Mr. DICKEY. That is what I am saying. 1969 was the last balanced budget.

Mr. KANJORSKI. If we enact this tax code, most of us, and I think when I say most of us, most of the economists agree, we will be out of a balanced budget in a very short period of time.

□ 2145

Mr. DICKEY. Okay, let me ask my colleague this; let me change the subject a second.

Marriage tax penalties; we right now are encouraging people not to live together if they love each other but not to get married. We are also, in this code, encouraging school bond construction by being more favorable on the taxes in that area.

Does the gentleman agree that tax reductions should solve other problems like trying to encourage people to get married and also by bond construction for schools and so that the local authorities can build more schools?

Mr. KANJORSKI. I just spent 6 days a week ago traveling across America with the President, and I went to Hazard, Kentucky; I went to the delta of Mississippi; I went to East St. Louis in Illinois; I went to the Indian tribes of South Dakota; the hispanic community of Phoenix, Arizona; and to Watts in Los Angeles. And I went there trying to find out what policy the government could pursue to help these people, and I came away with a lot of observations.

One observation is regardless of how many people tell us that this economy has helped all people, it has not. This economy has been very helpful to the upper 5, 10, 15, 20 percent of the American population. We are part of that population.

Mr. DICKEY. Of course that employment now, unemployment is at an all-time low for an all-time period of time.

Now I do not understand what the gentleman is saying now.

Mr. KANJORSKI. Well, to some of those people, they are living in poverty level even though they are working poor. They are working poor.

Mr. DICKEY. Well, we are doing that to the military. I know we are doing that to the military.

Mr. KANJORSKI. Yes.

Mr. DICKEY. The military is existing on housing and food stamps in some instances.

Mr. KANJORSKI. The Indian tribes of South Dakota, 75 percent unemployment. The unemployment rate in the delta of Mississippi was twice the national rate. But the explanation given by a lot of the officials, I think, I believe is the education level in the State of Missouri is 50 out of 50 States. And they said that is what we need before we can get people hired.

Mr. DICKEY. Did the gentleman say Missouri or Mississippi?

Mr. KANJORSKI. Mississippi.

Mr. DICKEY. Okay.

Mr. KANJORSKI. In order to attract new businesses in there they need a trained work force and an up-scale work force, and we have got to have the capacity to do that.

What I came away realizing is, one, all people are not benefiting from this prosperity; two, there are distressed areas in this country that need help; and, three, where we agree:

We can use, sometimes, tax policy to encourage where money goes, and I would much rather see capital investment in the private market made in these distressed markets where the government has anything to do with the decision-making and is not part of it.

Let us utilize the great magic of the free market. It is a tremendous tool.

Mr. DICKEY. Well, cannot we do that? I mean does the gentleman agree that tax credits and tax incentives are helpful?

Mr. KANJORSKI. Absolutely, if they are proper. But they are not proper if we have favorite special interest groups that come down here.

Mr. DICKEY. Well, what about education savings accounts where one can put in not $500 but $2,000 a year?

Mr. KANJORSKI. Absolutely. If we can afford to do that properly, there is no question, and I think that type, I think that is where it is going, to the right place.

Mr. DICKEY. Well, that is what is in this bill.

Mr. KANJORSKI. Sure, we know there are those little segments in the bill. But our problem is look at what we reduce, the corporate tax rate, the individual tax rate at the highest level to 1 percent. Let us look at what we did to the special interest groups. But we do not want to argue this bill.

Look, we are never, as we know.

Mr. DICKEY. The gentleman is right about that. That is correct, that is correct.

Mr. KANJORSKI. As we know, no two Members in this House will ever agree 100 percent with what is in a spending bill or what is in a tax bill. This is the House that comes to order with compromise, and we have to accept things we do not disagree with.

Mr. DICKEY. There are a lot of people in my district who I talk to and who support me, are saying the things that the gentleman us saying, not in the depth that the gentleman is saying, but they are saying not now, maybe later.

I do find that the people who say, give the economy the augment like we want it or a little bit more fervent than the people who say we just do not feel right about it.

But that is why I am listening to what the gentleman is saying.

Mr. KANJORSKI. I think our risk is I do not know how low the unemployment rate could go, but it is as low now it has ever been in my lifetime. I always used to think 5 percent was full employment. As a matter of fact, I think Humphrey Hawkins said 6 percent is full employment, matter of Federal statute. Well, 1.8 percent under that.

I always felt that I never expected us to have what I think is a Clinton recovery of 1993 built on the Bush sensible tax increase of 1991.

Mr. DICKEY. Now, wait a minute. The gentleman thinks both of those tax increases have brought us low inflation, lowest unemployment, low interest rates and higher productivity.

Mr. KANJORSKI. Yes.

I am going to join the gentleman some day in sponsoring a statue to George Bush because he did have, he gave up his Presidency to do the right thing.

Mr. DICKEY. Why does the gentleman think he gave up his presidency?

Mr. KANJORSKI. Well, he knew that he made the promise no new taxes.

Mr. DICKEY. Because American people do not like tax increases.

Mr. KANJORSKI. Look, we started out this discussion knowing. I do not know of a Member of Congress who likes to vote to increase taxes. They will always vote to cut them. It is not hard to get numbers to cut. I do not think any American likes to pay taxes unless they think it is absolutely necessary or could be used for a good purpose.

I think the gentleman is hearing out there from his constituents, the same thing that I am hearing. We do not want wasteful spending, and I agree with that. But we want measured, intelligent spending, and we want to pay down the debt.

Mr. DICKEY. Let me tell my colleagues this:

I have enjoyed discussing this with my colleague who has not smiled a whole lot. I have been trying to smile over here, but it has not been coming across. We must continue this sometime. Thank you so much.

Mr. KANJORSKI. I think it helps us all.

NO FAVORED NATION TRADE AGREEMENT FOR CHINA UNTIL CERTAIN PROMISES ARE KEPT

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

Mr. BROWN of Ohio. Mr. Speaker, 10 years ago last month, China's Communist dictatorship sent its tanks and armored carriers crashing through the pro-democracy protest in Tiananmen Square in Beijing. Hundreds of innocent protesters were crushed to death, hundreds more were mowed down by machine gun fire, hundreds more were arrested and executed. The men and women who gave their lives for freedom in Tiananmen Square in Beijing and those who are still languishing in Chinese prisons are in many ways the heirs to the legacy of our Founding Fathers. In the days leading up to their slaughter, they quoted Jefferson not Mao. Their source of inspiration was not Mao's Little Red Book, but our Statue of Liberty.

We all witnessed the lone man blocking those oncoming tanks. For that individual at that time, freedom and democracy were ideals that were absolutely worth dying for.

Tonight we stand here in remembrance of that man who stood in front of the tank and the countless other Chinese people who chose Thomas Jefferson over Mao Tse-Tung. We stand here in consolation with their bereaved mothers and fathers who still cannot find their daughters and sons, whether they disappeared in Tiananmen Square or whether they disappeared in Tibet. But most of all, we stand in defiance to those who would continue to sacrifice the freedom and democracy for the Chinese people on the alter of free trade.

Wei Jingshang, a democracy activist that spent nearly two decades in Chinese prison for his political beliefs once told me that American corporate executives, not Chinese spies, not Mao Tse-Tung, not the thugs who run the slave labor camps, but that American corporate executives are the vanguard of the Chinese Communist Party revolution in the United States. He is right. There is no issue before Congress that has lobbied more heavily than giving the People's Republic of China continued trading privileges, and while virtually every Nation, other Nation in the world retains Washington lobbyists to do their bidding, China relies on the business community to do its heavy lifting in this city.

Every year, when we debate most favored nation status for China, every year when we debate this issue, American CEO's stream into Ronald Reagan Airport seeking special favors for the world's worst abuser of human rights. They are helped by former government officials, high-ranking American former government officials that know how the machinery of our government operates including former Secretary of State Henry Kissinger, former U.S. Trade Representative Carla Hills, and former U.S. Commerce Secretary Mickey Cantor.

For those who do not agree with my assessment, I recommend you contact the editors of Fortune Magazine who, this fall, are sponsoring a 3-day business trip to Shanghai. This trip including dinner with President Jiang Zemin and a luncheon with Henry Kissinger will outline and thank these American business corporations, these American corporate executives, for their work in China. After the conclusion of their gala in Shanghai, many of these corporate CEO's plan the next day, October 1 of this year, to go to Beijing and celebrate with Communist party leadership the 50th anniversary of the founding of the People's Republic of China, the 50th anniversary of the victory of communism in China.

Just think about that. American corporate leaders, some of the wealthiest, most successful, most well-paid corporate leaders in the United States will travel to Beijing and stand and sit at Tiananmen Square with leaders of the Communist Party revolution celebrating 50 years of communist rule in China and celebrating frankly, maybe implicitly, but frankly celebrating the deaths of those hundreds and hundreds, maybe thousands of demonstrators for democracy that were following Thomas Jefferson, not Mao Tse-Tung.

But much of the equipment on display as they sit in Beijing and watch this parade in Tiananmen Square, that much of the equipment on display on October 1 of this year they know has been financed by China's enormous bilateral trade surplus and incorporated stolen U.S. technology. Apparently, that is of little concern to America's most prosperous and well-paid CEOs.

After all, these CEOs and their Wall Street allies do not seem to care much if the shelves at the Lorain, Ohio, K-mart are lined with goods manufactured by Chinese prison labor. Their lawyers in Washington do not care much if Chinese workers are imprisoned for trying to form unions. And these well-paid CEO's do not seem to care much that some of these companies that they contract with in China are paying Chinese workers 12 cents an hour, those that are being paid at all, not to mention those that are in Chinese slave labor camps and working for these American companies.

But it should bother all of us that after 10 years, that 10 years after the slaughter at Tiananmen Square, American citizens, some of our wealthiest corporate leaders that benefit from living in a free and open society, will be actively celebrating communism in China and, at the same time, actively celebrating the demise of democracy in China, the harsh realities at the ongoing genocide in Tibet, the continued arrest and torture of democracy activists, the proliferation of nuclear technology in North Korea, the forced abortions conducted by Chinese Communist leaders, the persecution of Christians and Buddhists and all religions in China; none of this seems much to matter to the leaders of our corporate community in this country.

To this I say the most effective way to toughen our relationship with China is to deny it special trading privileges. Every year, many of us have prodded the Republican leadership in this body to force China to improve its behavior before giving it preferential trade status. China buys, we buy from China approximately $75 billion worth of goods from that country every year.

China buys from us about $12 billion worth of goods. We sell more to Belgium with 1/120 of the population of China, we sell more to Belgium in a year than we sell to China. We have a $65 billion trade deficit. We sell $75 billion, we buy $75 billion worth of goods from them. They buy $12 billion worth of goods from us. These trade benefits give Chinese Communist dictators the billions of dollars. Last year, it was nearly 60 billion, the billions of dollars and the commercial technology needed to modernize the People's Liberation Army.

Yet each year, many of the same Members of Congress who are the loudest in their criticism of the Clinton administration's China policy vote to give Beijing preferential trade status. Mark my words. After the vote on Tuesday on MFN, after this Congress will again support the morally bankrupt position of the Clinton administration and the Republican leaders in Congress, many of those Members on the other side of the aisle after voting to give preferential trade status to China will be yelling and screaming about the President's wrong position admittedly, but wrong position on his whole China policy.

Yet when it comes time to step up to the plate tomorrow and vote on most favored nation status, I hope they would come over and join those of us on both sides of the aisle that realize how corrupt this whole process is.

Mr. Speaker, what we need to do before granting China special trade privileges is condition their behavior on something other than a whole series of broken promises. I am weary of continued Chinese Communist promises that they will behave, that they will play fair, that they will stop the human rights abuses, that they will stop the forced abortions, that they will stop the child labor, that they will stop the slave labor.

□ 2200

I would like to quote his mentor, Soviet leader Lenin when he said: ''Promises are like pie crust, they are made to be broken.''

Mr. Speaker, I asked the administration, I asked the Republican leadership in this body, I asked the American business community, so strongly supportive of MFN for China and so strongly supportive of World Trade Organization entry for China immediately, I asked them to step back and let us see if China can behave for 1 year, just only 1 year. We should demand to see if China can stop its human rights abuses for only 1 year. We should demand to see if China can stop using slave labor for only 1 year. We should demand to see if China can stop child labor if only for 1 year, and we should demand that China stop threatening Taiwan before receiving another dollar from U.S. consumers, for only 1 year. We must not give China special trading privileges until we see proof that its Communist rulers are capable of abiding by the rule of law. That is all we ask, Mr. Speaker.

Let us wait a year. Let us not give China Most Favored Nation status. Let us not give China these trading privileges until they can prove to the American people and to their workers and to their citizens and their country that only for 1 year they can act like most of the rest of the world that is integrated into this world economy and the World Trade Organization and throughout the world economy. Just ask for 1

year, if China could behave itself, if China could join the League of Nations, to join the community of nations and act like the rest of us, who treat workers decently, who do not engage in human rights violations the way that China does.

Mr. Speaker, I yield to my colleague, the gentleman from Ohio (Mr. KUCINICH) from the neighboring county, Cuyahoga County, who has been an active participant and leader in this fight against Most Favored Nation status for China.

Mr. KUCINICH. Mr. Speaker, I thank the gentleman for yielding. It is a pleasure to serve with the gentleman in this Congress and to call him neighbor.

These economic issues which the gentleman speaks of are issues which affect both of our constituencies, constituencies which in many cases share the same economic concern, the same jobs, the same factories, the same concerns about their family survival. I think it is fair at this moment to ask, why are we renewing Most Favored Nation trading status to China when our trade deficit is so large that it is costing jobs in the United States?

Why would we continue to allow Chinese exports to flood the American market when American exports to China are puny in comparison? Why does this Congress vote on bills to make trade free when, by far, the most important part of the economy does not even involve foreign trade at all, but domestic product and consumption?

A great disservice is done to the American people when so much time and effort is spent by the Congress making trade free for the corporations because it is at the expense of American residents, American workers, and American consumers.

Now, contrary to what one might think by listening to those who support MFN for China, a global free trade agreement, international trade is a drag on the American economy. Most Favored Nation status or ''normal trade relations,'' as it is being called today, means that the U.S. gives to China the same exact trade status that it would give to a tiny country or ally. But MFN with China costs more jobs than it creates. Moreover, foreign trade is such a small part of the economy, that to make policy on the basis of what promotes foreign trade is to make the tail wag the dog.

Now, how many of my colleagues know that U.S. exports to foreign countries in 1998 accounted for only 11 percent of the gross domestic product? Imports account for slightly more than that. What that means is that 76 percent of the gross domestic product is made in the United States and consumed in the United States.

To make our economy healthy, we have to promote the health of the domestic economy. We have to promote higher wages and a monetary policy that promotes full employment. But MFN for China undermines the domestic economy. By far, the largest component in our trade with China is imports. By 1998 we imported $71 billion of goods from China. That was $57 billion more than the exports we sent to China.

The U.S. pays China $6, Mr. Speaker, for every $1 it earns in exports to China. Trade with China puts a drag on the U.S. economy, and that leads to lower employment and lower wages for Americans. Indeed, American exports to China represent only a tiny fraction of all American exports to the rest of the world, about 3.6 percent. But imports from China represent a much larger proportion of everything America imports from the world, around 13 percent. Imports from China do about 4 times more harm to the U.S. economy than exports to China do good for the U.S. economy.

Furthermore, America imports more from China than any other single country. We consume about one-third of their exports. That should give the U.S. powerful leverage over China. That is because China would know that when the U.S. demands more democracy in China, more respect for human rights, better environmental protections, that the biggest customers continued business rise in achieving those goals. Is that what the U.S. does? No.

The policy of this administration and the Congress has been to give up the economic leverage the U.S. has. The imbalance is so obvious we should ask the obvious question: If MFN for China by far benefits China at the expense of the United States of America, why are we giving MFN to China at all? Because large multinational global corporations lobby for it. Those corporations are seeking to promote their own business and profits. They see China as a good place to do business.

When multinational corporations talk, many in Congress listen. When they talk about MFN for China, they are lobbying for the Chinese Government. The Chinese have not given up their leverage, and they use access to the Chinese market to influence the corporations to lobby the Congress for MFN for China, and here we are.

Soon Congress will debate on this floor disallowing Most Favored Nation trade status for China. Giving the status is bad for the U.S. economy. It is bad for American workers. It is bad for American consumers. But it is good for Chinese manufacturers and a handful of U.S.-based multinational corporations.

Mr. Speaker, I will be here when that debate comes to the floor to urge my colleagues to vote for the American economy and not for essential interests. Our steel, our automotive, our aerospace industries which form the pillars of our strategic industrial base are being threatened by this avalanche of imports from China. How are we going to protect the America of the future if we do not take a stand and demand once and for all that this country insists on having a strong trading policy which protects American jobs and protects the American economy?

Mr. Speaker, I thank my good friend, the gentleman from Ohio (Mr. BROWN) for this opportunity to address the Congress, and it is an honor to work with him on this issue, to work with such fine representatives as the gentleman from California (Mr. ROHRABACHER), the gentlewoman from California (Ms. PELOSI), the gentleman from Michigan (Mr. BONIOR) and others who are so dedicated to protecting the future of the American economy. I thank the gentleman.

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman from Ohio (Mr. KUCINICH) very much for his leadership on this issue and recognize that several other Members will be joining us, and I thank my colleagues for their involvement.

On one point that the gentleman from Ohio (Mr. KUCINICH) said that is especially noteworthy is that the rules we set for China are the same rules, if we give them Most Favored Nation status, as it unfortunately is always the case, the same rules we set for a tiny country. They are also the same rules we set for free countries, and if we look at what makes China so attractive to western investors, the subsidies given by the government, the slave labor that the Chinese use, the child labor that the Chinese use, their ban on the right to freely associate, that workers can bargain collectively, their restriction of movement of workers so that workers are unhappy and cannot move somewhere else; all of these features that are attractive for American western investment in China is what should disqualify them from Most Favored Nation status.

The fact is, when China pays 12 cents an hour to workers, when they do not follow any environmental rules, when they do not treat their workers well, when they do all of the kinds of things that violate international labor standards, they are not competitive with the rest of the world; no one can compete when workers are treated that way. That is one reason that steel workers in the United States are at a disadvantage and auto workers and all the people that the gentleman from Ohio (Mr. KUCINICH) and I represent in northeast Ohio and so many others in this institution represent, when the Chinese do not play by the same rules as everyone else, whether it is slave labor or child labor or 12 cents an hour wages, not to mention forced abortions and religious persecution and all kinds of human rights violations, when they do not play by those rules, clearly, there is no reason we should give them trade advantages so that they can continue to take advantage of other countries around the world.

Mr. KUCINICH. Mr. Speaker, if I may make this point for a moment, and I know we have other colleagues waiting to speak here, and I certainly want to yield to them, but the point that arises

here is that China has an industrial policy, and its industrial policy is providing China with a kind of national cohesion, so that they can have sustained economic growth.

Now, a lesser concern of China is political freedom. Think about that. Think about what that means. So as multinational global corporations make China a place to do business, China cares less about political freedom, they flood the United States with all of these imports, creating this huge deficit, so we are exporting jobs from a free Nation to a nation that does not have a democracy, and they are sending back imports here, displacing jobs of people who work in a democracy, thereby helping to create a condition where we are actually paying for the destruction of our own democracy. They are targeting what are our central industries in this country: electronics, machinery, petrochemicals, automobile manufacturing, steel, aerospace, construction. So I say to the gentleman his point is well taken.

We have a joint concern here when it comes to looking at what this trade policy does. But we have two points here, and one is that the United States trade policy is wrong, but we need an industrial policy which will help to focus a trade policy which is fair; and right now, it is unfair and Most Favored Nation status for China would compound the unfairness. I yield back, and I am grateful for this chance to join my colleagues.

Mr. BROWN of Ohio. Mr. Speaker, it is my pleasure to yield to Congress's foremost leader on this issue, who has a greater understanding of U.S.-China policy than any other Member of this body, and who has led the charge against Most Favored Nation status in large part because of her belief in fair play and human rights, the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding and for calling this Special Order tonight. I am pleased to join my colleagues, the gentlemen from Ohio (Mr. KUCINICH), the gentleman from Oregon (Mr. DEFAZIO), and the gentleman from California (Mr. ROHRABACHER) and others I know who want to participate to talk about the issue of Normal Trade Relations with China, formerly known as Most Favored Nation status with China.

□ 2215

I guess I will start off with that point. The name has been changed, and not to protect the innocent.

This policy, our U.S.-China policy has had more names. It has been called constructive engagement, strategic partnership, and now, most recently, principled purposeful engagement with our eyes wide open. Can Members imagine, that is what the administration calls its policy towards China.

It has to remove all doubt that our eyes are wide open on this policy, lest someone think that we must be turning a blind eye to what China is doing in terms of trade, proliferation, and human rights, because indeed, only by turning a blind eye could one formulate this purposeful, so-called principled engagement with eyes wide open, because the policy has been a complete failure.

There are three areas of concern, as my colleagues have pointed out: Human rights, the proliferation of weapons of mass destruction by China, and the trade issue.

My distinguished colleague, the gentleman from Ohio (Mr. BROWN) very eloquently opened his remarks by talking about the young man before the tank. He talked about the young people who echoed the words of our Founding Fathers. Many of those, indeed, hundreds of them, are still in prison for speaking out freely for democratic reform 10 years ago, at the time of the Tiananmen Square massacre. Thousands of people are in prison in China for practicing their religion. Hundreds of thousands are in reform through labor camps for reeducation by the Chinese.

Mr. Speaker, just this past week over 10,000 people were arrested by the Chinese for practicing Falun Gong, their belief system, and whether we agree with it or not, it is not up to us to decide on someone else's religion or their spirituality, but it is inappropriate, it is wrong, and we as a country should be speaking out when any country detains 10,000 people for wanting to freely associate and believe in something.

I will go into that a little more if I have time, but having touched on the human rights issue, and I will talk about the proliferation issue in a moment, I want to talk now about the trade issue.

What has distinguished this coalition that we have to oppose MFN for China, or now called normal trade relations with China, again a name change, is the fact that each year the President must request a special waiver in order for China to get whatever we want to call this special trade treatment that it receives. It is special for them because they do not have a market economy, and therefore, the President must request a special waiver.

The gentleman from California (Mr. ROHRABACHER) has a resolution to deny the waiver, and I urge my colleagues to vote yes. Let me tell them why. Just on the basis of trade alone, how can we think about giving China normal trade relations when China does not give us any such thing?

We have heard the statistics that in 1998, the trade deficit was about $58 billion with China. It is higher this year. Over $1 billion a week, over $1 billion a week, is lost because of China's unfair trade practices.

I wanted to call to my colleagues' attention, when the business community comes around, and indeed they do, to tell us how trade with China has grown, I want to show my colleagues just how it has grown. It has not grown so much in terms of exports to China. In fact, our exports to China are practically stagnating, the increase is so minuscule. However, on the imports from China, the increase is so staggering as to to be overwhelming, as be beyond explanation.

When we started this debate around the time of Tiananmen Square, the trade deficit for that year was going to be $6 billion. For this year, it will be over $67 billion. What is missing in this picture? Who are the mad geniuses who have said that if we give MFN to China year in and year out, our trade will increase? Yes, indeed, it has, our imports from China, not our exports to China.

Our exports to China are important. As I said earlier, this is an odd coalition that we have going here, people who have not agreed on other points. By and large, I represent a city built on trade. I have voted for fast track under President Bush and NAFTA under President Clinton and the rest. But something is very wrong about a policy that allows a country to do this. Let me read what is considered to be normal by those advocates for the Chinese regime.

They think it is normal, and do Members think it is normal, when the U.S. trade deficit is surging every year, again, as I said, over $67 billion in 1999, is it normal that China continues to maintain barriers to U.S. goods and services entering the Chinese market, including high tariffs, pervasive non-tariff barriers and non-transparent barriers, non-transparent trade rules and regulations, restrictions on trading and distribution rights, restrictive government procurement practices, and restrictions on investment?

I enumerate those because every possible way that we could gain something in trading with China is restricted to us.

Is it normal that China continues to pirate U.S. intellectual property to the tune of about $2.5 billion in lost sales in 1998? That is not from me, that is from the International Intellectual Property Alliance. And China continues to utilize forced labor for production of exports to the United States, in violation of U.S. law.

Is it normal that China demands technology transfer? And therein lies the biggest danger to our own economy's future. China demands a technology transfer. That is our intellectual property, too, our know-how. That is what we tell the American worker is our economic competitive advantage in the international markets. Yet, China is demanding that that technology be transferred to China.

So if we want to sell products in China, we must produce them there, okay? So that is production transfer. That is one thing. But technology transfer says, and besides, you have to give us all of your designs on what you are making. Now we are your major competitor for our own market. You can produce in China, but that, Mr. Chairman, will have to be to export to another country. We are saving the

Chinese market for the Chinese manufacturers.

Mr. Chairman, I want to say, to compare this trade relationship, which is unfair in every respect, let us see what the trade deficit would be in a free marketplace, but do not restrict U.S. products going into China having high barriers, and then say that this is going to lead to human rights in China, it is going to lead to all these good things, when it is not even leading to a decent balance of payments for the United States.

I just wanted to point out to my colleague another point. That is, all of this hoop-de-doo about all of the trade with China, just let us talk about the exports, again. China has 1.2 billion people. Now, many, many of them are poor, and I always support assistance for basic human needs for poor people in China. So this is not about the Chinese people, it is about the Chinese regime.

The Chinese regime, which controls many of the industries in China, to China we export 2.8 percent of our exports. Now, look over here. Belgium has 10 million people, 10 million people. We export 3.3 percent of our exports to Belgium. It is 3.3 to Belgium, 10 million people, and 2.8 to China, 1.2 billion people.

Let us look at Taiwan. They have 20 million people. We export 4.1 percent of our exports to Taiwan. Get it? It is not about free trade, it is about barriers to products made in America going into China.

Opponents, those who oppose our efforts tomorrow will say that we want to isolate China, and to vote for the Rohrabacher amendment is to isolate China. Nothing could be further from the truth. In fact, those who say that, and some of them in the highest places in our government, do a grave disservice to the issue by trying to caricaturize it that way.

We certainly do not want to isolate China. Especially we do not want to isolate the Chinese people. The answer to every problem practically in our relationship with China is that the situation would be better if China were more democratic, if the people of China were able to choose their form of government, their form of worship, their form of assembly, their freedom of speech.

The issue of Taiwan certainly would be better if China were more democratic. The issue of doing business in China would be better if China had rule of law. The issue of proliferation of weapons of mass destruction to rogue states I think would be improved, too. On that point I will close my remarks.

The administration and others who rationalize their support for a purposeful principled engagement with our eyes wide open will tell us that China is helping us on some very strategic issues worldwide. For instance, they will say that China is helping to stabilize South Asia. Oh, really? China is not trying to stabilize South Asia, China has mobilized Pakistan. Without the cooperation of the Chinese, the Pakistanis would not have the missile and other dangerous technologies that they have, and they continue to assist them, the Pakistanis. There is absolutely no question about that.

So that has added to the instability in South Asia. Every time they agreed to stop doing it, they said they did not do it, they would stop doing it, would not do it anymore, and continued to do it. That started in the Bush years and continued in the Clinton years.

Now we have them saying, those who support this policy, saying they are helping us with North Korea, to stop their missile development program. Either they are not trying very hard or they have failed to intercede, or they are not very effective. But in any case, North Korea is proceeding apace with its missile program, and not only that, they are selling to Pakistan technologies that they have received from China.

So this is not about how they are helping us in North Korea. If they were helping in North Korea, it would be in their own interest, anyway. We do not have to bribe them by ignoring their human rights abuses in order for them to do what is right as far as North Korea is concerned, if they are a responsible so-called strategic partner.

They still continue to make the Persian Gulf area a very dangerous neighborhood. We all know that we have a national interest in the Persian Gulf because of oil. We went to war because of that. Our young people are still in the Persian Gulf. When they are, they are looking right at missile technology, C–801 and C–802, sold to the Iranians by the Chinese, and other dangerous technology as well.

So I think that our policy with any country should be to make the trade fairer, to make the people freer, and to make the world safer. On all three of these scores this policy has failed.

So what we are asking our colleagues to do is, we know most-favored-nation status, so-called normal trade relations, is not going to be revoked. The President would never allow that to happen. But what we can do tomorrow is to send a message to Beijing that the people in prison have not been forgotten, that we are not stupid when it comes to our own trade relationships. Even though the exporting elites run the show around here, there are some people who can add.

Then, in terms of proliferation, our national security is at stake, and that we know what they are saying is not true, and they can blame it on whomever they want, but their government is either responsible for the proliferation, or else they are not capable of signing an agreement about proliferation. But somehow or other, they must be responsible or unaccountable, but they cannot be both at one time.

That is why I was so pleased that my colleague, the gentleman from Ohio (Mr. BROWN) extended the invitation to speak about this issue a little more at length that we will have on the floor tomorrow. Let us remove all doubt, this is not about isolating China, it is about pro engagement with the people of China; that we do not accept the premise that increased trade will lead to more personal freedoms, more democratic freedoms in China. For 10 years they have been singing that song, and it has not worked. And in any event we do not subscribe to a principle of trickle-down liberty, anyway.

What we want is a brilliant future with China economically, politically, diplomatically, culturally, in every way. That can only happen when China treats its people with the respect that they deserve, and then we will have an engagement that is sustainable of our national values, sustainable of our own economy, and sustainable of international security.

Again, I thank the gentleman for yielding to me.

Mr. BROWN of Ohio. I thank the gentlewoman from California. As she has pointed out in the past, other years leading up to the vote on what was called before MFN, most-favored-nation status, the Chinese have done a few nice things. They might help us a little bit on foreign policy.

□ 2230

They might release some prisoners, some political prisoners. But this year, interestingly, as time has approached for the most favored nation status, the Chinese Communists are so arrogantly confident that they are going to win this vote in this Congress, that they have not released any prisoners. They have actually arrested at least 10,000 religious people simply practicing their religion. They put more people in camps. They have gone the opposite direction.

That is why it is so important, as the gentlewoman from California (Ms. PELOSI) says, that our colleagues send messages to the Chinese Communists that we do not like what they are doing.

Now, we know that we are not going to win this vote tomorrow. But if we lose this vote overwhelmingly, we know we are not going to get most favored nation status put aside, but we know if we lose overwhelmingly, it simply says to the Chinese, keep doing what you are doing because nobody in this country cares. That is why it is so important.

One more point the gentlewoman from California made is she suggested so much of this whole policy with China is shrouded in myths. The gentlewoman had mentioned that the Chinese Government supposedly is helping us stabilize South Asia, and that is clearly a myth that she exploded. The gentlewoman has said that the opponents accuse us of wanting to isolate China from us and from the rest of the world. That clearly is not true.

Another myth is that the Chinese have been there to help us in North

Korea in a very destabilizing or unstable situation. The gentlewoman exploded that myth.

The other myth that we hear over and over, and I have heard the gentleman from California (Mr. ROHRABACHER) talk about so many times, is how, if we engage with China, that democracy will come to that country, the more business development, the more economic interaction, the more trade between the two countries, that China will become a freer country.

Yet, when we look at the last 10 years since Tiananmen Square, when we look at everything from the trade deficits to the forced abortions to the selling of weapons to Pakistan, nuclear ring technology to Pakistan, to smuggling AK–47s into the harbor in the city of the gentlewoman from California (Ms. PELOSI), to all the kinds of persecution of religious minorities, to what they have done in Tibet, all of those things beg that question, are things getting better? Is China getting more democratic because we are engaging with them?

There is clearly no evidence that China has gotten more democratic as we engage with them. In fact, what we really are doing is strengthening the People's Liberation Army and strengthening the Communist party leaders in China.

Why are we so naive when we look at history with Nazi Germany as they grew and got more developed and economically better off and got to be a stronger wealthier country. They used that economic power and that technology and that wealth to kill more Jews, to kill more gypsies, to declare war on more countries, to engage in the kind of militarist kind of expansionism that they were so well known for.

The same issue goes on with the Chinese. Just simply looking at it in the simplest way, why should the Chinese change the way they do things when they get most favored nation station and they get these economic benefits from the United States? That is what the Chinese Communist leaders, they like the system this way. Clearly, they have benefited from this system. The PLA, the People's Liberation Army, they benefit from the system this way. They do not want democracy. The American corporate leaders, the investors in the major corporations, they benefit from Chinese policy this way.

So the people that are really running this policy, the U.S. corporate executives, the People's Liberation Army, and the Chinese Communist leaders, they like the system the way it is. They do not want democracy. The People's Liberation Army does not want democracy.

The corporate leaders in the United States that invest in China do not want labor unions to form in China. They do not want free movement of workers at their choice, moving around at the workers' choice. They do not want the kind of things that we believe in this country and the American values that we hold so dearly.

So why should more prosperity for the leaders in China, the top government officials, the top leaders and the generals and the colonels in the People's Liberation Army and the U.S. company executives, why should more money there make them want democracy more? They like the system the way it works.

I think the proof of that is, as the gentlewoman from California (Ms. PELOSI) and I have talked many times, is if one looks back in February of 1989, the U.S. State Department issues a report every year about human rights around the world. If one looks, I was leafing through this report, it is a pretty long report, it is country by country. It is called the Country Reports on Human Rights. The State Department uses language talking about Serbia and Kosovo, the treatment of the Kosovars by the Serbs, by the Yugoslav government.

They also, if we flip a few pages forward, and we look at the language we describe, the Chinese Government's treatment of Tibetans, and the language is almost identical paragraph by paragraph.

We declared and bombed Serbia because of their treatment of Kosovo and their treatment of people in Kosovo, yet we give trade advantages to China when they are treating their Tibetan minorities almost exactly the same way.

What kind of coherent government policy is that when we bomb one country and we give trade advantages to another for almost the exact same behavior as interpreted by our government. This is not some whacko group. This is the U.S. Government State Department saying we are treating people, and that the Serbs treat people in Kosovo the same way that Beijing government treats people in Tibet. It is morally bankrupt and absolutely incredible.

Mr. Speaker, I yield to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, picking up on what the gentleman from Ohio said, he reminded me that we were willing to raise an Army to redress human rights violations in Yugoslavia, and now we will not, they do not want us to raise a tariff to protect human rights in China, and indeed criticize us for raising our voices against China.

The fact is that the policy has failed. They have to blame it on someone, so they say we keep bringing this up so we are demonizing China. No, we are not. In the words of Harry Truman, ''I am not giving them hell. I am just describing it, and it seems like hell.'' We are not demonizing them. We are just telling it the way it is. If that sounds bad, that is not our fault. That is what is going on there.

I did want to call to the attention of our colleagues the letter from the Department of Social Development and World Peace of the U.S. Catholic Conference of Bishops, which was sent to all Members asking for them to vote against the special waiver and in favor of the resolution of the gentleman from California (Mr. ROHRABACHER) tomorrow.

I also wanted to call to the attention of our colleagues just in terms of expression of religion that the Falung Gong, imagine any other country in the world, if 10,000 people were arrested in the week, what the clamor would be on the floor of Congress and what the White House would be saying about our values and the rest of that, but it is practically ignored. Because money speaks so loudly, it is so deafening that people cannot hear these cries.

But we want the government in Beijing, we want them to get the message that this action has been noticed, that these people will not be forgotten. Many of the messages that we are receiving are that the Falung Gong members had no food, no drink, no medical attention for 5 days. They are in a very difficult situation.

I received this letter from my district, the Bay area Chinese newspaper today in the San Francisco Bay area reported that China has arrested 1,200 party officials and is forcing them to read the guidelines of the party and to abandon the Falung Gong practice. They are sending them to these reeducation schools, all of them in the same place, to reindoctrinate them.

So it is they who are so cowardly because they are so frightened. The regime is so frightened because they have no legitimacy. Their power springs from the barrel of a gun, and that is where it is.

So the peaceful evolution that the gentleman from Ohio described of economic reform leading to political reform can only happen, and sometimes does happen, if it is allowed to happen. But if it is perceived as an evil, as it is in China, and it is prevented from happening, then the consequences to those who want to speak out more democratically will obviously be repressed, as they have been a couple of hundred of pro-democracy people wanting to form other democratic parties in China have been arrested at the same time as this Falung Gong arrests have been taking place.

So the situation that the gentleman from Ohio describes in the country report of the State Department, China, Yugoslavia, Tibet, Kosovo is so similar. Now I do not want anybody declaring war on anybody. I mean, violence to me should be obsolete.

But the fact is, if we are going to have any respect for our moral authority, any respect for our values, we have to have some level of consistency and at least on how we speak out and how we use our leverage, our incredible over $60 billion leverage this year to promote democratic themes which will benefit, not only the people of China, but the people of the world.

Mr. BROWN of Ohio. Mr. Speaker, if we think about what the gentlewoman

from California just said, the message that this country and the NATO forces sent to Slobodan Milosevic was, do not do what you are doing in Kosovo. No ethnic cleansing, no waging war against your people, no throwing people into prison, no violence, no more of that kind of activity.

The message that we are sending to Chinese Communist leaders for what they do to the Tibetans and what they do in slave labor camps is, it is okay. We do not care. In fact, we might even reward it by giving you trade advantages and letting you into the World of Nations.

I ask the gentlewoman from California to tell us, she in the past has been so involved in this issue for her entire 13 years as a Member of this body, I think it is so important to send a message to our colleagues. But the gentlewoman has recounted in other years, prior to the vote, the Chinese Government has released a few prisoners here and there. This year, it is the exact opposite. I ask the gentlewoman from California to recount that if she would to our colleagues who need to understand how important it is to send that message that the Chinese Communist party behavior is absolutely unacceptable.

Ms. PELOSI. Mr. Speaker, I thank the gentleman from Ohio for reminding me of his other question that he expressed earlier.

The leverage that we have in this debate, and that is why we bring it up every year, is that of course we are always hopeful that, as people open their eyes, they will open them up further and see that the policy is not working.

But one of the benefits of bringing it to the floor has always been that, when most favored nation status was in doubt, when Democrats, before we had a Democratic President, were voting against most favored nation status for China, and when it was in doubt, each year, the Chinese Government would release prisoners leading up to the time of the debate.

Chinese prisoners have said to us that their conditions improved markedly at a time when they thought the most favored nation status was in doubt. The very minute that MFN was delinked and then the vote became less, shall we say, of a message to Beijing and the Clinton administration, then the Chinese knew that they could proceed with impunity, and they no longer have to make any concessions to anyone, because they have known what Members of Congress have told me in this body. It does not matter what China does, we will never support sanctions on China. How can that be? But it is.

So that is what is lost in all of this is the prospect for a change in policy, always improve the conditions for the prisoners, lead to the release of some prisoners.

But that idea that MFN or NTR, whatever my colleagues want to call it, is in doubt, that is gone. So the Chinese now say to the moderates among them, we do not have to do anything. And they do not. That is the tragedy.

I used to say of President Bush, he never missed an opportunity to miss an opportunity to send a message to the Chinese about what our policy should be and what our values were in terms of human rights, in terms of our own economy, and in terms of our interest in national security. President Clinton has followed that path, although we were hopeful that he might not. So that is what is lost on this.

If I may say if, God willing it will not happen, but if this body ever entertains the notion of permanent MFN for China, we would be surrendering all leverage in terms of trade, proliferation, and human rights. Indeed, the biggest tool that the trade representative has in the negotiations on the World Trade Organization is permanent MFN. Certainly that should never happen until the situation is very changed in China.

But all of these notions about trade, increasing this, this, and this will only happen if the regime will allow it. What is happening, instead, is that the regime is emboldened and enriched by a $60 billion per year in the trade surplus. I might say, in the Clinton years alone, over $300 billion of surplus by the end of this year to the Chinese regime. There must be a better way. There must be a better way.

But we are squandering all of our leverage in order to meet the lobbying efforts of the exporting elites in whose interest it is.

I went back and got this book because it is a resource book from the Chamber of Commerce. What is interesting to me is they talk about all the good things that will spring from normal trade relations with China.

□ 2245

They have been singing this tune for 10 years that I know of at least, and it is all will, will, will, will. It is not about have or is benefiting U.S. So they have been squandering our leverage on the come, on what they hope will come sometime down the road in this great mirage, without a great deal to show for it in the present.

Here is the book, and it says, on page after page, will trade with China, will build a brighter future for America, will power the future of America's high-tech industry, will drive America's automobile industry, will help raise U.S. exports, will help beef up American exports. And it goes on and on like that, and I keep thinking when is it ever going to occur to them that they have been singing this song too long. What fascinates me even more is that people buy it. But I guess hope springs eternal.

In any event, let us give this policy a chance that says, of course we want to have engagement with China, but with our eyes open, truly, and not some new name that will change tomorrow on a policy that has not been successful and has been bipartisan in its failure.

Mr. BROWN of Ohio. What is so ironic during this process is that China wants to be a member of the World Trade Organization, to be accepted in the community of nations permanently. Yet during this last 3 or 4 or 5 years that they have been wooing the United States and other countries into admission or accession into the WTO, look at their behavior, everything from the nuclear ring technology to Pakistan, to slave labor, to child labor, to the closing of the markets, to the forced abortions, to the persecution of Christians, and the human rights violations. That is their behavior when they have been wooing us, when they want admission into this organization, when they want WTO accession. Once they are in, and I hope they are never in the World Trade Organization, then we will have no leverage with them.

That is another debate for another day, but that is so important to understand, that their behavior has been so outrageous and so outside the mainstream of world values and world opinions and world behavior that it is just remarkable that this body wants to include them in any of these organizations.

Ms. PELOSI. If the gentleman will yield on that point. I just want to add this further point, and that is that the trade representative herself has said if a country does not want to comply with the World Trade Organization regulations, there is really not much we can do about it.

And China has really received the message from the world that nobody is going to step up to the plate, because the too-big-to-fail doctrine is in effect. All the countries want their piece of the trade. Of course they are buying. China is buying from them; they are selling to us. They take the money they make on our trade, go buy stuff in other countries, win their political support in all the other world bodies, diminishing anything we could possibly do in a multilateral body in terms of human rights or other issues.

So the World Trade Organization only will work if the members coming in are of good faith. An economy as big as China's coming into the WTO, which refuses to play by the rules, if that country refuses to play by the rules, can wreck the WTO and wreck some of the western democratic economies as well, and that is really serious.

But we are in this immediate gratification stage for certain businesses in America. There is nothing long term about values, our economy or international security.

Mr. BROWN of Ohio. I thank the gentlewoman from California, and I simply want to close with an exhortation to our Members to vote in support of the Rohrabacher resolution tomorrow which will deny Most Favored Nation status to China.

The importance of a ''yes'' vote tomorrow in support of the Rohrabacher resolution is to send a message to the Chinese that the kind of behavior from

persecution of people practicing their religion, to closing of their markets, to human rights violations, to proliferation of weapons of mass destruction, the only way to get the message that this body is unhappy and does not tolerate that kind of behavior is a ''yes'' vote tomorrow on the Rohrabacher resolution.

CHINA AND MFN

The SPEAKER pro tempore (Mr. SHERWOOD). Under the Speaker's announced policy of January 6, 1999, the gentleman from California (Mr. ROHRABACHER) is recognized for half the time until midnight.

Mr. ROHRABACHER. Mr. Speaker, I wish to associate myself with the remarks we have just heard concerning the vote that will be coming up tomorrow on Most Favored Nation status, or as it is now referred to, normal trade relations, with the Communist government of China.

Let me just say for the record that this is a bipartisan effort. As we can see tonight, some people on the other side of the aisle have been very active; some people on my side of the aisle have been very active.

Perhaps one of the greatest disappointments I have had with this administration is that during President Bush's term in office I was very disappointed in his policies toward Communist China and, in fact, after Tiananmen Square was bitterly disappointed in how we took that and the positions we were taking in response to the massacre of democracy advocates in Tiananmen Square.

When George Bush lost the election in 1992 to president elect Clinton, I thought to myself, well, at least here is someone that I will be able to work with on the issue of human rights. Unfortunately, I had bought in to President Clinton's posturing on human rights. And I might add, unfortunately, all of us who have been active in the human rights arena have been disappointed with this administration. I personally feel that this administration has been the most anti-human rights administration in my lifetime, and it certainly has undermined the tough stands made by President Reagan and President Jimmy Carter, and has even superceded George Bush in the area of human rights.

For example, in China, this President has decoupled trade negotiations with China in relationship to anything to do with human rights. The administration no longer has that as part of its negotiating position. This President personally decided to make that decoupling. Had a Republican president done that, I imagine people would remember it a great deal more because there would have been a much greater fracas caused by that.

But tomorrow we will again address this issue that has been one that has gone on every year since my election to Congress, and tomorrow the House will debate legislation that has been introduced. However, it will be my legislation that will be debated. And that, of course, makes me feel a bit humble. I remember the time when I came into this body 10 years ago when I could not have dreamed of having a piece of my legislation being the focal point of a major day's work of the United States Congress. But I have introduced legislation that will disapprove of the extension of so-called normal trade relations with Communist China, which was previously known as Most Favored Nation status.

For the past 10 years, since the massacre of the democracy advocates at Tiananmen Square, and by the way, let us remember that the folks over in Beijing, the same people who have been in charge, the same gang that has been in charge, those people still deny that there was ever a massacre at Tiananmen Square of democracy advocates. But since then, the Congress has undertaken this debate every year, but there has been little change in the repression that is taking place in China.

The gentlewoman from California (Ms. PELOSI) outlined that these are the very same arguments that we will hear tomorrow by the advocates of normal trade relations with Communist China. These are the very same arguments that have been offered year after year after year after year.

My colleague, the gentleman from Ohio (Mr. BROWN), asked earlier on in his remarks what must happen for these people who come to this floor and suggest that there will be progress made on the human rights front; that there will be a liberalization; that there will be a change in their belligerency; that there will be positive steps taken and recognizable steps taken if we just engage them in this trade policy, what more does China have to do? How much longer will it be before these folks who advocate these positions with all of their heart and with all of their sincerity, how much longer will it take, how much more must China do before they admit they are wrong? They are dead wrong, and it is clear to everyone that they are wrong.

I personally could not come and advocate those policies, that I believed perhaps were right, if they had continued over a 10-year period to go in exactly the opposite direction than what my predictions were. I, in fact, would suggest that if tomorrow a revolt broke out in Tibet and that nuclear weapons were dropped by the Communist Chinese Government on Tibet, annihilating hundreds of thousands, if not millions of Tibetans, we would still hear from these folks on the floor of the House of Representatives that if we just continue to engage them in this trade policy, that the policies followed by the government in Beijing are bound to liberalize and that the government in Beijing will become more civilized by their association with us.

I believe that they could murder every last christian in China, they could murder every last Tibetan, they could commit genocide against every Muslim out in the far reaches of China, who they are also murdering, they could take every one of the 70 million member group, who are nothing more than a movement of people who believe in meditation and believe in exercise, as is consistent with Chinese tradition, they could murder every one of those people and we would still have on the floor of this House people advocating that we continue on with the same policy year after year after year after year.

Well, something is wrong. Something is wrong, and it does not take a rocket scientist to know that something is wrong. It certainly might take a rocket scientist, however, to know exactly how much damage has been done to us that we have discovered in the last year. Because in this last year we have found out that since the last vote on Most Favored Nation status with China the Communist government in Beijing has managed to get their hands on, through theft and other methods, of our most deadly weapons secrets. They now have the ability to produce miniaturized nuclear weapons. They have the ability to produce these weapons of mass destruction.

And our own companies are overseas telling them and teaching them how to upgrade their missile capacity and their missile capability so that they can more accurately target American cities with these weapons of mass destruction.

Now, it is the theory of those who advocate most-favored-nation status that the world will be a safer place if we have this trade with China. But as we can see, that not only is the world not a safer place as the gentlewoman from California (Ms. PELOSI) has pointed out, Communist China is the source of this deadly weapons technology to Korea, to Iran, to other Third World rogue nations, but not only that, not only is the world not a safer place, the United States is not a safer place because of this. Our own country now faces the prospect of our companies who have gone over there to liberalize China and make them more pleasant, make them more consistent with the civilized values of the western world, our own companies have gone over there and they have been corrupted themselves to the point that they have armed our worst potential enemy with weapons that could incinerate tens of millions if not hundreds of millions of American citizens.

There is something wrong with this policy. There is something dreadfully wrong. What more needs to be done before people will come on the floor of this House and will admit that that policy does not work? Year after year after year the same arguments, yet the empirical evidence suggests that they are going in the wrong direction. Making matters worse, as China has gone in the wrong direction, as China has kept up its roadblocks to the importation of American goods, kept up its