(Mr. REDMOND addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

EAST ASIA ECONOMIC INSTABILITY AFFECTS U.S.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HINCHEY) is recognized for 5 minutes.

Mr. HINCHEY. Mr. Speaker, I want to talk this evening for just a few minutes about the meeting of the Federal Reserve Federal Open Market Committee which will take place on Tuesday of next week, the 31st of March.

This is a very important meeting, as all of these meetings are, because the Federal Open Market Committee will in effect be setting short-term interest rates for the months ahead. Setting short-term interest rates is important because it governs so much of the lending that goes on, particularly the consumer lending that goes on in our country.

It is consumer lending and borrowing that affects so much of our economic circumstances, including the level of growth. So the interest rates which will be determined at this meeting of the Federal Open Market Committee on Tuesday are critically important.

The Fed has been saying, in effect, that they have been holding interest rates steady. That is essentially true. They have been holding them steady at about 5½ percent. When you factor in the very important fact that the consumer prices, in other words, the cost of living, has been going down, then you see that real interest rates have, in fact, been going up over the course of the last many months.

This chart here, I think, demonstrates that quite clearly. Beginning in 1997, the interest rates have gone up quite dramatically. And the indications are that, absent any change in Federal Reserve policy, real interest rates, that is interest rates as a function of inflation, as a function of the cost of living in our society will continue to go up as this chart here clearly demonstrates.

If interest rates go up, that means that the cost of many things will go up as people have to borrow to buy those things in our society. The Fed is excusing this raising of real interest rates by saying that there are indications of inflation in our economy.

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But when we look closely at it, we discover that that is not the case at all.

Just today, an announcement came out of the Department of Commerce indicating that durable goods orders were down again, orders for durable goods, which are used in every aspect of manufacturing in our country have gone down, indicating that manufacturing is going to go down in the future because those durable goods orders are going down.

Consumer prices at both the retail and at the wholesale level continue to decline. There is absolutely no indication of any inflation anywhere in our economy, yet the Federal Reserve continues to allow interest rates to creep up. That is real interest rates, interest rates as a function of inflation.

Now, under ordinary circumstances, this would be troubling, and we would be upset with the Federal Reserve for allowing the cost of borrowing to continue to creep up this way. But we are now involved in a circumstance that is not normal at all; it is very unusual. That circumstance is the financial crisis that is sweeping across all the countries, virtually all of the countries, at least, of East Asia and the very complicated financial problems that exist in those countries, which are causing actual disinflation in East Asia, and even deflation in some places that is going to flood the marketplace of every other economy in the world, as much as possible, with these cheap goods. Therefore, that is going to cause additional economic problems here.

Indications are that the flooding of these cheap goods into our economy is going to cost us as much as 1 or 2 points in our economic growth and the cost could be even higher. We could experience economic growth of only 1 percent or even negative economic growth sometime later this year if the Federal Reserve does not act soon to reduce interest rates and prepare us for the onslaught of the consequences of what is taking place in East Asia.

Some other countries are preparing themselves for the consequences of these activities. For example, some of the OPEC countries recently realizing that the deflation going on in East Asia that is causing oil prices to drop have come together and they are reducing the amount of oil that they are producing, and that is going to raise oil prices a bit, but what they are doing is preparing their economies for the onslaught of this disinflation and even deflation that is coming across from East Asia.

Mr. Speaker, we need to do the same. The most important way that we can prepare ourselves for the effects of this disinflation and deflation is to lower interest rates, lower short-term interest rates at the next meeting of the Federal Reserve Federal Open Market Committee.

I am circulating a letter this week to all of the Members of the House of Representatives asking them to join me in a letter to the Federal Reserve, asking them to take into consideration the fact that durable goods orders are down again, to take into consideration the fact that consumer prices and wholesale prices continue to fall, and to take into consideration the fact that we are about to be hit by the disinflation sweeping across East Asia, and that is going to have a damning effect on our economy, and we need to act, and act soon.

The SPEAKER pro tempore (Mr. DEAL of Georgia). Under a previous order of the House, the gentleman from Illinois (Mr. EWING) is recognized for 5 minutes.

(Mr. EWING. addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

H.R. 23, THE STOP SWEATSHOPS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PASCRELL) is recognized for 5 minutes.

Mr. PASCRELL. Mr. Speaker, I rise today to bring to the attention of my colleagues a tragic event of yesterday and raise a call to action on a serious problem of today.

Today marks the 87th anniversary of what was, by many accounts, the worst factory fire in the history of our Nation, a fire that by the time it was finally quenched, had taken the lives of 146 women, many of whom would better be described as young ladies, girls as young as 13 years of age. The fact that 146 innocent lives were lost make the events of March 25, 1911, horrible, but it is the reason why these lives were lost that makes it a very tragic, a serious tragedy and a crime.

The fire occurred in the factory at the Triangle Shirtwaist Company, a woman's clothing manufacturer. The factory was little more than 500 women crammed together at sewing machines in a small building which now houses part of New York University, forced to stay at the machines for long hours at little pay. The tragedy was fostered by the fact that the room was packed well beyond its capacity and the doors were locked by the owners to keep the women at their machines.

Mr. Speaker, this is history being repeated today, a setting which led to the loss of 146 lives in 15 minutes. As great a tragedy as the Triangle Shirtwaist Factory fire was, the bigger tragedy is that the very conditions that led to it 87 years ago still exist. Despite what many think, sweatshops are not a thing of the past nor are they the domain of Third World nations. They exist right here in this greatest of all democracies.

Mr. Speaker, a 1994 General Accounting Office study estimated that New York City's famed garment industry may be populated by as many as 2,000 sweatshops. In Los Angeles and Miami, 90 percent, 80 percent of all garment shops are sweatshops; the Department of Labor officials have determined that in my own State of New Jersey, in the northern part of the State, 300 sweatshops, a figure that is actually on the rise as more and more sweatshops are migrating across the river from New York to New Jersey to take advantage of less expensive rents.

The continued proliferation of sweatshops is one of the greatest threats to the continued vitality of our economy and the rights of hard-working Americans. The honorable businesses that observe the Fair Labor Standards Act