death tax so that business enterprises and farms and ranches can continue to stay in business, continue to put people to work, continue to provide important products and services to build our exports, to build the strength of our economy.

Mr. PAPPAS. If the gentleman would yield, the death tax that he referred to is even important to agriculture in a State such as mine. It is the Garden State, and we are very fortunate in central New Jersey to have many very productive and active farms, and farms that are owned by families for generations.

But the elimination of the death tax, I believe, is an environmental issue, certainly in an area such as mine where there is such pressure for development, and that many of these family-owned farms where certainly it is the desire for these farms to be passed from one generation to the next, that the heirs sometimes are not in a position of determining whether they even want to continue to farm because they cannot pay the estate tax bill.

There was an instance in my district just last year that a longtime, very prominent farmer had passed away and his daughter wanted to keep the farm from being developed and she was not able to pay it. But we have a farm preservation program in our State where development rights are purchased by the counties and the State and paid to the landowner, so the farm has been preserved in perpetuity. But that is not always the case and those options are not always available.

I personally just want to conclude my participation here tonight by saying how privileged I am to be serving with these three gentlemen. I know the commitment that they have to fostering an economic environment that can help the little guy and the little gal, and that is what we are talking about here tonight. We are talking about fairness, we are talking about really helping those that just want the opportunity to pursue the American dream in their own way. That is all they are looking for. They are looking to be treated fairly, looking for the chance, and some of these things that we have spoken about tonight would just provide that chance to so many people in our great country.

Mr. HILL. If the gentleman would yield, I just want to compliment him for his work on the Committee on Small Business and his work with regard to the issue of capital gains tax. I do not know about him, but I think I have cosponsored several capital gains and death tax bills. I also am the original sponsor of one bill that would completely eliminate the estate tax and treat estates like a capital gain at a substantially reduced rate.

The key thing here is that we have got to reform our Tax Code so that it is not interfering with the decisions that people make to go into business or stay in business, so it does not discourage people from putting people to work.

One of the things as I travel about Montana, I hear small business people saying to me, ''You know, I do not know that I want to hire any more employees.'' There are too many liabilities, too many obligations. That is the worst thing that we could have happen in this country because it is small businesses that are creating the jobs, and those businesses are growing into bigger businesses and growing into larger businesses, and they are putting millions of Americans to work and they are renewing our economy.

This is just one measure. But I know all four of us, and I want to compliment all of my colleagues here for their work in this area because we all understand that it is those small businesses that we need to help, the businesses that are most vulnerable that we need to work for.

So, as I conclude my remarks here tonight, I just want to thank all three of my colleagues for their work with me and with others in trying to accomplish that in this Congress.

Mr. FOX. If the gentleman would yield, I also want to conclude by saying that H.R. 1145 is key legislation in this Congress. It is bipartisan. It is pro business. It is pro jobs. It is pro family. And it is long overdue to be passed.

I have to give my proper gratitude to the gentleman from New Jersey (Mr. PAPPAS), the gentleman from Texas (Mr. SESSIONS), and the gentleman from Montana (Mr. HILL) for their leadership, not only on this kind of legislation and moving it forward, but as Members of the freshman class and showing real leadership within the whole body in a bipartisan fashion, which I think is going to be the kind of example for having legislation passed which is going to be not only helpful to their constituents but the whole country. I appreciate the work that the gentleman from Texas is doing on the Results Act. I think we need to come back here for further discussion on other changes to the IRS that are going to help businesses, help individuals, and help our families back home.

Mr. SESSIONS. I thank the gentleman from Pennsylvania (Mr. FOX) so much for being here, the people of Pennsylvania are well served, and the gentleman from New Jersey (Mr. PAPPAS) for his participation here tonight, the people of New Jersey have done very well, and also to the gentleman from Montana (Mr. HILL), those voters are well served, also.

I think that what our discussion tonight has been about is that we want to be probably just a beacon, albeit just a small beacon, that is speaking on the floor of the House of Representatives to try to be that voice, that voice to people, Americans, who are out there in the heartland, who are trying to make a go of it, people who do own their own business, who are independent contractors, those people who do have to worry about paying for their health insurance out of their own pocket, those people who are trying to make a go of it that are not given a home business deduction that they should have.

We stand up tonight as a voice to those people and say, ''We hear you in Washington, DC. We know what you are struggling with.'' I hear it in the fifth district of Texas. H.R. 1145 is not all-encompassing, it is not that magic bullet that will give tax relief to all Americans, but what it is is an opportunity for us to not only clarify and codify law but to give a reintention to the IRS and to these small business owners so that they recognize that someone does hear them in Washington, DC.

I would like to go through this, if I can, just to summarize once again what H.R. 1145 does. It allows for the deductibility of expenses for a home business deduction. It offers a safe harbor, an opportunity for those people who are attempting to comply with the law, that when they do come into contact with the IRS, that they can prove to the IRS that they are attempting to follow the law even if they might have not have done so exactly to the full intent, that they are attempting to do that. It gives them an opportunity to be safe without having these back penalties.

It will also allow for the expenses related to health care to be treated the same on a pretax basis as corporations have. And, lastly, it is going to codify rules that are related to the tax status of independent contractors.

I think this is important for America. I hope that tonight we have talked about things that represent the heart of problems in the heartland, that we are talking about important things, not talking about something that would be good just for a Member of Congress or a special interest but, rather, for the working middle class of America.

HOUR OF MEETING ON TOMORROW

Mr. SESSIONS. Mr. Speaker, I ask unanimous consent that when the House adjourns today, that it adjourn to meet at noon tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MFN FOR CHINA AND NAFTA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Michigan [Mr. BONIOR] is recognized for 60 minutes as the designee of the minority leader.

Mr. BONIOR. Mr. Speaker, in the coming weeks and months we will be considering two major questions in the House that will reveal a lot about how we, as a Nation, value human rights and the well-being of our workers in America.

The first question that we will answer is whether or not to extend most-

favored-nation status to China, to give China low tariffs on their exports into our market. But let us be clear, this is not just a simple decision about trade rights. This is a decision that will affect the lives and the jobs and the paychecks of every single American worker for decades to come.

The second question we will answer, probably later this year, is whether or not to provide what is called fast track trade negotiation authority in order to expand NAFTA to new countries. Now, NAFTA, the North American Free Trade Agreement, is no longer a question of theory. It has had more than 40 months to prove itself.

We have seen the effects that NAFTA has had on our families, on our jobs, our wages, and on our country, and I regret to say that the news is not good. NAFTA, by any reasonable measure, has failed to live up to its billing. Many of us believe that before we expand NAFTA, we have got to fix it, and there are a lot of things to fix.

□ 2015

If a house is on fire, if a basement is flooded, if a roof is caving in, it is fixed before adding a new addition. We need to fix NAFTA. In many respects these issues of most-favored-nation trade status with China and NAFTA are connected. They are both about extending trade rights. They are both about wages. They are both about jobs. They are both about human rights.

The problems with our economic relationships with China and Mexico are much more serious than some people are willing to acknowledge. Let us just draw a quick comparison with our pursuit of the balanced budget which has become an obsession in our Government, and some might say in certain circles, in our country.

Our budget deficit is expected to be a little over $60 billion this year. It has come down dramatically over the past 4 years because of a tough economic plan that we passed on this side of the aisle in 1993. It brought the annual deficit down from $300 billion a year to approximately $60, $65 billion by the end of this fiscal year. We have a plan that is moving through the Congress now to take us the rest of the way.

But listen to this. Our trade deficit with Mexico and China combined could be $60 billion this year. We have a deficit, an annual deficit of about $60 billion, domestic deficit. Our trade deficit could equal that with two countries. Last year was a record $40 billion with China and $16 billion with Mexico. This year it could be bigger, as much as our budget deficit. But are we doing anything about it? Is there any attention to address this problem?

We cannot simply cover our eyes and pretend that all is OK and the status quo is working. It is not working. But if we simply pass MFN unconditionally and extend NAFTA, we are going to make this problem much, much worse.

While the trade deficit is important as a statistic, it represents a much more serious trend in America today that is taking our Nation in the wrong direction. It is driving down the wages of workers and it is also reducing our moral authority to speak seriously about human rights, which both issues, the wages of workers which are being driven down and the human rights issue, are kind of the hallmark of what America has been about these past 100 years.

They do not call it the American century for nothing. It is the American century because people stood up and they fought against tyranny and repression. It is the American century because workers in this country banded together for a decent wage, better working conditions, a sense of dignity, the ability to collectively come together and bargain for their sweat. That is why it is the American century.

And here we have a situation in which those rights, those human rights and those worker rights, are being gobbled up, are being eroded, are being steamrolled by this globalization, free-market, unfettered movement that has nothing in its way. Indifferent government, weak labor, except for America where it is on the rise and a few other places in Europe. Nothing in its way. Multinationals moving forward, looking for the lowest common denominator, the lowest wage nations to move their jobs to maximize their profits.

A study done earlier this year shows that China and Mexico attracted more foreign investment in manufacturing plants than any other developing nations, investment that is taking advantage of favorable trade rules that are provided to China through MFN and Mexico through NAFTA. And instead of creating consumer markets where the workers in those countries earn a decent wage so they can buy the products that they make, or building democracy which is fundamental to a free country, our proponents would lead us to believe that the policy that they have is working and that if we just let it work, these things will happen, democracy and better wages. That is what manufacturing investment means to them. They are taking root in low-cost labor markets.

In Mexico, it is 70 cents an hour. I just came back from Mexico a couple of months ago. I was down to the maquiladoras, the area along the border. I had been there before. Before we were doing NAFTA, about 40 months ago, workers were making $1 an hour there. Now they are making 70 cents an hour. I saw it with my own eyes, I talked to the workers. They make $5 and $6 a day. In China, it is lower than 70 cents an hour, or it is even prison labor.

The most important impact this investment has on American workers is on their wages. People say to me, what does this have to do with my wages here in America, if they are making less than 70 cents an hour in China and 70 cents an hour in Mexico. What does it have to do with me?

What it has to do with Mr. and Mrs. America is that corporations are moving jobs to low-wage developing nations, and they are saying to bargaining units, or those people who are talking for wages or worker rights or safety rights in the workplace, If you do not take a wage that is frozen, or if you do not diminish your wages somewhat or if you do not relax some of the standards that you are demanding on safety, we are out of here, we are gone. This is not just me making this up. There have been studies done and studies recently that I am going to talk about in a few minutes, that indicate this is happening all over America.

It is a drive to the bottom, to the lowest wage, something the economists call downward pressure on wages. It is pitting our workers against the low-wage workers in developing nations. It puts pressure on their paychecks. If workers ask for a pay raise, companies say, ''We'll just move our jobs overseas.''

They can do that because under MFN for China, they get favorable access to our markets if they relocate in China, and they get a government that does not tolerate workers who stand up for their rights. Under NAFTA, corporations get investment guarantees in Mexico, what is essentially free access to our market, and a system in which the government, the business community, and union officials conspire to hold down wages.

There is nobody who speaks for the worker in Mexico. The government does not. They attract corporations based upon the fact that they can guarantee their investment and guarantee low wages. The union there is corrupt. It is in cahoots with the government and the corporations. When people try to speak out independently, they get thrown in jail.

Some would suggest that the alternative for our current failed policy is protectionism, high tariffs, put walls around our country. We reject that. There is nobody here that wants to go back to those days. That is not where we should go. We do not want to go back to the walls of protection. We want to go forward.

We want a trade policy that values the workers who make trade possible, not just trade itself and the multinationals and the corporate heads, the workers who make it possible not only here but in the developing countries and other countries we trade with. Because it is only when the workers are strong that they have the ability to earn a decent living, that they can purchase the products that are being made. It is a simple lesson that Henry Ford taught us many, many years ago in this country, that if you pay the workers on the line a decent wage, they will be able to buy the car, and he instituted $5 a day. By the way, the wage that Mexican workers make today, he instituted that 70 years ago.

We will only move forward if we deal honestly with China and Mexico. We

have waited 8 years now since the Tiananmen Square massacre for engagement and MFN to change China. The argument of the supporters from MFN for China goes something like this: ''If you just let us into China, just let us go there and trade with them, the economy will grow, human rights will get better and everyone will benefit.'' But the list of human rights abuses grows longer and uglier every day.

Let me quote something that was in the New York Times today. It was an op-ed piece by A.M. Rosenthal. He, in turn, is quoting from the State Department's human rights report on China. I quote:

> All public dissent against the party and the government was effectively silenced by intimidation, exile, the imposition of prison terms, administrative detention, or house arrest. No dissidents were known to be active at year's end.

I want to repeat that.

> No dissidents were known to be active at year's end. Even those released from prison were kept under tight surveillance and often prevented from taking employment or otherwise resuming a normal life.

They do not tolerate dissent. They do not tolerate another opinion. They do not tolerate free speech. It is not a free country. Yet we in this body, in our government, have sanctioned a most-favored-nation policy of trade with China. A most. Not a good, not a better, a most. The best. The best terms.

Clearly things are not getting better in China. They are getting worse. But the corporate lobby, and, boy, they are all over this town. One cannot breathe without running into the large corporate lobby in this city working for the passage of most-favored-nation treatment for China. The corporate lobby and all the establishment tells us that unless we extend MFN and unless we engage, we will get left behind and we will anger China. But by my count, we are already behind. We have got a $40 billion trade deficit. We have got to engage in a different way, because our current policy is not fostering human rights, it is not helping us economically, we are on the short end of a bad trade deal. The fact is that we have the leverage on this issue. We are the most powerful nation, we have got the biggest megaphone, the highest pulpit and the greatest leverage in the world. Our consumer market is what China wants. It is what everybody wants. They want the American consumer market. More than one-third of China's exports go to the United States. We are one-third of their export markets. Of all the things they make in China and ship it out, one-third of it comes here. China represents only 2 percent of our export market. Two percent. It is not hard to see who has the leverage. We do. They want us. We can barely get in there. Workers who are being forced to compete against prison labor and slave wages and dissidents in China who are struggling to have their voices heard, they deserve better. They deserve to be heard. The past 8 years since the Tiananmen Square massacre have shown us that extending MFN has not amplified those voices. It has muffled them. If we reject MFN and honestly deal with China, those voices can be heard, democracy can begin to sprout some roots and we can move forward. We can have a dialoge. We can have an understanding. If we do not, we can expect more of the status quo. That is not a winning proposition for any of us. Except for the multinational, transnational corporations who are doing just fine with the current system. They have a record of profits, they have lower labor costs, and they have bigger paychecks for the bigwigs.

I said earlier, it is not just China. If we take a close look at the results of NAFTA after 41 months, we can tell that the ultimate aim of this trade policy is for corporations. It is to maximize their profits, to guarantee their investments overseas and to use these trade agreements to reverse the gains that workers have made. NAFTA is being used as a weapon to dampen the efforts of American workers to earn a decent wage and to seek the right to organize and to collectively bargain.

☐ 2030

It has given corporations a license to pursue a race to the bottom strategy to drive down wages, to bust unions, to take away all those rights that your parents and your grandparents worked for, were beaten up for, some even died for. They fought too long and too hard for these rights: the rights to organize, the rights to collectively bargain, the right to earn a decent wage, to be safe in the workplace and the many other things that I could go on and mention here this evening. Corporations are now using NAFTA to erode these rights by pitting workers against each other and by threatening to move jobs to the lowest cost labor markets. NAFTA gives them a license to do that. It does not require them to raise Mexican standards. It gives them an incentive to lower U.S. standards. It practically guarantees them that they will not be caught because NAFTA does not give workers a real voice in that decision making process.

Got a chart here: United States puts downward pressure on wages. Sixty-two percent of U.S. employers threaten to close plants rather than negotiate with or recognize the union, implying or explicitly threatening to move jobs to Mexico.

Now not long ago Cornell University did a study for the Labor Department, a study, by the way, that the Labor Department refused to release. They found that 62 percent of the companies, as this chart shows, are now using Mexico and other low wage nations as a bargaining chip to drive down wages. Sixty-two percent of American companies say to their workers, you all take a pay cut, if you do not hold back on those pension benefits or those health benefits, if you do not take a cut in them because, you know, we cannot compete here, we got to cut corners, and if you got—we got to take some back, some of those benefits in health and pensions. If you do not do that, we have no choice, we got to go, we got to go to Mexico.

And it is happening every day, and yet when workers, as I said earlier, in Mexico try to organize, try to form unions, try to fight for better pay to take away that bargaining chip, what happens? Well, they get arrested.

I was in Tijuana about 3 months ago, and I saw with my very eyes. I talked to a leader of a colonia village, to a man who went out and stopped the production at a facility located near the village where they were paying 70 cents an hour, $5 and $6 a day. They stopped production, got all the people together to stop for 2 hours because they did not have proper safety standards in the plant and people were losing their fingers and their hands. And as a result of that he got fired, and when he tried to form an independent union, he was arrested, and he had very little recourse to the judicial system because the judicial system does not work for average working people there.

So you get thrown into jail, you get thrown into jail when you stand up for this, and 4 years ago on this floor in this body we as a nation put a stamp of approval on all of that by passing the North American Free Trade Agreement, that North American Free Trade Agreement.

Let me cite a passage from this Cornell study because it will show our colleagues exactly how this is working. This passage discusses why companies after an effort by workers to organize in the United States have fled to Mexico at double the rate since NAFTA took effect. Remember NAFTA took effect about 41 months ago, and here is what the study said.

The fact that the post-election plant closing rate has more than doubled since NAFTA was ratified suggests that NAFTA has both increased the credibility and effectiveness of the plant closing threat for employers and emboldened increasing numbers of employers to act upon that threat. In fact, it goes on to say in several campaigns the employer used the media coverage of the NAFTA debate to threaten the workers that it was fully within their power to move the plant to Mexico if workers were to organize.

Now the study's author, Kate Bronfenbrenner, Cornell, concludes, she concludes that plant closing threats have tripled since NAFTA took effect in 1993 and shifts to Mexico have doubled.

Let me now turn to a few examples of how corporations have used NAFTA to drive down wages in the United States or to shift their production to Mexico to do exactly what this Cornell study has suggested, and then I would like to yield to a couple of my colleagues who are always here and are always fighting for working people, the gentleman

from Vermont [Mr. SANDERS] and my friend, the gentleman from Cleveland, OH [Mr. KUCINICH].

A couple of examples: Guess Jeans; you know those are the jeans that you see, little tag on the back. They used to be made in Los Angeles. They are now being made in Mexico and elsewhere because workers in Los Aangeles asked for decent wages and a safe place to work. The company knew it could exploit workers in Mexico, where the government and businesses and union officials, as I said, conspire to keep wages low. So it shifts thousands of jobs to Mexico instead of trying to work out a solution with the workers in Los Angeles.

In El Paso, TX, even workers making as little as $4.75 an hour, which is the minimum wage, are having their jobs shipped across the border to Mexico to multinational corporations in search of the lowest wages possible. Workers making the minimum wage are not even safe because NAFTA has created, as I said, a race to the bottom in search of the lowest wages possible.

In 1994, workers were attempting to organize an ITT automotive plant in my home State of Michigan, and the company was resisting. The company used the threat of moving to Mexico in a very blatant fashion. During the organizing campaign the management took apart an assembly line in the plant; you know, they shrink wrapped it in packaging, and then they took it outside the plant, and they had 13 flatbed trucks. They loaded it all up on the trucks, and on the side of those trucks there was this big bright pink sign that read ''Mexico transfer jobs.''

Same company flew employees from their Mexican facility to videotape Michigan workers on the production line which the supervisor claimed they were considering moving to Mexico. So you know they bring people in, they intimidate them right in the factory, and needless to say, the union lost the election in that plant, and this type of thing goes on, and on, and on and on.

Let me just show you this one other chart. Companies use NAFTA to drive down wages for American workers. This is a poster that was put up just 2 months ago, a company called NTN Bower used a very provocative flyer right here to try to undermine an organizing drive in a Macomb, IL, plant. The flyer makes a threat. It says if the workers decide to join the UAW, their jobs may go south for more than just the winter. The leaflet notes there are Mexicans willing to do your job for $3 and $4 an hour; the free trade treaty allows this.

Well, people do not make $3 and $4 an hour down there; I can tell you that. They make 70 cents an hour, and you get a great job if you can find someone who makes $2, $2.50 an hour. But the point is these threats are being used against American workers and driving down American wages.

Now, this is perhaps one of the most blatant examples of how companies are using NAFTA to stop efforts by workers to improve their wages and benefits, but as I said, it is happening every day, and 62 percent of employers are doing the same thing. The author of the study, Kate Bronfenbrenner, made the following conclusion. This is what she concluded after doing her study:

NAFTA has created a climate that emboldened employers and terrified workers. That is what we did here. We emboldened the employer and we terrified the workers, not knowing whether they would be secure in their jobs, whether they would lose their jobs, whether they would have decent pensions or health care benefits or how far their wages would be driven down before their jobs finally left and went to Mexico.

Now, these same companies that promised to create jobs under NAFTA, but who are instead using it as a threat to drive down wages in this country, now want to expand it to other countries without any prediction for workers. This problem is only going to get worse because it is not only Mexico that is being used as a bargaining chip. NAFTA supporters would like next to go to Chile, but the nation of Chile is being used as a bargaining chip as well, and I am not going to go into a long debate about Chile today, but I can cite some examples about the Goodyear Tire & Rubber Co. and some other folks who are using the Chile export strategy as a way to drive down wages and other benefits of workers in Ohio.

So this trend will continue on and on unless we seriously address the issues of wages and workers' rights in our trade agreements and unless we honestly deal with China.

The current system is tragic for working people in this country and Mexico and China and does not have to be permanent, though, does not have to be this way. We need to remember this is not just about markets, trade barriers. This is about jobs and living standards, about human rights, and most importantly it is about human dignity. These struggles are about people, and the struggles we are about to engage in have been fought, as I said, in this country and around the world by an earlier generation of workers.

Turn of the century, the Industrial Revolution brought about massive changes like the changes we are undergoing today, much as the global economy and the technology and information are changing the landscape of today, and the giant corporations then sought to control the process. They exploited the workers, they exploited the land, but people got fed up. They decided they are going to fight back, and they banded together, and together they made a difference. They elected people to office who wanted to break the trust. They elected people to office who wanted to provide a decent wage and decent health conditions. They formed their own unions so they could bargain for their sweat.

That struggle led to the creation of a system of labor and social and health rules which increased our standard of living beyond which any other nation has been unable to exceed. Hence the American century. But it is that very system that is under attack today, the very system that they created, and we cannot afford to go backward before these protections were in place. And that is where we are going.

Mr. Speaker, we are going back, we are not going forward. The President talks about the bridge to the 21st century. It has got a curlicue at the top because it is going back to the 19th century. The President needs to straighten it out, move forward with the workers, not with the presidents and the CEO's and the multinationals and the transnationals. This debate is about our economic future and whether we want to take our Nation forward or go back to an era in this Nation in which worker rights were not guaranteed and in which a few wealthy corporations controlled the economy and in which people were unable to speak out as they are unable to speak out in China today.

We do not want to see our Nation go back to where we were 100 years ago. We want a trade policy that will move us forward, and that is what we will keep impressing upon our colleagues in the weeks and months to come.

I want to thank my colleagues for their patience, and again I am just very honored to be joined today by the gentleman from Ohio [Mr. KUCINICH] and the gentleman from Vermont [Mr. SANDERS], and the gentleman from New York [Mr. OWENS] has joined us. I would be happy to yield to any of my friends.

Mr. SANDERS. Thank you very much, and I want to congratulate you on the leadership you have shown in fighting for a fair trade policy in this country over the last many years and for the rights of working people.

I think the proof basically is in the pudding. If our current trade policy in terms of NAFTA, in terms of GATT, in terms of MFN with China was a success, then we would see it. We would see it, and how would we see it? Well, we would see that wages for middle class and for working people would have gone up. That is what we would have seen. That is what a success is. People would be making more money.

But what is the reality? The reality is that in 1973 the average American worker earned $445 a week. Twenty years later, taking inflation into account, that same worker was making $373 a week. Real wages have declined precipitously.

Now if this trade policy was working so well, then the working men and women of this country would be working fewer hours, they would have more time to spend with their kids and with their families.

Family values; we all remember that expression. But I will tell you something going on in Vermont that I expect all over this country is that the

working families in my State are working longer hours. In the State of Vermont we have many workers who do not have one job, who do not have two jobs; they have three jobs, and many women who would prefer to stay home with the kids are now forced to go out and work because the family needs two breadwinners.

So where is the success of this trade policy? Is it working well? Well, we have to acknowledge, yes, it is working well for some. We were all delighted to read several weeks ago that the CEO's of major American corporations last year saw a 54-percent increase in their compensation. Hey, that is not too bad; a 54-percent increase. The average worker barely kept up with inflation, and some workers went below inflation, continue to see a decline in their standards of living.

□ 2045

The average CEO is now making over 200 times what the workers in the company are earning, which gives us by far the most unfair distribution of wealth and income in the entire industrialized world.

So I think there is a little bit of confusion when our friends in the corporate media tell us how good our trade policy is doing. They hang out at the country clubs with their other rich friends and they all talk to each other and say, ''Hey, how are things going, Joe?'' ''Pretty good. Made 60 percent more this year than last year.'' Write an editorial, things are going really good.

But they forget to go into the small business community and they forget to go into the factories and into the plants. Talk to workers there and what do the workers say? They say, ''They cut back on our health care benefits, they lowered our wages, they are forcing us to work more hours for less pay.'' But that is the part of America that we do not see reflected here in this Congress very often, we do not see reflected in the editorial pages of America's newspapers.

The whole issue of so-called free trade is not very complicated. Just imagine any community in America, any normal community, and just suddenly see the size of that community double and that the people who came in were prepared and forced to work for 20 cents an hour or 40 cents an hour.

Now, what do we think would happen to wages and benefits in that community? It does not take a Ph.D. in economics to figure it out. Employers would much prefer to pay people 20 cents an hour or 40 cents an hour. I think in Vietnam now they have gone down to 6 cents, that Nike has finally reached the lowest of the low, that in Vietnam they can hire people at 6 cents an hour. So what do you think happens in a community with wages? They go down and benefits go down.

So-called free trade that exists right now, whether it is MFN with China or NAFTA, is an effort by corporate America to take decent-paying jobs in this country to desperate Third World countries, exploit the people there, rather than pay American workers a decent wage.

It seems to me that our challenge is not only to end the exploitation of Third World workers, but to develop trade policy and tax policies that say to the Nikes and the other major corporations in this country, ''Hey, come back to this country. If you want Americans to consume your products, how about giving them a chance to manufacture those products?''

I think this is the crux of the entire economic crisis that we are facing. We have to get a handle on this trade crisis, or else we are going to see the middle class continuing to decline and the standard of living of working people go down and down.

Mr. BONIOR. Mr. Speaker, I thank my colleague for his comments.

I said a little earlier, before the gentleman arrived, that our trade deficit with Mexico and with China together is approximately what our annual deficit in this country is in our Federal budget. The real focus ought to be on our trade deficit, because pretty soon people are not going to have the money to buy the products. Who will buy the products?

If we keep competing to the bottom as we are forced to under this non-system, this unfettered free market process that we are engaged in, we are going to have a hollow shell. The top 20 percent will be there, they will be fine, they will be okay, but the folks underneath will not have the wherewithal to purchase and then we will start to see a decay in our economy slowly.

I yield to my friend from Ohio [Mr. KUCINICH] who has been here, and I thank him for staying this evening and for his contribution to this debate which has been substantial.

Mr. KUCINICH. Mr. Speaker, I thank the gentleman from Michigan [Mr. Bonior] his leadership that he has shown for this country on this most significant of economic issues. The American people really owe the gentleman a debt of gratitude for being willing, week after week, to come before the people and state the case for the American people to look at this issue and to consider the impact it is having on their lives. I appreciate the chance to be here with my good friends, the gentleman from Vermont [Mr. SANDERS], the gentleman from New York [Mr. OWENS], and the gentlewoman from Ohio [Ms. KAPTUR].

As the gentleman just stated, we have these raising trade deficits. As a matter of fact, since NAFTA was passed in 1993, our combined trade deficit with Canada and Mexico has gone up about 400 percent, 400 percent. When we see a trade deficit go up, that means that jobs are being created there but we are losing jobs here. It is very simple. We are not finding any way that we can make up for that. It is not happening.

So in Mexico alone, I think in 1993 we had a surplus of trade with Mexico of about $1.7 billion. The last figures for 1996, we have a trade deficit. The surplus went to a deficit of $16.2 billion, and that is all due to NAFTA.

Mr. BONIOR. Mr. Speaker, it is a loss of jobs, but what happens often, and we have talked about this before, is that these people get other jobs. They lose their jobs because they move to Mexico or China or Indonesia or elsewhere. The people get other jobs eventually, often, but the studies that we have seen show they get jobs at wages that pay about 60 percent of what they were earning originally.

Mr. KUCINICH. And that is inevitable.

Mr. BONIOR. That is why, as the gentleman from Vermont [Mr. SANDERS] correctly stated, people are now working two and three jobs and they do not have time for their families.

Mr. KUCINICH. Mr. Speaker, when we consider, as we just spoke of, a combined trade deficit increasing by 400 percent over a 3-year period with respect to Canada and Mexico, and now when we consider China, the United States trade deficit with China has grown at a faster rate than that of any other major United States trading partner. The level of imports from China more than doubled between 1992 and 1996, and the United States trade deficit at this point is about $40 billion. That was in 1996, and of course China is the fourth largest supplier of United States imports.

So what are we taking in from China? I think most people would remember they are toys and games, footwear, clothing and apparel, and telecommunications equipment. That is what we are bringing from China to the United States, and all of those industries, which were very good industries in this country at one time, have been greatly affected. The people who worked the jobs manufacturing those goods have had to go to other areas where, as the gentleman from Michigan points out very correctly, if they are working at all they are working for a greatly reduced wage.

Now get this: What are we sending to China? Because people will say our exports have increased. Sure. Here is what we are exporting. We are exporting aircraft plants and equipment. Aircraft is one of our three major industrial legs that this country stands on. It is like a tripod. We have aircraft, steel and automotive. Well, we are now slowly starting to damage that very significant part of our industrial structure by exporting plants and equipment from the aircraft industry, and we are also exporting automotive plants and equipment, which is the other, which is the second part of that three-part equation.

Now, we wonder why that is happening. Well, as a matter of fact, China is actually demanding, as a term of doing business with them, that we export technology. In effect, we are blindly devoted to trade at all costs.

I am not opposed to trade. I do not think there is anyone here in this Chamber this evening who is opposed to trade, but we should not let free trade mean that we trade away jobs in this country, we trade away the level of wages which people have worked a lifetime for, we trade away our basic political rights, we trade away our environment. That cannot be the kind of trade that we can be involved in. But we are blindly devoted to free trade with nations like China, which at this point the U.S. is involved in giving China high-tech weapons production equipment in order to sell some U.S. aircraft.

My colleague from Vermont [Mr. SANDERS] probably heard about that. According to the Wisconsin project on nuclear arms control, the United States sold to China machine tools which were previously used in Columbus Ohio to produce the B–1 bomber. The tools included high-tech milling and measuring machines and a giant stretch press used for bending large pieces of metal.

Now the Chinese Government insisted on getting the high-tech equipment as an incentive so they would purchase aircraft from an American manufacturer. China promised that once they got the equipment, they would only use it to produce civilian aircraft.

Well, guess what? Once the deal was done, the Chinese Government housed the tools in a missile base. Now, think of what that means in terms of security, let alone the economy. The Commerce Department, when they realized the mistake, advised sanctions on China, but they were overruled by people higher in the government.

I point this out because there are implications which are political, economic, and human rights implications, and I certainly feel that discussions like this give us an opportunity to bring these facts before the American people, because people have a right to know what is going on in the name of free trade, about how their jobs are being traded away, about how our trade deficit increases, how we ask the American people to sacrifice, to sacrifice their jobs and their standard of living, but no one is demanding that other nations involved in these trade relationships shape up with respect to their responsibilities, both to this country as a trading partner and to their own people.

At this time I would be glad to yield back to one of my colleagues, as we are all here to participate in this important discussion.

Mr. BONIOR. Mr. Speaker, I thank the gentleman for those comments, and they are right on target. I would like to yield now to the gentleman from New York [Mr. OWENS], and then to my friend from Ohio [Ms. KAPTUR].

Mr. OWENS. Mr. Speaker, I would just like to comment briefly, because I think I have an hour after this where I will be continuing the discussion of the downgrading of the wages of American workers, but I want to thank the minority whip and my colleagues for continuing this crusade to educate the American public, to educate American workers.

We have just seen the majority of the masses of France sweep out a government that wanted to take care of the economy on the backs of the people at the bottom. We have just seen in Canada the same kind of phenomenon where the people on the bottom said ''No, we're are not going to take it any more,'' and they swept out, they almost swept out a government that insisted that the only way they could make the economy work was by putting one more burden on the people on the bottom, taking away their benefits, lowering their wages, a worldwide movement to press down wages.

We always favored globalization and thought of taking the American standard of living to the rest of the world. We were going to raise the standard of living of the world. We did not know that globalization meant that we were going to have wages brought down to the lowest common denominator.

We can measure this process in the trade balance, the deficit with China, in terms of trade, the deficit with Mexico. We can measure the amount of jobs they are taking, the dollar value and the amount of jobs they are taking. It is not so subtle. Our folks need to begin to understand this, and unfortunately we evidently are never going to have the help of the mass media, so we have to keep the crusade to educate the American public going on.

Mr. Speaker, I will stop at this point because I want to talk about a new factor that has entered into this process, and that is, you push the welfare recipient into the labor market and they are supposed to work at less than minimum wage. So that is a new pressure, in addition to telling the worker, ''If you don't shape up, if you join a union, if you do anything I don't like, I'm going to take your job to Mexico.'' These are to welfare recipients at less than minimum wage, so that is a double threat.

Mr. BONIOR. Mr. Speaker, I thank my colleague for his contribution. That is an important theme. It is really unconscionable when we think about what is happening here. Yes, sure, we want people to work, but we will not even pay them a minimum wage to work, we will not even give them the dignity of a decent wage. That is what is happening.

As I stated a little earlier in my comments, workers are not even safe with a minimum wage job if they live on the border near Mexico. People in El Paso, TX who were making $4.75 an hour are now losing their jobs to Mexico.

So this effort on the part of governments, per the gentleman's comments with respect to people moving off welfare and not being able to get a decent wage for the work they do, and the international, multinational effort to drive wages to the bottom, I mean it is amazing what is going on here, and people are picking it up. I mean there is something happening out there. It is slow, but people are figuring it out when they are working two and three jobs to make ends meet; when they get another job after they have been laid off and only at 60 percent of what they have been making; when we are seeing, as the gentleman currently points out, looking at the elections, by the way, last week.

□ 2100

I was sitting there. The NDP, the New Democratic Party, did very well. They doubled their number of seats in the Parliament last night, and a lot of that was based upon these faulty trade globalization policies. Of course, as we know, in France, the people in France were not willing to put up with this unfettered free market with no responsibility to the social cost to people. People are starting to understand that there needs to be some mechanism to stop this unfettered globalization from eating people up and eating all the gains we have made over the last number of years.

I yield to the gentlewoman from Ohio [Ms. KAPTUR], who has some charts I think she wants to share with us this.

Ms. KAPTUR. Mr. Speaker, I want to compliment and thank the gentleman from Michigan [Mr. DAVE BONIOR] for being so vigilant and having these special orders to help educate our Members and the American people to what is happening with trade agreements, jobs and wages in this country.

I am honored to join the gentleman from New York [Mr. MAJOR OWENS], my classmate from the class of 1988, and also the gentleman from Ohio [Mr. DENNIS KUCINICH] who we are so pleased to have here, and my good friend, the gentleman from Vermont [Mr. BERNIE SANDERS] who has been our partner in these efforts over the years. I think, as the gentleman from Michigan has said, we have made headway with the American people, though we still have not made sufficient headway here in Washington, but it is improving. We are making progress.

I just wanted to present a couple of pictures here that I took myself on a trip that we took to Mexico to point out what is really at issue here. We are talking about the ratcheting down of wages and working conditions in our country.

This is one of the companies, it is called Gigante Verde in Mexico, but it is Green Giant as we know it here in this country, a company that moved lots of jobs out of California. We are talking about the wage issue.

If Members look down here, they moved to Irapuato from Watsonville, CA; hundreds of jobs lost in California, where the workers earn $7.61 an hour in California. It is a State that has a pretty high-living standard. It is expensive. Seven dollars and 61 cents an hour is not a whole lot. In Irapuato, however,

Green Giant, which ships all that product back here, because it is frozen and we have freezers here, and the average homemaker in Mexico does not, they pay $4 a day to their workers there.

The draw is obvious: Production moving in the agriculture sector out of California into Mexico, workers in the processing plants paid much less than in this country, and Green Giant making huge profits.

The next chart, or it is actually a photo that I took, I had to take it with three pictures because it was so large, this is one of the companies that moved from New York. We will go to the other part of the United States. Trico Corp. makes windshield wiper blades.

This is a picture of the plant relocated from Buffalo into one of the maquiladora areas in northern Mexico. I do not think, unless a citizen has traveled to Mexico and has seen the vastness of these plants, they have any idea of the kind of transplantation that is occurring of United States production down to Mexico; and it is not just the United States, but it is international corporations of all stripes going to the cheapest wage havens of the world.

Mr. BONIOR. They are modern plants, they are huge facilities and they are very modern, as we can see.

Ms. KAPTUR. Completely modern. But if you go with a worker that works in this plant to where they live, it is an abomination. The people who work in these plants do not earn sufficient wages to buy anything they make. Their streets are not good enough to drive cars, anyway. They are bused into these locations, largely women workers. Seventy to 75 percent of the people working in this plant are women workers who earn maybe $1, $1.20 an hour compared to what the workers in Buffalo used to make.

None of that production is used by the people of Mexico. It is sent back here on vehicles that are assembled down there. One of the largest components of the trade deficit are assembled vehicles now, cars and trucks that are coming back to the United States.

The last chart, and this is sort of the frosting on the cake, but it makes me so angry I sometimes cannot contain myself, this is the street sign next to that plant. It is called Calle Ohio, Calle Michigan. They have actually renamed the street. You feel like you are living in a surreal world of Hollywood, where they just move the street signs around. It is the intersection of Ohio and Michigan Avenues. The problem is it is a maquiladora in Mexico, and the workers there have none of the rights of the workers in Ohio and in Michigan to earn a decent living, to earn decent benefits.

Mr. KUCINICH. Mr. Speaker, I think I figured out why they call it Calle Ohio, anyhow, Ohio Street; because listen to the cities in Ohio who have lost jobs to NAFTA: Bethesda; Bucyrus; Cambridge; Canal Winchester; Columbus; Dayton; Delaware; Galion; Green; Greenfield; Greenville; Grove City; Hebron; Kent; Marion; North Baltimore; Piqua; Prospect; Sidney; Strongsville; Tipp City; Troy; Willard; and Zanesville. Calle Ohio, indeed.

Ms. KAPTUR. We could go and find those companies down there. In fact, we need lots of missions by church groups and interested organizations around our country connecting the workers who have lost their jobs in this country and then going and finding those jobs. Remember the games we used to play as children, you would follow the string? We need to follow the string, whether it is Vermont, Ohio, California, Florida.

I wanted to place another company in the RECORD tonight that started layoffs this May, just this past month, in the State of Massachusetts, Osram Corp. And when the gentleman from Michigan talked about global production and global sourcing, this company is owned by Sieman's Corp. out of Germany. They are laying off an initial 160 workers at this company in Danvers, MA, starting this past May, just last month, and they do not know how many more they are going to lay off, but they are moving the workers to Juarez, which is in one of the maquiladora areas, and to Mexico City.

If I could just take 1 extra minute to read from one of the articles in the local weekly newspaper up in Massachusetts, it says that the layoffs are significant because they mark the first time NAFTA has impacted the labor force north of Boston. The President of the company said that it had a relationship to NAFTA, which was approved by Congress 4 years ago, but here is what he says in the article.

He says that aggressive pushes by competitors General Electric and Philips BV of the Netherlands into Mexico, where labor is cheap and environmental laws lax, forced Sylvania to reexamine labor costs. He says, ''My competitors are selling products at prices lower than my costs.'' And at that particular plant workers earn $13 an hour, while workers in Mexico earn less than $2 an hour. So they can rake off a lot more profits, whether the multinational is based in Germany and has a subsidiary in Massachusetts, or whether it is located in Ohio and it moves down to Mexico, or to any low-wage haven. That is really what we are fighting for.

Mr. BONIOR. It is not just the low wages, as the gentlewoman has just mentioned. They go down there, and you know, $13 up here, and they pay less than $2 to workers down there, and they do not have to do anything about the environmental standards.

The American Medical Association, a conservative organization by I think anyone's standards, labeled the maquiladora area as a cesspool of infectious disease. That is their words. These multinational corporations do not have the decency to put in sewers, clean water, the infrastructure that is needed for people that make their products, that make that company work down there, to live decently. That is another piece of the tragedy of all of this.

Mr. SANDERS. Mr. Speaker, if I may, the outrage, while all of this goes on, while they do not have enough money to clean up the environment, I was down in Mexico and we talked to women who were having miscarriages because they were working in such unhealthy environments. Children were being born with major birth defects.

They do not have the money to do that, but they do have the money to pay their CEO's 54 percent more this year than last year. They do have the money to hire all kinds of lobbyists to come here to Washington to tell Members of Congress how good this policy is that makes the rich richer and everybody else poorer.

They do have the money to put ads in newspapers all over America telling us how we have to cut back on Medicare and Medicaid and education and give tax breaks to the rich as part of a budget agreement several years ago. They suddenly have the money for those things, but when working people in this country and in Mexico ask for decent wages, gee, there is just no money available. I think this is the untold story of the last 30 years.

What saddens me very much is the corporate media, which is owned by these very same people, is not going to tell the story, but what we are seeing is a situation of unparalleled greed in the modern history of this country, where the people on top are making huge amounts of money, pushing down the American workers, pushing down the Mexican workers, forcing people to compete against each other, destroying the environment so they can sit up with their billions and billions of dollars. It is an outrage, and it is an outrage that this Congress has not effectively dealt with that issue.

Mr. OWENS. Mr. Speaker, the corporate greed we are seeing has absolutely no common sense. What history has clearly demonstrated over the past 50, 75 years is that the locomotive, the engine of the locomotive that drives the economy of America, and the American economy drives the economy of the whole world, is the middle-class consumer. Who are the middle-class consumers but the workers who earn decent wages in the factories?

Henry Ford did not automatically understand it, but he got around to understanding that folks need to have higher wages in order to buy my cars. It is only a matter of time. Nobody believes that what we have in motion is going to kill our economy, but it is only a matter of time when, as the rich get richer on top and they take away the power of the consumers in the middle and the bottom, there will not be anybody to buy these products and the great engine of the locomotive will go dead, and we will all be in a morass in terms of the economy.

The common sense of the American people has to come into this situation. Millionaires want to be billionaires. Billionaires want to be multi-billionaires. It is greed totally out of control and greed that is going to be self-destructive. They are going to destroy themselves as well as the whole American economy.

Mr. KUCINICH. Mr. Speaker, human rights is not just an international issue, something we should be concerned about happening in other countries. Human rights is a domestic issue, too. If someone does not have a job, if someone does not have decent wages, if someone cannot have decent benefits to protect their family's health, if people cannot get a good education, if they do not have rights on the job, their human rights are undermined. That is why these trade issues, GATT, NAFTA, most favored nation, all have relevancy to this country, because it is about our human economic rights in America.

We need to be, and it is good that we are, Congressmen and Congresswomen, standing up for the American people and for their economic rights and insisting that the human economic rights of the people in this country need to be protected, and we do that every time we raise questions, as we are doing this evening.

Mr. SANDERS. In terms of human rights what I get a kick out of is not so many years ago we were told that China was a Communist authoritarian society where people did not have any rights, where people did not have religious freedom. Unless I am not hearing what is going on, not only have things not changed, they have gotten worse.

The State Department last year announced that the situation in China in terms of human rights is worse. With over 1 billion people, they said there are no dissenters. In all of China, nobody, not one person, according to the State Department, is out on the street able to dissent against their authoritarian country.

But what has changed in America? What changed in America is corporate America has said, gee, maybe that is not such a bad place to do business. Hey, why were we attacking these people? No unions, no freedom to stand up and fight back? Sounds like a good place to do business.

So where 20 years ago we were told how terrible Red China is, suddenly these same corporations are now spending millions of dollars to convince us that it is really a very fine place and it is a wonderful place to do business. What better place can you have? You pay people 20 cents an hour. If they stand up and fight back they are fired, put in jail. You have slave labor over there in the prisons. What a good place to do business. Let us continue MFN with China, say our corporate friends.

Fortunately, some of us do not agree with that.

Mr. BONIOR. I thank my colleague. I think that is a good summation to end with tonight. I thank the Speaker for his patience with us this evening, and his indulgence in the last minute or so. I thank all of my colleagues for coming this evening and sharing their thoughts. We look forward to continuing this debate.

REPORT ON H.R. 1757, FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1998–1999, AND H.R. 1758, EUROPEAN SECURITY ACT OF 1997

Mr. DIAZ-BALART (during special order of the gentleman from New York, Mr. OWENS), from the Committee on Rules, submitted a privileged report (Rept. No. 195–115) on the bill (H.R. 1757) to consolidate international affairs agencies, to authorize appropriations for the Department of State and related agencies for fiscal years 1998 and 1999 and for other purposes, and for consideration of the bill (H.R. 1758) to ensure that the enlargement of the North Atlantic Treaty Organization [NATO] proceeds in a manner consistent with the Untied States interests, to strengthen relations between the United States and Russia, to preserve the prerogatives of the Congress with respect to certain arms control agreements, and for other purposes, which was referred to the House Calendar and ordered to be printed.

DESTROYING ORGANIZED LABOR AND MAKING WORKERS POWERLESS IN THIS COUNTRY

The SPEAKER pro tempore [Mr. GIBBONS]. Under the Speaker's announced policy of January 7, 1997, the gentleman from New York [Mr. OWENS] IS RECOGNIZED FOR 60 MINUTES.

Mr. OWENS. Mr. Speaker, I would like to make it clear that my colleagues are welcome to stay. The issue I am about to discuss is quite relevant and related to the previous issue.

Mr. Speaker, we are in a situation where, as I said before, there is a drive on to drive the workers' wages down to the lowest levels, and the process of globalization is being used to do that, where corporate powers are moving the jobs and their manufacturing processes to the areas that have the lowest wages, and there is a continual search that goes on and on perpetually for the lowest wages.

At the same time, we have a situation in our borders here in America where every effort is being made to destroy organized labor, to take away the power of the workers to speak for themselves and to drive the work force here down to lower levels at the same time you are taking away their jobs and forcing them to bargain for lower wages because of the globalization.

□ 2115

We have with the welfare, so called, reform. It was not welfare reform. It was welfare liquidation. We destroyed the entitlement, for that has been in the law for 65 years, that was not reformed. That is elimination, liquidation.

We gave to the States certain powers, and we give them money, but the right for a poor person to expect his government to help to keep him alive is gone. The welfare reform was driven by a call to put people to work. Work was a necessity in order for human dignity to be encouraged. Work was desirable and work was available. We insisted that the work was available in spite of the fact that we had high unemployment in all of those areas where you had a large welfare case load, large numbers of people are on welfare in the areas where you have the biggest unemployment problems.

So now we have a situation where we have pushed and are pushing people off the welfare rolls. We are insisting that there are jobs, and as we mobilize to put more and more people to work, what is happening is that we have created a situation where people are being forced to work for less than the minimum wage. And when accusations are made that this is a movement toward slavery, people are upset. They say how dare you use the word slavery.

Let us stop for a moment and consider the fact that on the plantation everybody had a job. There was no unemployment on the plantation. You might have great varieties in terms of fringe benefits in terms of housing provided or decent food, but everybody had a job. You can have a situation where everybody has a job, and you can take away the dignity of people through the job but not paying them a decent wage, you can drive down the wages to the point where we have a new class of people, what you might call urban serfs or suburban peasants.

Mr. Speaker, they are in a situation where they are locked into accepting whatever is given them, but it has nothing to do with the relationship with what they need and what the standard of living is in our particular society. So we are driving down wages now by introducing into the labor market a new class of people, putting them in jobs and paying them less than even the minimum wage which is totally inadequate.

We have had previous discussions about how inadequate the minimum wage is. It is going to go up to 5.15 an hour, it is now at 4.75. If you look at what it takes to maintain a family, you can make the minimum wage and work every eligible hour during the year, and still you are in poverty according to our own standards.

So I want to open the discussion in terms of the new threat, the additional threat in addition to most-favored-nation status for people for countries like China in addition to NAFTA and in addition to GATT. We now have a drive on within our own society to finish the job and it is not unrelated, what is happening to welfare recipients and workfare and the movement to try to force people to work for less than the minimum wage is not unrelated to the