money is consistent because it is tied to a commodity such as gold.

Such a monetary system is the basis of a true free-market economy.

In conclusion, Mr. Speaker, I urge my colleagues to stand up for working Americans by putting an end to the manipulation of the money supply which erodes Americans' standard of living, enlarges big government, and enriches well-connected elites, by cosponsoring my legislation to abolish the Federal Reserve.

WHY GOLD?

(By Llewellyn H. Rockwell, Jr.)

As with all matters of investment, everything is clear in hindsight. Had you bought gold mutual funds earlier this year, they might have appreciated more than 100 percent. Gold has risen \$60 since March 2001 to the latest spot price of \$326.

Why wasn't it obvious? The Fed has been inflating the dollar as never before, driving interest rates down to absurdly low levels, even as the federal government has been pushing a mercantile trade policy, and New York City, the hub of the world economy, continues to be threatened by terrorism. The government is failing to prevent more successful attacks by not backing down from foreign policy disasters and by not allowing planes to arm themselves.

These are all conditions that make gold particularly attractive.

Or perhaps it is not so obvious why this is true. It's been three decades since the dollar's tie to gold was completely severed, to the hosannas of mainstream economists. There is no stash of gold held by the Fed or the Treasury that backs our currency system. The government owns gold but not as a monetary asset. It owns it the same way it owns national parks and fighter planes. It's just another asset the government keeps to itself.

The dollar, and all our money, is nothing more and nothing less than what it looks like: a cut piece of linen paper with fancy printing on it. You can exchange it for other currency at a fixed rate and for any good or service at a flexible rate. But there is no established exchange rate between the dollar and gold, either at home or internationally.

The supply of money is not limited by the amount of gold. Gold is just another good for which the dollar can be exchanged, and in that sense is legally no different from a gallon of milk, a tank of gas, or an hour of babysitting services.

Why, then, do people turn to gold in times like these? What is gold used for? Yes, there are industrial uses and there are consumer uses in jewelry and the like. But recessions and inflations don't cause people to want to wear more jewelry or stock up on industrial metal. The investor demand ultimately reflects consumer demand for gold. But that still leaves us with the question of why the consumer demand exists in the first place. Why gold and not sugar or wheat or something else?

There is no getting away from it: investor markets have memories of the days when gold was money. In fact, in the whole history of civilization, gold has served as the basic money of all people wherever it's been available. Other precious metals have been valued and coined, but gold always emerged on top in the great competition for what constitutes the most valuable commodity of all.

There is nothing intrinsic about gold that makes it money. It has certain properties that lend itself to monetary use, like portability, divisibility, scarcity, durability, and uniformity. But these are just descriptors of certain qualities of the metal, not explanations as to why it became money. Gold became money for only one reason: because that's what the markets chose.

Why isn't gold money now? Because governments destroyed the gold standard. Why?

Because they regarded it as too inflexible. To be sure, monetary inflexibility is the friend of free markets. Without the ability to create money out of nothing, governments tend to run tight financial ships. Banks are more careful about the lending when they can't rely on a lender of last resort with access to a money-creation machine like the Fed.

A fixed money stock means that overall prices are generally more stable. The problems of inflation and business cycles disappear entirely. Under the gold standard, in fact, increased market productivity causes prices to generally decline over time as the purchasing power of money increases.

In 1967, Alan Greenspan once wrote an article called *Gold and Economic Freedom*. He wrote that:

"An almost hysterical antagonism toward the gold standard is one issue which unites statisticians of all persuasions. They seem to sense—perhaps more clearly and subtly than many consistent defenders of *laissez-faire*—that gold and economic freedom are inseparable, that the gold standard is an instrument of *laissez-faire* and that each implies and requires the other. . . . This is the shabby secret of the welfare statisticians' tirades against gold. Deficit spending is simply a scheme for the confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights."

He was right. Gold and freedom go together. Gold money is both the result of freedom and its leading protector. When money is as good as gold, the government cannot manipulate the supply for its own purposes. Just as the rule of law puts limits on the despotic use of police power, a gold standard puts extreme limits on the government's ability to spend, borrow, and otherwise create crazy unworkable programs. It is forced to raise its revenue through taxation, not inflation, and generally keep its house in order.

Without the gold standard, government is free to work with the Fed to inflate the currency without limit. Even in our own times, we've seen governments do that and thereby spread mass misery.

Now, all governments are stupid but not all are so stupid as to pull stunts like this. Most of the time, governments are pleased to inflate their currencies so long as they don't have to pay the price in the form of mass bankruptcies, falling exchange rates, and inflation.

In the real world, of course, there is a lag time between cause and effect. The Fed has been inflating the currency at very high levels for longer than a year. The consequences of this disastrous policy are showing up only recently in the form of a falling dollar and higher gold prices. And so what does the Fed do? It is pulling back now. For the first time in nearly ten years, some measures of money (M2 and MZM) are showing a falling money stock, which is likely to prompt a second dip in the continuing recession.

Greenspan now finds himself on the horns of a very serious dilemma. If he continues to pull back on money, the economy could tip into a serious recession. This is especially a danger given rising protectionism, which mirrors the events of the early 1930s. On the other hand, a continuation of the loose policy he has pursued for a year endangers the value of the dollar overseas.

How much easier matters were when we didn't have to rely on the wisdom of exalted monetary central planners like Greenspan. Under the gold standard, the supply of money regulated itself. The government kept within limits. Banks were more cautious. Savings were high because credit was tight and saving was rewarded. This approach to economics is the foundation of a sustainable prosperity.

We don't have that system now for the country or the world, but individuals are showing their preferences once again. By driving up the price of gold, prompting gold producers to become profitable again, the people are expressing their lack of confidence in their leaders. They have decided to protect themselves and not trust the state. That is the hidden message behind the new luster of gold.

Is a gold standard feasible again? Of course. The dollar could be redefined in terms of gold. Interest rates would reflect the real supply and demand for credit. We could shut down the Fed and we would never need to worry again what the chairman of the Fed wanted. There was a time when Greenspan was nostalgic for such a system. Investors of the world have come to embrace this view even as Greenspan has completely abandoned it.

What keeps the gold standard from becoming a reality again is the love of big government and war. If we ever fall in love with freedom again, the gold standard will once more become a hot issue in public debate.

IN RECOGNITION OF JOHN J. BIONDI

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 10, 2002

Mrs. ROUKEMA. Mr. Speaker, I rise today to recognize and congratulate an outstanding member of our community and northern New Jersey—John J. Biondi, who at the end of this month will conclude more than thirty years of service to the New Jersey Education Association, and four decades of contribution to the students and education community of northern New Jersey.

As a former teacher myself, I take especial pleasure in congratulating John on the occasion of his retirement, and applauding him for his valuable leadership in and contribution to the NJEA and Bergen County's education community. John is an outstanding example of the type of person who makes Bergen County, our State, and our Nation such a wonderful place. He exemplifies the American values that have made our country great.

During the course of his distinguished career, John's contribution to education in New Jersey has been as both a dedicated teacher and a dogged advocate for issues central to education.

Educated at Newark's Barringer High School, John earned his bachelor's degree from Rutgers University in 1964, majoring in history and science. In the years following his graduation, John brought science alive to the students in New Jersey, first as a science teacher at Belleville Junior High School, and later as a teacher of chemistry and biology at Lakewood High School. John's graduate work in personnel and guidance came at Fairleigh Dickinson University and my own alma mater, Montclair State College.

In 1969, John began what would become a lifelong career of advocacy for education issues as Vice President of the Lakewood Education Association. The following year, John served as President of the LEA and the chairman of its negotiation committee. At the county level, John was a representative to the Ocean County Council of Education Associations.