EXTENSIONS OF REMARKS

RECOGNIZING THE HMONG YOUTH FOUNDATION

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize the Hmong Youth Foundation's Third Annual Summer Festival. This Festival provides Hmong youth, many of whom are challenged with language barriers, with opportunities to engage in fun and educational activities.

The Foundation was organized to give Hmong students a place to congregate as colleagues, who share common fears, hopes and goals. The primary objective is to give students opportunities to excel in academic pursuits and to award scholarships. Many of the students come from economically disadvantaged families due, in part, to the fact that a majority of Hmong adults are unable to speak English. The result is that many Hmong adults are unable to hold higher paying jobs.

Hmong youth are constantly challenged with difficulties of social assimilation, lost opportunities, and juvenile crime temptations. The Hmong Youth Foundation seeks to give every Hmong child the opportunity to succeed and overcome obstacles. The Foundation pursue these goals through every avenue available including collaborations with other Hmong and Southeast Asian refugee self-help organizations, as well as non-Asian agencies. Response to the Foundation has been very positive, as it is providing a service to the Hmong community that no other agency offers.

Hmong students in Fresno County have excelled in academic excellence and have received many accolades. Among them are annual Hmong valedictorians in the Fresno and Clovis Unified School Districts. The Hmong Youth Foundation's intent is to help as many students as possible so that even greater success will follow.

Mr. Speaker, I rise to recognize the Hmong Youth Foundation for its service to the community. I urge my colleagues to join me in wishing the Foundation many more years of continued success.

IMF GOLD SALE PROPOSAL

HON. BENNIE G. THOMPSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. THOMPSON of Mississippi. Mr. Speaker, on Saturday, there will be an historic march in Pretoria, South Africa. For the first time ever, gold miners will march shoulder to shoulder with the management of the gold mining companies which employ more than 250,000 union miners. They will march from the National Union of Mineworkers Building to the British Embassy and to the Swiss Embassy to protest gold sales from those countries' central banks. Just the threat of central bank gold sales has caused the price of gold on the world market to plunge to 20-year lows over the past two months, endangering more than 80,000 jobs and the means of support of almost a million sub-Saharan Africans.

James Motlatsi, president of the NUM, and Bobby Godsell, head of the Chamber of Mines, will return from London—where they are petitioning the Bank of England to stop further sales—to lead the march.

Mr. Speaker, Mr. Motlatsi and Godsell came to Washington two weeks ago to warn of the dreadful consequences for their miners and their continent of central bank gold sales. They came here to tell us that the well-meaning efforts of many of the world's greatest powers, including the US, would cause some of the world's poorest countries to suffer needlessly.

The proposal, endorsed by the G–7 last month, to sell some of the gold reserves of the International Monetary Fund to provide a token contribution to debt relief for the poorest countries, is totally misguided and must be stopped. Because of the weighted voting structure of the IMF, it cannot sell any of its gold without the support of the US representative to the IMF. And, under US law, our IMF representative cannot support any gold sale without first obtaining approval of Congress.

Mr. Speaker, we here in Congress do not have the ability to stop the sale of gold from other central banks, although we can make our disapproval manifest. However, we can stop the sale of IMF gold, and we need to do it now. Our disapproval of the gold sale is not an obstacle to debt relief—there are many ways to deal with debt relief without IMF gold sales.

Mr. Speaker, Members of the House on both sides of the aisle have written to the Treasury Department and to President Clinton stating our unequivocal opposition to gold sales by the IMF, and without objection, I would like to enter into the record copies of those letters.

Before the South Africans begin their march on Saturday, I urge the President to respond to this crisis by withdrawing his support for IMF gold sales, and withdrawing Treasury's request for authorization to support it. The countries we are pledging to help should not be cursed by our misguided generosity.

Stop the gold sales now.

CONGRESS OF THE UNITED STATES
Washington, DC, June 30, 1999.

Hon. WILLIAM JEFFERSON CLINTON,
President, U.S. Of America, Washington, D.C.

DEAR PRESIDENT CLINTON: South Africa has just inaugurated its second democratically elected President, Thabo Mbeki. Among the many challenges he faces is an immediate crisis—the terrible shock to his country's economy caused by the dramatic drop in the price of gold over the past three months. The many other gold-producing countries in sub-Saharan Africa are struggling with the same blow to their emerging economies.

Ironically, tragically, the $30 decline in the price of gold can be traced in part to announcements of support for the sale of some of the IMF's gold reserves to fund debt relief for some of these very countries. The IMF announcement, coupled with the proposal by the British government to sell some 14 million ounces of their gold reserves, saw the price of gold plummet in just a few days from nearly $290 an ounce to below $260. This drop has already reduced the export earnings of the gold-producing Heavily Indebted Poor Countries (HIPCs) by more than $150 million per year.

While we cannot change the decision of the British government to sell its gold reserves, we can prevent the IMF from further damaging the economies of the very countries it seeks to help. The IMF cannot sell any portion of its gold reserves without approval of the US representative to the IMF. And the Treasury Department must obtain Congressional authorization before the US representative can approve such a sale. When this proposal comes before Congress for consideration, we will oppose it vigorously. Make no mistake, we believe strongly in debt relief, and we intend to pursue every avenue to provide as much real relief as quickly as possible. However, selling gold reserves is the worst possible method of financing debt relief.

Gold mineral reserves are a large part of the natural wealth of many poor countries, and is therefore one of the few avenues for economic development. More than three-fourths of the HIPC nations targeted for the IMF debt relief plan are gold producers, and gold plays a crucial role in the economies of 10 of those countries. Since the mining industry draws much of its workforce from the poorest and most rural communities in the subcontinent, often 10 people or more are dependent on the earnings of each miner. If the price of gold remains at the current 20-year low price of about $258, 40% of South Africa's gold production will become unprofitable, more than 80,000 miners will lose their jobs, and upwards of 800,000 Africans will be plunged into absolute poverty.

Debt relief does not require IMF gold sales in order to be effective. In fact, the proceeds from the gold sales which are actually targeted to debt relief are virtually nil. According to one calculation, there would be less than $60 million per year available to retire the estimated $220 Billion HIPC debt. There are alternatives to gold sales which would provide more debt relief in a shorter period of time.

We will not support central bank gold sales; we will oppose them in whatever form they are presented to the Congress. We intend to examine more realistic, more productive, and less harmful alternatives. We hope you will join us.

Sincerely,

James Clyburn, Sanford Bishop, Eva M. Clayton, Robert Scott, Bennie G. Thompson, Albert R. Wynn, Eddie Bernice Johnson, Melvin Watt, Edolphus

Towns, Bobby Rush, Carolyn Kilpatrick, Danny K. Davis, Elijah E. Cummings, John Conyers, Juanita Millender-McDonald, Harold Ford, Jr., Earl Hilliard, Gregory Meeks, Carrie Meek, Charles B. Rangel, Major R. Owens, Stephanie Tubbs Jones, Alcee L. Hastings, Julian Dixon, Sheila Jackson-Lee, John Lewis.

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, June 21, 1999.

Hon. LAWRENCE SUMMERS,
Deputy Secretary, U.S. Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: We join a bipartisan group of Senators who are opposed to the International Monetary Fund's proposal to sell a portion of its gold reserves to fund debt relief for countries under the Heavily-Indebted Poor Countries (HIPC) Initiative.

We are unalterably persuaded that selling IMF gold reserves would adversely affect the very countries the Administration intends to assist and further damage the U.S. domestic gold industry.

As is well known, gold prices are depressed—prices dropped more than $25 per ounce since Great Britain announced it would sell a portion of its holdings. During the past month, the price of gold has plunged to a twenty-year low.

Since the U.S. is the world's second largest producer of gold, we are concerned that American companies and the jobs of thousands of working Americans will be at risk if prices continue to fall.

Thirty-six of the 41 nations slated to benefit from the HIPC program are gold producers. If sales further depress gold prices, it is questionable that benefits from debt relief would outweigh the harm done by falling gold prices. We cannot support a proposal that could very well damage viable private businesses and free markets in developing countries in exchange for relieving a portion of a country's sovereign debt.

We are fully confident that creative minds at the Treasury Department and the IMF can come up with alternatives to gold sales, and the Foreign Relations Committee stands ready to work with you.

Kindest regards.

Sincerely,

JESSE HELMS.
CHUCK HAGEL.

HOUSE OF REPRESENTATIVES
OFFICE OF THE MAJORITY WHIP,
May 12, 1999.

Hon. DAVID DREIER,
Chairman, Committee on Rules,
Washington, DC.

DEAR CHAIRMAN DREIER: I am writing to bring to your attention my strong opposition to an Administration request to sell a portion of the gold reserves held by the International Monetary Fund (IMF) to provide debt relief to certain nations within their Heavily-Indebted Poor Countries (HIPC) initiative. I am concerned that the Administration has not taken into account the economic and financial issues involved that are likely to pose serious policy concerns.

As you know, I have been an outspoken critic of the IMF with respect to how it conducts its mission, including the management of its resources. Given the current credit risks at the IMF, the maturity mismatch between its liabilities and assets, and its concentration of loans to five nations, I am concerned that if this ill-conceived proposal were implemented, the direct result would be a further weakening of the IMF balance sheet.

In addition, the sale of IMF gold reserves would significantly harm the U.S. gold mining industry by leading to the further decline in the price of gold. The mere discussion alone of a possible IMF gold sale has contributed to a more than 3.5 percent drop in the price of this commodity over the last few weeks.

The gold industry provides thousands of high paying jobs in this country and a valuable U.S. export commodity that substantially benefits our balance of trade. Yet, the current depressed price of gold on world markets has resulted in major job losses and hardship in the mining sectors of the 13 states that produce nearly 15 percent of the world's output of gold annually. Continued declines in the price of gold would be devastating to the rural communities in this country that rely on the stable price and production of this precious commodity.

With regard to the HIPC initiative, IMF gold sales actually could result in greater harm than assistance to these 41 nations. Indeed, gold mining is a viable and productive sector in the economies of well over half of the HIPC nations. In 10 of those countries, gold mining accounts for between 5 and 40 percent of exports and, as a result, is crucial to national economic well being and employment. In certain other HIPC countries, which do not presently mine gold to any significant extent, there are advanced plans for major gold mining development. Thus, while it is my view that U.S. support for the HIPC initiative not be provided at the expense of an important sector of our economy, the justification for IMF gold sales becomes even less compelling with the possibility that HIPC nations could be harmed—not helped—by such sales.

It is my understanding that congressional authorization is required prior to U.S. representatives to the IMF voting in favor of transactions involving the sale of its gold reserves. As matters involving the IMF come before you, particularly as they relate to the sale of IMF gold reserves, I hope you will consider the risk of harm posed by such sales to a vital sector of our economy.

Finally, Majority Leader Armey has correctly requested that Joint Economic Committee Vice Chairman Jim Saxton direct the JEC to examine the full context of this IMF gold sales proposal along the lines to these same concerns. As such, nothing should proceed on this proposal until the JEC has completed its examination.

Thank you for your attention to this matter.

Sincerely,

TOM DELAY,
Member of Congress.

Similar Letters Sent To: Jim Leach, Chairman, Committee on Banking and Financial Services; Ben Gillman, Chairman, Committee on International Relations; C.W. Young, Chairman, House Appropriations Committee; Sonny Callahan, Chairman, Subcommittee on Foreign Operations; Spencer Bachus, Chairman, Subcommittee on Domestic & International Monetary Policy; Ed Royce, Chairman, Subcommittee on Africa; and Jim Saxton, Vice Chairman, Joint Economic Committee.

KASHMIR VIGILANCE

HON. BENJAMIN A. GILMAN

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1999

Mr. GILMAN. Mr. Speaker, I rise to express support for the recent developments regarding the conflict in Jammu and Kashmir in India. Last November a large body of Pakistani troops from its Northern Light Infantry Regiment and Pakistani-backed terrorists crossed the Line of Control into Jammu and Kashmir, forcefully occupying key Indian military posts abandoned for the winter season. When the Indian Armed forces earlier this year attempted to return to their military posts, they were met with fierce Pakistani resistance and opposition.

Faced with this opposition, India then took restrained military action to regain its territory occupied by the terrorists and Pakistani military forces. By adopting a proper, proportionate response to the incursion, India took steps to ensure that the situation did not spin out of control and escalate further.

Most of the international community agree that Pakistan crossed into Jammu and Kashmir in an attempt to alter the Line of Control to Pakistan's advantage and to internationalize the issue.

Pakistan soon discovered that the international community did not support those ambitions. The United States and its allies, including the G–8 nations, condemned the incursion across the Line of Control into India, and called for an immediate end to the hostilities, restoration of the Line of Control, and future respect for the Line of Control.

A resolution sponsored by a bipartisan majority of the House International Relations Committee and myself, two weeks ago, in part expressed the sense of the Congress that it should be the policy of the United States to (1) support the immediate withdrawal of intruding forces supported by Pakistan from the Indian side of the Line of Control, (2) urge the reestablishment and future respect for the line of Control, and (3) to encourage all sides to end the fighting and exercise restraint. The Resolution further expressed the sense of the Congress that it should be the policy of the United States to encourage both India and Pakistan to adhere to the principles of the Lahore Declaration.

Mr. Speaker, I am pleased that the President personally communicated this to Pakistan Prime Minister Sharif and that Pakistan is now in the process of withdrawing its forces from the Indian side of the Line of Control. This should be a message to Pakistan that the international community will not tolerate its military or financial support to any aggression.

This is an issue that India and Pakistan must resolve bilaterally. I am pleased to see that the United States, consistent with its past policy, has said it would not mediate this issue. I urge the U.S. to maintain this position.

Mr. Speaker, I urge both Nations to work toward rebuilding the trust that has been lost as a result of the fighting at the LOC, and to work toward full implementation of the Lahore Declaration. Without this trust, there can be no "true" agreement to go forward with the Lahore process.