

peasants in little villages and all through Romania heard of the fact that the people's House, the House of Representatives, had stood firm and had struck a blow for freedom by denying MFN, and they knew that someone in the West cared.

Now what will they hear today? They will hear that Clinton has granted MFN again this year. They will see that maybe the Congress has not done anything, and that we do not really care and we do not really act.

In closing, I would just urge all of my colleagues to be with the American people, be with the American people in the Harris-Teeter poll in the Wall Street Journal on May 1, 1997, which said as follows: that 67 percent said they demand human rights policy changes, and 27 percent said to continue trade relations.

The American people are where they always have been. The question is, will the Congress, will the Congress be with the American people?

Mr. Speaker, I include for the RECORD an article from the Seattle Times of Monday, May 12, 1997.

The article referred to is as follows:

[From the Seattle Times, May 12, 1997]

NEW CHINA LOBBY IS BIG BUSINESS

(By Sara Fritz, Los Angeles Times)

WASHINGTON.—Jolinda Resa, owner of Square Tool and Machine in El Monte, Calif., was receptive last year when a Boeing representative showed up at her plant with an unusual request.

The visitor asked Resa, whose company supplies Boeing with machines for its manufacturing plants, if she would assist the giant airplane manufacturer in a drive to urge Congress to renew most-favored-nation trade status for China.

Resa gladly agreed to contact her congressman, Rep. David Dreier, R-Calif., and she arranged for local business leaders to attend a luncheon with a speaker recommended by Boeing. She did it, she says, because she realized that the future of her company depends on Boeing orders from airplane sales to China.

"In order to keep my 70 employees working," she explained. "I felt I should do everything I could."

Thus was the tiny Square Tool and Machine recruited into what experts call "the new China lobby"—a broad-based, highly sophisticated army of U.S. corporate executives, lobbyists and consultants who use their considerable economic and political influence to press the U.S. government into maintaining good trade relations with China, whose market is the fastest growing in the world.

\$20 MILLION LOBBYING EFFORT

Last year, major U.S. corporations doing business with China spent an estimated \$20 million on a state-of-the-art lobbying drive that relied heavily on small-business suppliers such as Resa. Congress ultimately approved another one-year renewal for China for the low tariffs and other preferences for U.S. trading partners who have MFN status.

This year, however, China's reliance on U.S. companies to lobby on its behalf for another one-year MFN extension has taken on a more sinister coloration as a result of allegations that the Chinese may have made illegal donations to the U.S. presidential campaign last year.

Opponents of unfettered U.S.-China trade, including labor unions, human-rights groups

and conservative Christians, are demanding to know why China seems to command more loyalty from U.S. business than do other foreign countries.

The Chinese government has made no secret in recent years of its determination to influence U.S. government policy. Among other things, it has established a Politburo-level Working Committee on the U.S. Congress, which monitors actions in Washington and regularly hosts U.S. lawmakers in Beijing.

American companies insist that they are representing their own interests—not those of China—when they lobby for MFN status. They note that the Chinese repeatedly have declared that business with U.S. companies will be halted if MFN status for China is revoked or if Congress makes it contingent on democratic reforms in China.

Cindy Smith, spokeswoman for Boeing, says the Chinese are in no way directing, financing or influencing the pro-MFN lobbying effort by big American companies. Yet she admits that her company knows the Chinese are paying close attention to Boeing's lobbying activities.

"Did (the Chinese) ask us to do it? Never!" Smith said. "Are they happy and pleased? Of course."

CHINA IS THE FUTURE

As Boeing officials explain it, big U.S. corporations believe that their economic future depends on preserving trade with China. Boeing estimates that China will buy 1,900 airplanes valued at \$124 billion over the next 20 years—sales that will go to other countries if Congress raises barriers to trade with China.

Many American companies not only depend upon sales to Beijing, but they also have made sizable investments in Chinese plants. Motorola, for example, estimates that it has invested at least \$1 billion in China; making it the largest U.S. investor.

American companies are sensitive to criticism of their lobbying expenditures on behalf of China, particularly since the news media began reporting on possible illegal Chinese donations to U.S. political candidates. As a result, these companies refuse to discuss their lobbying activities in detail or to disclose how much money they are spending on it.

Nevertheless, experts say corporate lobbying expenditures on MFN status far surpass the amount spent by business on any other issue.

Groups established to lobby for unrestricted U.S.-China trade include the U.S.-China Business Council, made up of 300 corporations; the Emergency Committee for American Trade, a group of 55 chief executives; the Business Coalition for U.S.-China Trade, an organization of trade associations; and the China Normalization Initiative, a loosely organized state-by-state effort run by a few big companies such as Boeing and Motorola.

MFN REQUEST DUE ON JUNE 3

Although this year's political battle over MFN status may not begin formally until June 3—the date by which President Clinton must request renewal—all these groups are lobbying hard. Top corporate executives have been calling on members of Congress for several weeks, and the "captains" of more than 30 state-level MFN campaigns were introduced to their Congress members at a well-attended party on Capitol Hill last week.

By all accounts, the ability of major American corporations to enlist their suppliers as lobbyists was seen as the secret to their victory last year. Members of Congress respond more readily to the concerns of small-business owners in their own districts than to high-pressure pitches from big-business lobbyists.

PR Watch, a small newsletter that covers the lobbying and public relations industries, recently published a secret map that corporations used in last year's MFN campaign. It shows how each big company in the coalition was assigned a state or region of the country where it was expected to recruit small-business people to press for MFN status.

Square Machine and Tool was part of the California campaign, which the map shows to be the primary responsibility of executives from IBM and TRW. Resa was one of 1,200 Boeing suppliers across the nation who got involved in the campaign, according to the company. For her effort, she received a large framed photo of a Boeing 737 taking off in a scenic area of China.

Critics see problems with the corporate tactics.

By enlisting small businesses to participate in the MFN lobbying campaign, says Representative Nancy Pelosi, D-Calif., the big companies create a false appearance of "grass-roots" support for MFN status when in fact the support is more like "Astroturf—the kind of grass that you buy."

Pelosi and Fiedler, among others, demand that members of the new China lobby disclose more details of their legislative strategies and their sources of income.

Registered foreign agents must file regular public reports. But many of the high-profile companies and professional consultants who represent Chinese interests in Washington—including former secretaries of State Henry Kissinger and Alexander Haig—escape the requirement because they work for companies that do business in China, not for the Chinese government itself.

Fiedler says some of the lobbyists have "crossed the line" between representing their own business interests and propagandizing on behalf of the Chinese government.

KISSINGER AND BOEING

He cites a half-hour video titled "China and Boeing Working Together" that the company distributes to the news media. The video, replete with misty Chinese scenery and sentimental music, records a speech in Beijing by Kissinger defending the policies of the Chinese government and condemning Americans who want to use trade sanctions to force changes in China.

Fiedler and other critics say these consultants are intellectual hostages of the Beijing regime and speak out favorably for China, to arrange meetings for their clients with top leaders in Beijing.

"There is a direct quid pro quo in terms of access," Pelosi said. "They get access in exchange for speaking out."

RECESS

The SPEAKER pro tempore (Mr. PEASE). Pursuant to clause 12 of rule I, the House stands in recess subject to the call of the Chair.

Accordingly (at 2 o'clock and 42 minutes p.m.), the House stood in recess subject to the call of the Chair.

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AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. GOSS) at 8 o'clock and 9 minutes p.m.