

number of the ways that our Nation excels. The United States is the most energetic and innovative country because of the combination of these AAPI strengths with the diverse abilities and skills of our Nation's other ethnic and racial groups. The U.S. is also a leader in the world because of our ability to acknowledge, celebrate, and utilize the potency of our combined, diverse citizenry, including the contributions from every member of our AAPI community. In the world that is all too frequently wracked by ethnic and religious conflicts, we can demonstrate to others how racial and ethnic harmony in the U.S. provides a balance that encourages a stable democracy, provides for well-functioning societies, and sustains the most powerful economy in the world.

In closing, I extend my deepest aloha to all in celebration of Asian Pacific American Heritage Month, and I urge my colleagues to participate in commemorations of this month in their States and our Nation's Capital.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRAHAM of South Carolina. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRAHAM of South Carolina. I ask to be recognized to speak in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TRADE WITH CHINA

Mr. GRAHAM of South Carolina. Mr. President, we have apparently reached an impasse on the FSC/ETI bill. I am the first one to acknowledge that our majority leader should be insistent we pass this bill. We are dealing with some changes to the tax policy of the United States to avoid tariffs on U.S.-manufactured products going into Europe. The WTO has ruled against us and we need to change our law. We have a lot of other things being added onto this bill that are probably not related to that but, as this bill is being touted as a jobs package, I think that is an appropriate way to describe what we are trying to accomplish in this bill.

But I am going to be honest with you, I have an amendment I have had pending on this bill for a very long time, along with Senator SCHUMER, and this amendment deals with requiring the Chinese Government to float the currency. It basically says if within 180 days the Chinese Government does not take corrective action in the way they peg their currency to the dollar, then tariffs will be levied against any products coming out of China into the United States that benefit from that currency devaluation.

To make a long story short: China cheats. The Chinese have a system of valuing their money that creates between a 15-percent and 40-percent discount on all products produced in China. This currency manipulation is putting our manufacturing community at a severe disadvantage. It is creating an unfair advantage for Chinese-produced products, and it is done by the Government.

Free trade, fair trade, these are words people throw around. If you are a free trader, that code word means you don't care for the consequences to the worker. If you are a fair trader, the code word means you are a protectionist. I would like to be thought of as a balanced trader. You cannot have balance if your trading partner at the governmental level cheats.

I don't have enough time to go into how I think the Chinese Government intentionally steals intellectual property rights of American companies and foreign companies, but 90 percent of all the videos and tapes sold in China are pirated. If you do business in China, your intellectual property is very much at risk because there is no rule of law protection. The Chinese Government helps companies transship—illegally ship goods produced in China to get the benefit of trade agreements to which they are not party, and it goes on and on. But one of the biggest abuses is to value the currency in an artificially low manner that pegs the Chinese currency to the dollar in a way that gives a 15-percent to 40-percent discount.

Our amendment, that of myself and Senator SCHUMER, tries to let the Chinese know we are not going to take this anymore. They need to take corrective action. If we are going to trade with you, if you are going to be a member of the family of nations, you need to comply with international trade laws when it comes to how you value money; that you can't cheat without a consequence.

If you doubt what I am saying, talk with any manufacturing entity that is a domestic manufacturer that competes with China and ask them about the money problem, the currency, the devaluing of the Chinese currency, and how it affects their ability to be competitive. In droves, they will tell you that you need to either get China to float their currency like every other market-based economy has done, to find its true value, as we do, or you need to revalue it to get a more fair and accurate representation of the value of the Chinese currency.

We have had great job growth in the last 2 months. That is encouraging. But one thing we have not been able to accomplish yet is a rebounding in manufacturing jobs. I am here to say I support the President in every endeavor to try to grow this economy, but we—the administration, the Congress, the House and the Senate—need to deal more aggressively with Chinese abuses when it comes to trade.

From September 2002 to September 2003, there has been a 6.6 percent decline in manufacturing jobs in South Carolina. One of the great reasons is not productivity gains; it has been a loss of market share to China—not because they work harder, not because they are smarter, but because the Government cheats.

As a whole, the U.S. manufacturing jobs have decreased by 4.2 percent. Only two States, Hawaii and Nevada, have seen an increase in manufacturing jobs. In South Carolina, 41,000 jobs in 2003 were lost in manufacturing and 3 million American jobs have been lost in the last 5½ years. China's access to the U.S. textile industry and apparel market more than doubled in 2002, growing at 117 percent. That is in addition to 114 percent up in 2003.

The bottom line to all this is there will be no economic recovery in manufacturing until our country aggressively deals with trade abuses of China in a wide variety of areas, but one of the chief abuses is the Chinese Government artificially devalues its money, creating a discount from 15 to 40 percent on every product made in China. That is not fair to those people who are competing with Chinese companies. It is done intentionally and it has a serious and dramatic effect on our ability to sustain manufacturing jobs in this country.

The U.S.-China Economic and Security Review Commission was a commission established by the Congress to look at Chinese policies and how they affect our economy and whether China is playing fairly. It is a bipartisan group. It is a group before which I have testified. They have taken testimony from a variety of people in the United States about China and how China affects the U.S. market and whether Chinese practices comply with international trade regimes. Here is what they said:

China, in violation of both its IMF and WTO obligations, is in fact manipulating its currency for trade advantage.

The Commission urges the congressional leadership to use its legislative powers to force action by the U.S. and Chinese governments to address this unfair and mercantilist trade practice.

They are telling us that, yes, the currency in China is being intentionally manipulated and it is costing us jobs and it has a detrimental impact on the American economy.

It is being undervalued on purpose to create a trade advantage. They are urging us to get the administration and us as a body—the House and Senate as bodies—to fight back. I am here to say I accept their challenge. I am willing to fight back.

We are not going to have a cloture vote with my vote until I get a promise we are going to address this problem this year.

Since 1994, when China pegged its currency to the dollar, the trade deficit has increased dramatically. In 1994, they tied the value of their currency to

the United States dollar in a way that the China Trade Commission found to be unfair and a way that Secretary of the Treasury Snow's office found to be manipulated, to be unfair.

In 1994, the trade deficit with China was \$30 billion. In 2003, it is \$124 billion and it is going up. This says a lot about the problem we have with China. You will never convince me their markets are fairly open and their conduct as a government is not responsible for this increased trade deficit. All of it is not due to the currency devaluation, but a great deal of it is. The question for the Senate is: Are we going to sit on the sidelines and ignore this problem? Are we going to continue to allow the Chinese Government to continue to intentionally devalue its currency, creating an advantage for Chinese companies over American companies, and have no response? The answer of this Senator is, no, we are not going to sit on the sidelines. As Senators, we need to be held accountable about this abuse by China. If Members do not think it is an abuse, come to the Senate and say so, but speak up one way or the other. No more being silent on an issue this important to our economy.

Since permanent normal trade relations have been established by China, there has been an explosion of Chinese exports. PNTR status used to be most-favored-nation status. They changed the acronym because no one wants to say China is the most favored nation because they are so abusive to their people and the world at large. We changed the acronym. The reason we changed the acronym is because people did not want to associate themselves with saying China is a most favored nation.

We need a more "Ronald Reagan response" to China. It is an evil empire that abuses people. It does not allow freedom of speech or freedom of religion. It is hard to trade with people who have none of the values you possess. Since 2001, there has been over a 20-percent increase in Chinese imports. Our exports to China have basically been flat. They are taking us to the cleaners.

China has been in clear violation of IMF and WTO commitments by maintaining an unfairly low exchange rate to gain competitive advantage. IMF article IV states that members should avoid manipulating exchange rates in order to gain an unfair competitive advantage over other members.

That is what is going on in China. We are proposing in our amendment that if China does not fairly value its currency to meet international standards of doing business—and, yes, every country has sovereignty over their own currency, but countries do not have the right to manipulate their currency in a way to create an unfair advantage in the world marketplace and still consider themselves a member of the family of nations.

What we are talking about is bringing about corrective action that inter-

national trade regimes require. That is all we are talking about. We are going to give the Chinese 180 days to correct this problem and work with them to do so, but we are not going to let them get away with it.

About 3 or 4 months ago, maybe even longer now, this body unanimously passed a resolution I authored condemning the Chinese manipulation of their currency, saying it was unfair, created damage to the American economy, and hurt American manufacturing. That was passed by a voice vote, with no opposition. That has not done anything. I thought it might. I thought it might get their attention, but the abuse still continues.

It is now time to be serious. The amendment we offer says if you do not peg your current currency in a more accurate way, or "float" as you should, being a major economic force in the world, we will start putting tariffs on your products 6 months down the road. And we have the right to do that under international law. A reevaluation of the yuan should permit other nations' currencies to go up at least partway, maybe 10 percent or so.

The whole idea of trade is to help developing nations and rise all boats. The Chinese manipulation of their currency and their practices are to sink every boat around them. The Dominican Republic and other developing nations are having a hard time competing with China. China is not interested in raising the boats of other nations. They are interested in stealing market share and sinking every boat they can get hold of.

If they change their practices, it will allow their neighbors to accurately value their currencies, helping American manufacturing in a tremendous way. What would that way be?

If you put all these currency changes together—not just China, the Asian region—the result would be a \$50 billion reduction in the United States current account deficit, which in turn translates to something like 500,000 high-paying jobs, mainly in manufacturing in this country.

That is according to Fred Bergsten, Ph.D., Director for the International Institute for Economics.

That sentiment has been echoed by people in the manufacturing community, economists, all over this country, all over the world. The European Union is having a problem with Chinese currency practices. Again, 500,000 high-paying jobs could come about if the Chinese only played fair.

I have something to say to the Senate: Chinese are not going to play fair on their own. If we want the Chinese Communist dictatorship to play fair, we will have to push them.

A pegged exchange rate policy is not appropriate for a major economy in the global system such as China. They are pegging the yuan to the dollar where it will always be of less value than the dollar, artificially low, creating a discount on any product made in China. If I am selling the product where dollars

are involved, and you are selling a product in China where the yuan is involved, and you have lowered the value of that currency, you have created an advantage for yourself. That is exactly what is going on.

Secretary Snow stressed that a flexible market-based exchange rate regime and reduced controls on capital flows are the best system for China and all major world economies. He is exactly right. He stated that in April of 2004.

We have manufacturing business owners who are telling us we have a problem. We have Secretary Snow who has looked at it and found abuses. We have world class economists telling us we have a problem with China. We have the Congress's own commission that was chartered to investigate China in terms of potential abuses telling us that the currency is undervalued in a manipulative fashion, hurting American manufacturing unfairly. Now we have labor unions commenting.

While many factors contributed to this devastating job loss (in manufacturing), it is clear that the Chinese government's manipulation of its currency, violation of international trade rules and egregious repression of its citizens' fundamental democratic and human rights are key contributors to unfair competitive advantage. The Chinese government is flouting its international obligations and the U.S. government must act urgently to hold it accountable.

That is from the AFL-CIO. The truth is, myself and the AFL-CIO probably do not agree on a lot of domestic issues. Sometimes we do. On this issue we see China the same. China is a dangerous, growing threat to this country. Their military is doubling, exponentially growing in terms of its capabilities. They are getting money from international trade regimes where they are cheap.

The Chinese people, I am sure, are good, decent people and living under very oppressive conditions, something we would not stand for 5 minutes.

At the end of the day, the least we can do is fight back against its Communist dictatorship when they cheat. If we are going to trade with China, then we need to make China part of the family of nations. But this country needs to stand up to the Chinese Government when they cheat. They are undervaluing their currency on purpose. It is costing us a lot of jobs. It is not fair, and it needs to be addressed.

I am here to say, as a U.S. Senator in his first term, I am going to do everything I can to bring this issue to the Senate. I want to do it on this bill. If I can reach an agreement with our leadership and friends on the other side, we will do it down the road. But we are going to address this problem. I hope we do something about China's trade abuses sooner or later before it costs us more jobs.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COLEMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. COLEMAN. Are we still in morning business?

The ACTING PRESIDENT pro tempore. We are in morning business.

The Senator from Minnesota.

GOOD ECONOMIC NEWS

Mr. COLEMAN. Mr. President, about 6, 7 months ago, I rose on the floor of the Senate to talk about some good economic news. We have gone through very difficult economic times in this country—a recession that began before President Bush got elected. There was a devastating impact on the psychology of American consumers because of corporate fraud, corporate malfeasance, the actions we saw with Enron and WorldCom, and Tyco, for which some of those folks involved in that will ultimately be brought to justice. But it had a devastating impact on the confidence of American consumers and the economy.

Then we had September 11, which had a devastating physical impact, devastating psychological impact, with great suffering across the board. And, again, beyond the hurt that so many families suffered and the Nation suffered, the economy suffered. The economy suffered, and the economy slowed down. Americas had not been attacked on its own shores, I believe, since the War of 1812.

In spite of that, look at where we are today, 3 years later. There is good news. With all the challenges we face in this world, sometimes you have to stand up and talk about good news.

When I rose on the floor of the Senate about 6 months ago, there was a little bit of good news, and my colleagues on the other side of the aisle talked about: Let's not be premature. My colleagues on the other side of the aisle still lambasted, and continue to criticize, the vision and the actions of the President and this Congress in cutting taxes.

Today, I had a chance to review the most recent numbers by the Labor Department. Mr. President, 288,000 new jobs were created in April. And it is not just April. As the Presiding Officer from Oregon is well aware, what happens is the Labor Department often recalculates the reports from months before. And the month before the job numbers were very strong. They were at 308,000 new jobs in March. Well, in today's listing of the jobs for April, the March numbers have been revised upward to 337,000 jobs.

In fact, if you go back to March, what happened in March is that the Labor Department revised up the January and February job gains. So the total in January and February and March was over half a million new jobs created in this country over 3 months.

Now what we see is over a million jobs—a million jobs—created in this country in the last 8 months. That is good news. That is something Americans should celebrate.

When I was the mayor of St. Paul, folks used to say: Mayor, what are you doing for a kid today?

And I would say: One of the best things I can do for a kid is make sure mom and dad have an opportunity to work.

There are all sorts of good things that come with a job, not the least of which is health insurance. The best welfare program is a job. The best housing program is a job. There is the dignity that comes with a job, the impact it has on a family, and the lessening of the pressures that one sees in a family. So there is a whole range of great things that happen.

It is interesting; I am an optimist and have always been an optimist. Sometimes there are folks who look at what is good news and what is bad news, and at times I sense that with our friends on the other side of the aisle there is a dark cloud over there waiting for the rain to happen. But the sun is beginning to shine—and not beginning to shine, it is shining on Americans who are looking for work—a million new jobs in 8 months, 288,000 jobs in April. The reason is, in large measure, because of the tax cuts this Congress enacted.

Talk to any small businessperson, and they will tell you, when you give bonus depreciation, it increases their incentive to put money into new equipment. When you put money into new equipment, folks who produce that equipment have a job, and folks who run that equipment have a job. When you accelerate or increase expensing, again, it is an encouragement to small business. And small businesses are where the jobs have grown. The small business then reinvests in the business. When you reinvest in the business, you grow jobs. When you lower the top rate—which is not about tax cuts for the rich—it is tax cuts for small businesses.

I had an opportunity to be in Rochester, MN, the other day. We talked about taxes. I asked the business folks: How many of you are subchapter S corporations? A lot of hands went up. I am not an accountant, and I used to be a lawyer. But subchapter S corporations are taxed at the same level as personal taxes. So when we talk about cutting the highest rate, what is happening is we are cutting the tax load for the job creators in this country, the small business men and women.

Yesterday, there was good news. State initial claims for jobless benefits in April, in my State, fell 31.5 percent from last April, hitting the lowest level since before the 2001 recession. Initial claims nationally dropped, last week, by 25,000, to 350,000—the lowest number of claims since October 2000.

Retailer sales are up. Productivity is up. Consumer confidence is up. Home

buying is up. It is fascinating; the economy grew at a healthy 4.2-percent rate in the first quarter, up 4.1 percent in the previous quarter. When I read the Minneapolis Star Tribune yesterday, they were saying: April figures will be announced. Economists were expecting a gain of 150,000 jobs. Well, the economists were wrong.

We have already doubled what was reported by the Labor Department. The unemployment rate was supposed to remain constant at 5.7 percent, but it has dipped another tenth of a percent to 5.6 percent.

Mr. President, this is great news for about every American, except John Kerry. I hope we put the politics aside. I hope my colleagues on the other side of the aisle can now say, yes, President Bush was right that when you cut taxes, when you cut the tax load on small businessmen and businesswomen, it grows jobs; when you cut taxes and put money back in the pockets of moms and dads, it grows jobs.

This is not a politician standing up and talking; these are the facts. This is the data the Department of Labor has reported. The President's vision was clear, the President's vision was right. Congress was right to act on that vision. The great beneficiaries today are the moms and dads in America who can now look out and say there is more job opportunity out there, and that is a very good thing.

With that, I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE APPALLING TREATMENT OF IRAQI PRISONERS

Mr. CONRAD. Mr. President, I rise today to reflect and respond to the reports of what has happened in Iraq over the last several weeks—the pictures emerging of U.S. soldiers abusing Iraqi prisoners, the appalling treatment of those in our custody.

I have struggled over the last several days to put into words my own reactions to these images from half a world away. I have been angered by it, and I have been, in some ways, sickened by it. This has besmirched the reputation of our country, damaged the reputation of our soldiers serving in Iraq, the vast majority of whom have served honorably, many of them heroically.

Yet, what is dominating the news not only in our country but around the world are images of American soldiers torturing and humiliating those we have captured. This does enormous damage to our cause against terrorism. It does enormous damage to America's standing in the world. Think of how we would feel if these images were of our