

politicians who spend endlessly for reelection purposes. When the private sector lacks its appetite to lend sufficiently to the government, the Federal Reserve is always available to buy Treasury debt with credit created outside of thin air. At the lightest hint that interest rates are higher than the Fed wants, its purchase of debt keeps interest rates in check; that is, they are kept lower than the market rate. Setting interest rates is an enormous undertaking. It is price fixing and totally foreign to the principle of free market competition.

Since this process is economically stimulating, the politicians, the recipients of government largess, the bankers, and almost everyone enjoys the benefit of what seems to be a gift without cost. But that is a fallacy.

There is always a cost. Artificially low interest rates prompts lower savings, over-capacity expansion, malinvestment, excessive borrowing, speculation, and price increases in various segments of the economy. Since money creation is not wealth creation, it inevitably leads to a lower value for the currency. The inflation always comes to an end with various victims, many of whom never enjoyed the benefits of the credit creation and deficit spending.

This silly notion of money and credit gives rise to the conventional wisdom that once the economy gets really rolling along, it is time for the Fed to stop economic growth. This false assumption is that economic growth causes higher prices and higher labor costs, and these evils must be prevented by tightening credit and raising interest rates.

But these are only the consequences of the previous monetary expansion, and blaming rising prices or higher labor costs is done only to distract from the real culprit, monetary inflation by the Federal Reserve.

In a free market, economic growth would never be considered a negative and purposely discouraged. It is strange that so many established economists and politicians accept the notion of dampening economic growth for this purpose. Economic growth with sound money always lowers prices. It never raises them.

□ 1930

Deliberately increasing rates actually increases the cost of borrowing for everyone, and yet it is claimed that this is necessary to stop rising cost. Obviously, there is not much to the soundness of central economic planning through monetary policy of this sort.

There are some who see this fallacy and object to deliberately slowing the economy but instead clamor for even more monetary growth to keep interest rates low and the economy booming. But this is just as silly because that leads to even more debasement of the currency, rising prices, and instead of lowering interest rates will, in time,

due to inflationary expectation, actually raise rates.

Fine-tuning the economy through monetary manipulation is a dangerous game to play. We are now completing a decade of rapid monetary growth and evidence is now appearing indicating that we will soon start to pay for our profligate ways.

The financial bubble that the Fed manufactured over the past decade or two will burst and the illusion of our great wealth will end. In time, also the illusion of "surpluses for as far as the eyes can see will end." Then the Congress will be forced to take much more seriously the budgetary problems that it pretends do not exist.

#### PERMANENT TRADE RELATIONS WITH CHINA

The SPEAKER pro tempore (Mr. OSE). Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, I wish to inform my colleagues and those who are listening this evening of the publication of an excellent new report called *Made in China*, released by Charles Kernaghan, of New York City. This report can be found at web site [www.nlcnet.org](http://www.nlcnet.org). It talks about the role of U.S. companies in denying human and worker rights in China.

The report begins, "For years, and now again with renewed vigor, U.S. companies have claimed that their mere presence in China would help open that society to American values." And it talks about "Recent in-depth investigations," conducted by individuals in China, at great risk to themselves, "of 16 factories in China producing car stereos, bikes, shoes, sneakers, clothing, TVs, hats and bags for some of the largest U.S. companies clearly demonstrate that Wal-Mart, Nike, Huffy and others and their contractors in China continue to systematically violate the most fundamental human and worker rights, while paying subsistence wages."

The report talks about Kathie Lee handbags being made for Wal-Mart at the Qin Shi factory where 1,000 workers were being held under conditions of indentured servitude in that Communist country forced to work 12-to-14-hour days 7 days a week with only one day off a month while earning an average of 3 cents an hour. However, after months of work, 46 percent of the workers surveyed have earned nothing at all. In fact, they owed money to the company.

This report is absolutely amazing, and I would urge all my colleagues to take a look at the firms mentioned in this book.

I also want to refer this evening to one in particular, Huffy Bicycles, which had been manufactured in my own State of Ohio, where 2,000 people lost their jobs, people who were earning \$11 an hour, making a quality product. They were asked by their company

to take a \$2 an hour wage cut in Salina, Ohio, and they did, earning \$9 an hour, because they wanted to keep their jobs. And I might say that Huffy has 80 percent of the U.S. bicycle market. Those jobs were moved to China. They were testing the waters in China. This is even before this proposal here to have permanent normal trade relations with China.

Why should we approve of a system which does the following? Huffy uses a contractor in China, the Taiwanese Zhenzhen Nan Guan Corporation in Bicycle Factory Number 1. There is also a Bicycle Factory Number 2. They assemble these bikes from parts supplied from local materials, from local factories, or from the Fuda Corporation from Taiwan. The workers in this factory work from 8 in the morning until 9:30 or 11:30 at night. They work 7 days a week. They earn 25 cents to 41 cents per hour for a weekly wage of \$16.68 for a 66-hour workweek.

Think about that. And if they do not work the mandatory overtime, they are penalized double. They lose \$6.02 of their weekly wage, or 2 full days of wage if they refuse to work the overtime.

Not only that, but the quality of the bicycle has gone down. If we go to Kmart, if we go to these retail outlets and we buy a Huffy bike, it still costs \$100, but look at the welds. The double welds that used to exist on the fenders, which our workers were very proud of their work in the State of Ohio, they know good metal and they know good quality workmanship, that does not exist any more. The quality of metals has gone down.

And when we try to find if the bearings are good or we try to figure out before we buy it whether the bike is of quality, everything is sprayed with paint now. We really cannot tell the quality of the workmanship until we buy the bicycle. Huffy does not stand for quality any more.

I will never get one of their campaign contributions, but what they did to the workers in Salina, Ohio, to me, is repugnant. And I think to have this kind of indentured servitude, for America to approve anything permanent with China, until we fix situations like this, really undermines the fundamental liberties and principles for which this Nation should stand domestically and internationally.

And let me add a word as a graduate of the University of Michigan. Two weeks ago the University of Michigan Board of Trustees, along with Brown University and the University of Oregon, refused to sign contracts with Nike Corporation, which is also talked about in this excellent report. And they did that because all the university boards of trustees asked to do was that the sports departments not buy sports equipment from sweat shop labor in places like China. Those companies were so angry that they cut off \$26 million to the University of Michigan's endowment as well as the University of Oregon and Brown University.

Well, Mr. Speaker, my hat is off to those university boards. The presidents of those universities, including Gordon Gee of Brown University. They did the right thing for the world, the right thing for America. Their moral courage will stand on its own.

**HONORING BERT SNYDER FOR HIS COURAGE IN THE FACE OF DANGER**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, the anniversary of the Columbine shooting has been the focus of media attention the last few years. It has been difficult during this time not to be reminded of the two young men who devastated a small Colorado town and the entire Nation with violence. The picture of these young killers has been ingrained in many of our minds when we think about today's youth. This is an image that the media continues to foster, and one that I personally find unfortunate.

While I recognize that we do live in a violent society, I also note that there are bright young men and women in every Congressional District across this country who are working to become active and productive members of society. Tonight, I am proud to tell my colleagues about one such individual from my district, the Third District of North Carolina.

I recently attended the Annual Recognition Banquet of the East Carolina Council of the Boy Scouts of America. I had the honor of presenting a very special award to a young man whose bravery and courage in the face of danger should serve as an inspiration to us all.

When I presented Bert his award, I could see the justified pride in his parents, Vern and Jessica Snyder's, eyes, as well as in the eyes of his scout leaders and his fellow boy scouts.

Bert Snyder is a student at Rose High School in Greenville, North Carolina. On May 10 of last year Bert and his friend, Rice Godwin, were driving home from school when they encountered a multi-car accident at an intersection near the high school. The two young men stopped their car at a local convenience store and ran to the scene of the accident. It was evident, as they approached the accident, that one of the drivers involved had suffered a severe injury to her arm and her knee. The passenger in the car had sustained a head injury and appeared to be in a state of unconsciousness.

By the time Bert arrived on the scene, as many as 30 people had already gathered, but, Mr. Speaker, nobody was making an effort to assist the victims. Bert stepped in and ordered a fellow student to call 911. He then assisted the female victim by providing comfort and assurance to help prevent her from going into shock. When he noticed that

she was losing a significant amount of blood from the injury to her arm, he removed his own shirt and applied pressure to the site. Bert continued his efforts to stop the bleeding even after firemen arrived at the scene. Only when rescue personnel with the EMS unit arrived did Bert break from his efforts.

Mr. Speaker, Bert Snyder placed himself in a potentially unknown and threatening situation to help someone in need. When onlookers did not take action, he stepped in and offered reassurance and emergency assistance. Mr. Speaker, I do not know, as an adult, if I would have been prepared enough or secure enough in my abilities to assist in a similar emergency situation with the same confidence and assertiveness as Bert.

As a result of his courage and bravery, Bert was honored with the National Heroism Award at the award ceremony. The award was presented to Bert on the recommendation of the National Court of Honor because he demonstrated heroism and skill in saving or attempting to save a life at risk to self.

Mr. Speaker, it was an honor for me to present Bert with this important recognition. It was also a joy to attend the awards banquet and to be reminded of the number of young men and women who are working with organizations like the Boy Scouts and Girl Scouts to gain the values and leadership skills that will help lead this country into our future. Too often these bright young people do not receive the media attention they deserve.

Mr. Speaker, I want to take this opportunity to thank Bert Snyder for his courage and his commitment to his fellow man. Bert exemplifies the young men and women in our society who have the character and leadership skills to lead this country and tomorrow's future.

I want Bert to know how proud I am to have the opportunity to represent him and his family in the House of Representatives and to share his important story with this Nation. Bert Snyder is a member of today's youth who can make us all proud. I applaud his efforts and the efforts of every young person today who is working to make a difference within their communities.

Bert Snyder, America's future is bright because of young people like you throughout this Nation. We thank you for your courage.

**PERMANENT NORMAL TRADE RELATIONS WITH CHINA**

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. PELOSI) is recognized for 5 minutes.

Ms. PELOSI. Mr. Speaker, listening to my distinguished colleague from Ohio (Ms. KAPTUR) speaking earlier about the potential permanent normal trade relations vote that we will have

on China soon reminded me that any opportunity I get I should come to the floor. And since there is an opportunity now, I thought I should take this 5 minutes.

As my colleagues know, President Clinton has sent a request for Congress asking this Congress to yield permanent normal trade relations with China. He bases that request on a U.S.-China bilateral agreement signed in 1999. He bases that request also on a history of absolutely noncompliance on the part of China of any trade agreements they have ever signed with the U.S., be they trade agreements for market access of U.S. products into China's market, be they trade agreements on intellectual property violations by the Chinese, be they trade agreements on use of prison labor for export, China year in and year out continues to violate these agreements, and now the President has said, the Chinese will honor this one.

Well, they are already backing off this one. In fact, in two areas of agriculture, of particular note I think to this body, the Chinese have a different interpretation. They are famous for reinterpreting treaties and agreements. For example, on the subject of wheat, the U.S. Trade Rep's factsheet says that wheat and grain, therefore, will be allowed into China. The Chinese Trade Rep says, any idea that the grain will enter the country of China is a misunderstanding. Beijing merely conceded a theoretical opportunity.

On the subject of meat, the Trade Rep's factsheet talks about meat and poultry, all forms, being allowed into China. The Chinese Trade Rep says, not so, not quite. He says diplomacy is a way of finding different forms of expression, and to that extent we found new expressions, we were diplomatic, but where there were no material concessions made.

So on the basis of a flimsy 1999 U.S.-China trade agreement, in which, by the way, there was little attention paid, practically none, to enforcement, compliance or implementation, the President is asking this body to surrender to the dictates of the regime in Beijing permanently any leverage that we have on trade and, indeed, human rights and proliferation of weapons of mass destruction as well.

Even if we could put aside for a moment, Mr. Speaker, the brutal occupation of Tibet, the ongoing repression of human rights in China, the continuing proliferation of weapons, chemical, biological and nuclear weapons of mass destruction to rogue states, to Pakistan, the ongoing relationship between the Chinese and the Pakistanis in terms of missile technology transfer, same thing with Iran, more recently with Libya, since this 1999 U.S.-China trade agreement they have proliferated to Libya, the administration does not want that known, but it is in the public domain, so in any event, we have many areas of concern. But even if we were to make a determination strictly on