

## CHINA AND INTELLECTUAL PROPERTY RIGHTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentlewoman from California [Ms. PELOSI] is recognized during morning business for 5 minutes.

Ms. PELOSI. Mr. Speaker, this weekend U.S. Trade Representative Mickey Kantor announced that the United States and China reached an agreement that will provide protection of intellectual property rights for the United States companies and provide market access for intellectual property-based products. Good for him, and I commend the Clinton administration for their tough negotiating stand that they took on reaching this agreement.

The agreement between China and the United States contains the following commitments from China: to take immediate steps to address rampant piracy throughout China; to make long-term changes to ensure effective enforcement of intellectual property rights; to provide United States rights holders enhanced access to Chinese markets. This includes a commitment for no quota on United States audiovisual products among other provisions.

Mr. Speaker, this agreement—and it was necessary for the administration to be so very tough—this was necessary because about 3 years ago, the Bush administration, in addressing this intellectual property problem, engaged in a memorandum of understanding with the Chinese. Operating in good faith, the United States entered into this agreement which, unfortunately, the Chinese did not enter into in good faith. Because China did not live up to its obligation of the agreement to enforce its laws and regulations, intellectual property rights have been virtually absent in China. Respect for them have been absent and piracy rates are soaring in all the major centers along China's increasingly prosperous east coast. In the past 2 years Chinese companies have been exporting pirated products in large volume. Not only are they pirating intellectual property for domestic consumption, they have become exporters to Asia and Latin America, Canada and the United States of our intellectual property.

For example, Mr. Speaker, China—in China they have a capacity to produce 75 million CD's for a domestic market that can only absorb 5 million CD's annually. So they produce 15 times more than they can possibly consume domestically under the present circumstances.

So it was, as I say, I thought that the memorandum of understanding was weak when it was entered into, but the Bush administration gave the Chinese the benefit of the doubt.

Since that time, as you know, Mr. Speaker, there has been a boom in the Chinese economy, the rates of growth have been record highs—have reached record highs. And with that increase in the boom have increased the piracy and

violations of our intellectual property agreement.

The agreement is one thing, however, and enforcement is another. Today's action was necessary because of the failure of the MOU, as I mentioned.

Why am I suspicious and why do we have to be very vigilant as far as the Chinese on the enforcement of the intellectual property? Because of several factors.

In the past 5½ years, since Tiananmen Square, the trade deficit with China, largely because of unfair trade practices of the Chinese, has increased from \$6 billion to \$30 billion—\$30 billion trade deficit. I told you about the CD's, 75 million—for domestic consumption, 5 million. At that, pirated, even the 5 million would be pirated.

You may recall, Mr. Speaker, that the paramount leader, Deng Xiaping visited south China to support the market reforms going on there and with great pride he visited the Shen Fei factory in 1992, the very factory that was producing pirated illegal U.S. intellectual property.

Many of us, people even in the administration, are suspicious of the Chinese willingness to crack down on that particular factory because relatives of the highest leaders in China benefit from the profits. They are the owners. Indeed, it might surprise you, Mr. Speaker, to know that even the trade ministry of China uses pirated Microsoft software. So when I say that they do not operate in good faith in the memorandum of understanding, you know why I am suspicious.

But one other thing happened over the weekend in relationship to China. I wanted to call it to the attention of our colleagues.

Twelve intellectuals petitioned China on corruption. The dozen prominent intellectuals formally petitioned the parliamentary bodies to conduct an independent investigation into corruption of the Chinese leadership. The presentation of the 2,000-word petition marks the first time in a year that an organized group of scholars, writers, and former Communist Party members—indeed, two of these people were former editors of the People's Daily; they had been fired because their prodemocratic sympathies, proreform sympathies.

In any event, my point is: If the administration pays at least 1 percent of the time to the rights of the intellectuals, the workers, the people of China as it is done to intellectual property rights, we might be able to have some success in that arena as well.

I wanted to make sure our colleagues were aware of the petition of the intellectuals.

## THE SCHOOL LUNCH PROGRAM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Ohio [Mr. HOKE] is recognized during morning business for 5 minutes.

Mr. HOKE. Mr. Speaker, I have been troubled over the past 10 days and particularly this weekend over the rhetoric that has been coming from the other side of the aisle with respect to the school lunches and WIC, which means the program that is for women, infants and children. We have been attacked on this side of the aisle with all of the old canards: callousness, lack of compassion, not caring at all, being the tutees of big business, et cetera, et cetera.

I have been extremely curious about why the Democrats have been attacking us with such viciousness. We heard another attack just this morning on the same subject, not a vicious attack, but an attack nonetheless. And because it is clear to me that when you analyze the Republican approach to this, it certainly does not do what the Democrats claim it would do. In other words, it is not on the facts that people are confused.

If you listen to the numbers, Mr. Speaker, you get a very different picture. First of all, the amount that we are spending on school lunches in 1995 is \$4,509,000,000. Under the base line, what the proposal from the President, it would have been \$4,703,000,000 in 1996. Our Republican proposal actually increases that to \$4,712,000,000. So in other words, there is more money going to school lunches, certainly \$200 million more than in 1995. Actually, \$9 million more than, I am sorry, not \$9 million, \$90 million more than had been proposed in the President's budget. And so that does not square with the attacks you have heard.

Look at the WIC spending. WIC is money that goes to women, infants and children, \$3,470,000,000 in 1995. Under our proposal, \$3,684,000,000 in 1996, an increase of more than \$200 million. That is also an increase of \$100 million over the CBO baseline estimate.

Now, I started to think about this. I thought, if we are in fact increasing the amount of money that is going to school lunch spending, why is it that we have been attacked by the President, by the administration, by Cabinet members and by leadership on the other side of the aisle? It seems to me that what you have to look at is who is being cut. And who is being cut by this program are bureaucrats in Washington. The people in Washington that have been making these decisions, they are cut through the Ag budget. They are cut substantially. It is real pain for a person that is losing their job in the Federal bureaucracy. I do not doubt that for a moment. But the fact is, that when we are making the cuts, as a result of that, you have to say to yourself, who is it that the Democrats are representing in this process? Are they representing the children or are they representing the bureaucrats?

So I decided to myself, well, maybe what I want to do is what I used to do in the private sector, and that is follow the money.