

of the forest. That is what we have to commit to do in all of our Nation's forests.

I commend the small first step that Senator DOMENICI has taken here with appropriations. I commend the administration to create a budget that will begin to spend, frankly, billions of dollars that are necessary to treat the forests of our country, not just in the southwest but all over the western United States which so desperately needs this new forest management to save our Nation's forest.

I appreciate the fact that Senator CRAIG has offered me the opportunity to speak to this today, and I look forward to continuing to talk about this issue because, unfortunately, like some of the other things, it takes a catastrophe to finally bring out what has to be done. While all of us lament the catastrophe, at least perhaps it will jolt us into doing what is right to save our wonderful forests in the U.S.

Mr. CRAIG. Mr. President, I thank Senator KYL for what I think is a very clear explanation of what happens when you have this massive fuel-loading that has occurred on the floors of our public land forests in the Nation. When he talks about active management, he is not talking about wilderness areas. He is not talking about wildlife preserves. He is talking about the millions and millions of acres of land that we call multiple-use lands or lands that are classified within this roadless area that this administration is currently examining and is considering keeping roadless and undisturbed.

The question becomes very clear. Can you do this kind of active management by righting the wrongs of past actions we have taken on our public lands to restore forest health and to allow fire then to be a participant in the ecosystem in a way that is not catastrophic or stand altering or wildlife destroying? Those are very real changes with which all of us have to grapple. We ought to start. I will start with hearings in the next few days that will deal with that. Some of our environmental friends recognize this. One of them happens to be from New Mexico. The Forest Guardian Group is quoted as saying that wildfires are getting bigger, burning hotter, and the effects are more devastating.

It is clear that we will have to take mechanical steps to thin forests before we can use fire to restore these forests to their natural regimes.

Mr. MOYNIHAN. Will the Senator allow me a question?

Mr. CRAIG. I am happy to yield to the Senator from New York.

Mr. MOYNIHAN. I hope he will make available more of the research that has been described so carefully by himself and the Senator from Arizona. This is new to an easterner but not too new. Two-thirds of the State of New York is

covered by hardwood forests and some cedar and pine. But these are important propositions that should be listened to intensively. I surely wish to be one who will do so, and I look forward to supporting the efforts that are indicated.

Mr. CRAIG. I thank the Senator from New York for saying so. Yes, it is true that some of these ideas are new. Some of them have been building over the last decades as we have recognized the current state of the health of our forests. My time is up.

Mr. MOYNIHAN. Mr. President, I am sure the chairman would wish us to yield such time as the Senator from Idaho needs to conclude.

Mr. CRAIG. Let me conclude because the chairman of the Finance Committee has just brought a very critical issue to the floor. I appreciate the opportunity to kind of sandwich ourselves in between the opening remarks of the chairman and the opening remarks of the ranking member of the Finance Committee as it relates to China and PNTR, which is the most important issue before this Senate. But it is important that Senators be given an opportunity to hear the concerns that are now out there about our public lands and some remedial action that we can take in the short term as we look at long-term policies working with this administration and future administrations to resolve this kind of critical issue.

I thank you very much for the time and the time my colleagues have used in joining me to bring out some of the necessary and important facts about the events that are occurring out there as we go through this most devastating fire season.

Let me conclude once again with this thought. Six and one-half million acres of public land have now burned. For those who might be listening and who do not understand what 1 acre of land represents, or 1 square mile of land, let me suggest that it is the entire State of Maryland charred to the ground, with piles of ash, with snags of timber, standing dead trees, nothing left, with the risk of siltation and soot and ash moving into the watershed, into the streams, and into the valuable aquatic habitat. No wildlife can live there. Much of the wildlife having been destroyed, no trees can provide the productiveness to build a home and provide fiber for our country except in charred snags. An area the size of the State of Maryland has now burned. Thousands and thousands of acres continue to burn. I believe that is a national crisis. It is a crisis on which all Members must focus. If it had been a hurricane that just wiped out the State of Maryland, we would all be rushing to save that State.

Fire, too, is a part of Mother Nature's disaster or catastrophic scheme. I hope our colleagues will work with us

and that the Nation will begin to understand that active management on these timbered public lands in the appropriate and designated areas is not only critical; it is necessary to save our forests.

I yield the floor.

TO AUTHORIZE EXTENSION OF NONDISCRIMINATORY TREATMENT TO THE PEOPLE'S REPUBLIC OF CHINA—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. Under the previous agreement, the Senator from New York is recognized for such time as he may consume.

Mr. MOYNIHAN. Mr. President, I thank my revered chairman for this opportunity to discuss the most important issue we will deal with in this portion of this session of Congress.

At the Finance Committee's final hearing on China this spring, on April 6, our last witness, Ira Shapiro, who was formerly the chief negotiator for Japan and Canada at the U.S. Trade Representative's office, closed his testimony with these words.

. . . [this vote] is one of an historic handful of Congressional votes since the end of World War II. Nothing that Members of Congress do this year—or any other year—could be more important.

I rise to suggest, sir, that he is not wrong, and to explain at some length, if I may be indulged, the reasons therefor.

The United States has a long history of commercial ties with China, beginning at a time when we exported raw materials, medicinal herbs and such like products, in return for sophisticated manufactures.

The first American ship to visit China, the *Empress of China*, cleared New York harbor more than 216 years ago on February 22, 1784. It carried a cargo of 300 tons of ginseng, a wild root found in the uplands of States such as New York, where it is gathered to this day and is known as shang. The cargo included wool, cloth, lead, cotton, and pepper—pepper, I take it, to be a transshipment of pepper received from South Asia. She reached Canton 7 months later, on August 23, 1784, and returned to New York the following May where the vessel created a sensation with its exotic cargo of manufactures: porcelain, umbrellas, fans, and then some tea and spices.

By the 1830s American commercial interests in China had grown considerably despite China's restrictions on trade. But American traders lagged far behind their British counterparts—one might say the Portuguese, as well, who were the first in the Far East—and when the British secured additional trading rights by the Treaty of Nanjing, concluded in 1842 after the first Opium War, as it was known, the merchants of Boston became especially

fearful that American traders would suffer discrimination.

In the context of today's debate, it is worth recalling that the U.S. response a century and a half ago to the fears that we were being locked out of the China market was just what we are talking about today. We sent a special emissary to ask the Chinese to grant the United States what is in effect normal trade relations status. Congress voted \$40,000—some Members thought it to be an exorbitant sum—for a special diplomatic mission to China. Congressman Caleb Cushing of Massachusetts was dispatched as minister plenipotentiary. His instructions stated that his primary object was to secure for the United States the same commercial privileges that had just been won by the British.

On July 3, 1844, Cushing signed the United States' first treaty with China. It was called the Treaty of Wanghia, named after a village near Macao which was a Portuguese settlement. Its centerpiece was "a most favored nation clause." That was the 17th century term used at the time. The meaning is that you will get the same treatment as that nation which has the most favored treatment, which in effect means equal treatment for all, or what we call normal trade relations. Just equal treatment for all, ensuring that the American merchants would have the same terms of trade and negotiation as did the French and the English traders.

A century and a half later, we are still grappling with these very same concerns. Thus, we find ourselves on September 5, 2000, debating the merits of establishing permanent normal trade relations with China, that term, "normal trade relations," having been changed, having been adopted in the Finance Committee. We are very proud of our chairman in this regard, to have succeeded in changing the 17th century term "most favored nation," which gave altogether the wrong impression to any but skilled trade negotiators and merchants.

Our purpose is to ensure that Americans are not disadvantaged in the Chinese market and the Chinese not disadvantaged in ours.

We begin the debate on a high note and with great expectations. Just as we left for the August recess on July 27, an overwhelming majority of Senators voted, 86-12, in support of the motion to invoke cloture on the motion to proceed to this bill. That is what we are doing now. It was almost exactly proportionately divided: 45 Republicans and 41 Democrats voted for cloture.

The vote followed an unquestionably impressive and somewhat surprising vote in the House of Representatives on May 24. A margin of three or four votes had been predicted, with a 10-vote margin the most optimistic projection.

In the end, the measure passed decisively: 237 yeas to 197 noes. The Fi-

nance Committee also has wholeheartedly endorsed the bill, on a bipartisan basis. On May 17, the committee ordered reported a very simple two-page bill, S. 2277. It is not a complicated matter, two pages states it all, to extend permanent normal trade relations to China. The vote was near to unanimous, 19-1.

I remind my fellow Senators on this side of the aisle that all Democratic members of the Finance Committee voted in support of the bill.

The House saw fit to add several provisions designed to implement elements of the November 15, 1999, U.S.-China bilateral World Trade Organization agreement to address several other facets of U.S.-China relations. Thus, the House bill, H.R. 4444, includes an import surge mechanism which codifies a provision of the November agreement, negotiated by our Trade Representative, to deal with that possibility in trade. It creates a human rights commission loosely modeled upon the Commission on Security and Cooperation in Europe, the Helsinki Commission, and it authorizes appropriations for the Departments of Commerce, State, and Labor and the U.S. Trade Representative's office to monitor China's compliance with its World Trade Organization commitments—nothing major, nothing troubling.

On June 17, the Finance Committee examined the House-passed bill in executive session. It was the near unanimous view of the committee that we simply ought to take up the House bill, pass it, and send it to the President, who has committed to signing it. It, after all, represents an enterprise that has been afoot through many administrations, and came to a successful conclusion in his when the World Trade Organization was created and the trade agreement was negotiated. And, so, the sooner the better.

We all need some reminding of our history. China's accession to the World Trade Organization is consistent with longstanding U.S. trade policy and allows China to resume the role it played 50 years ago. There can be no doubt that passage of this legislation is in the interest of the United States. This is true whether we view the matter from the overarching perspective of our broad trade policy goals or look more narrowly at the benefits that China's accession to the World Trade Organization will bring to American farmers, industry, and workers.

Let me make the case from both vantage points. In a very real sense, America's trade policy over the past 66 years—two-thirds of a century, ever since Cordell Hull created the Reciprocal Trade Agreements Program in 1934 in the depths of the Great Depression—ever since then we have pursued policies that have brought us to this moment of extraordinary completion. With its accession to the World Trade

Organization, China merely resumes the role that it played half a century ago when it was instrumental in United States-led efforts to build a multilateral trading system from the economic rubble generated by us in the Smoot-Hawley Tariff Act of 1930. If you were to make a short list of five events that led to the Second World War, sir, Smoot-Hawley would be one of them.

Tariffs in that act of 1930 increased to unprecedented levels—on average 60 percent. As predicted, imports dropped by two-thirds in value terms. But what had not been predicted was that there was a corresponding and almost precisely equal drop of two-thirds in the value of exports which materialized when our trading partners responded in kind and hiked their tariffs just as the United States had done.

The result was ruinous, not only for the United States but for our trading partners. The British abandoned free trade and adopted Commonwealth preferences. The Japanese began the Greater East Asian Co-Prosperity Sphere. In 1933, with unemployment at 33 percent, Hitler was elected Chancellor of Germany.

It took the Reciprocal Trade Agreements Act of 1934 to get the trade policy of the United States back on track. The impetus behind the Reciprocal Trade Agreements program was predicated on the view that the recovery of the U.S. economy depended on finding outlets for our production—that is, opening and developing export markets—and that the only way to accomplish this was to negotiate reciprocal reductions in tariffs.

If I may be permitted a personal note, I was taught, after returning from the Navy in World War II—I was taught this subject by Harry Hawkins, a great State Department official who Cordell Hull, in his memoirs, observes handled reciprocal trade. This was not to them a mere economic issue—prices, trading and such like. This was an issue that had led the world to the brink of destruction in World War II. It was hoped that would never happen again.

This is what we are talking about now, at a more attenuated level. But the belief that has driven American policy for two-thirds of a century is still alive and happily and importantly so.

We did this initially on a country-by-country basis. From 1934 through 1947, the United States negotiated separate agreements with 29 countries. That is a large number. I believe the initial membership of the United Nations was in the neighborhood of 55 countries. So half the countries in the world had entered agreements by this time.

With the conclusion of the Second World War, trade assumed an important role in postwar economic reconstruction plans, and the conviction

emerged that multilateral trade agreements were more efficient and ultimately a more trade liberalizing means of spurring economic growth than a web of bilateral agreements, having all the countries involved reach the same agreement in the same setting.

China played a central role in that thinking and planning from the beginning. China was one of the 44 participants in the Bretton Woods Conference of July 1 to 22, 1944. We saw the war coming to an end, and we were preparing for the aftermath. Bretton Woods established the International Monetary Fund down on Pennsylvania Avenue and the International Bank for Reconstruction and Development, which we know as the World Bank, again not 20 blocks away.

A multilateral trade agreement was expected to complement these institutions. There were three in mind: the fund, the bank, and the trade organization. Postwar planners did not turn their attention to trade until 1946. That year, China was appointed to the preparatory committee of the United Nations Conference on Trade and Employment, which was charged with drafting the charter for the International Trade Organization, the ITO. Thus, it was that China became one of the original 23 contracting parties to the General Agreement on Tariffs and Trade which was but one of the chapters of the ITO charter. It came to be known by its initials, the GATT, and it was put into effect in 1948 as an interim arrangement until the charter had been ratified. It was just a very small office in Geneva. A British Treasury official, Eric Wyndham White and three secretaries, as I recall from those days, in a small house above Geneva ran it all and ran it wonderfully waiting for the ITO.

The ITO never came to pass or did not come to pass at that time. It died in the Senate Finance Committee. The GATT survived. China remained a part of the GATT until March 8, 1950, when the Republic of China, by now located on Taiwan, notified the GATT that China would withdraw.

I note, and I do not want to insist as my history is not that clear, but it was the Government of China of Chiang Kai-shek on Taiwan that withdrew. I do not believe we have any record of the PRC, the People's Republic, as such having done it. It would not have mattered, but effectively China was out. It is to be noted—I am subject to correction—but it is to be noted.

It was not until 1986 that the People's Republic of China became sufficiently interested in the subject of GATT to try to reclaim its seat, and the accession negotiations began. Indeed, China had hoped to become a founding member of the World Trade Organization which came into effect on January 1, 1995, only 5 years ago, and, in effect, incorporated the GATT and succeeded it,

the GATT having been originally a part of the ITO.

The negotiations with China proved too complex to meet that deadline, but they continued. Today after 14 difficult years in negotiation with the whole international community—not with our Trade Representative—China is within striking distance of becoming the 138th member of the WTO. It seems elemental that China, the world's 9th largest merchandise exporting nation in 1999 and the 11th largest importer—these are WTO statistics—ought to be in the World Trade Organization, and this is universally agreed. Agreed elsewhere, not unanimously agreed in the United States, but here we are with an 86-12 vote saying, "Let's do it."

It is equally obvious that it is in the United States' interest to have such a commanding player in a rules-based system that is largely the design and certainly is entirely the inspiration of the United States with the assent at that time of the United Kingdom and the participation of China and, I must grant, the U.S.S.R. and France.

This brings me to a second broad observation. The economic case for permanent normal trade relations is, I would think, unassailable. Ambassador Barshefsky negotiated an outstanding market access agreement. That much is not in dispute. It was China and not the United States that had to make significant and wide-ranging market access commitments.

Take just a few of the products that are of great importance to my State of New York. In 1998, New York's direct exports to China totaled \$596 million, \$1 billion all told if shipments to Hong Kong are taken into account as now they ought to be. New York's exports are no longer principally ginseng, although I would note that in 1999, the United States exported just over 512 tons to China and Hong Kong.

Almost 90 percent of New York's exports are manufactured goods. On average, tariffs on such products under the agreement before us will fall from 25 percent to 9 percent by the year 2005. We are a leading producer of information technology, paper, optical fibers, photographic equipment, and photocopier parts. China will eliminate its tariffs on information technology products and photocopier parts. It is not in their interest to charge themselves more for the products that they want.

China has promised deeper cuts on other products. Of particular interest, the tariff on digital cameras will fall from 45 percent to zero. Tariffs on wood and paper fall not to zero but to very low rates, in the 5 to 7.5 percent range.

The opportunities for New York's financial services industry are staggering. Take insurance. Currently, the Chinese insurance market is valued at \$10 billion a year and is estimated to be growing 20 percent annually. Twenty percent annually doubles every 4 years.

At present, per capita spending on insurance in China is under \$8, compared to a world average of \$431. The market is there.

Under its WTO agreement, China will eliminate current requirements that restrict foreign insurance companies to a handful of cities. China would also allow insurers to offer different types of policies—health insurance, group insurance, and the like.

Again, to keep in the Senate tradition of speaking first of my own State, while this is not well appreciated, New York is still a major agricultural State. We are the Nation's second largest producer of apples and third largest producer of dairy products, grapes, and wine. Our agricultural exports are well above a third of a billion dollars. This agreement reduces tariffs on apples and pears and cherries from 30 percent to 10 percent, and on wine from 65 percent to 20 percent.

I must not fail to mention that the Chinese will also cut their tariff on ginseng from 40 percent to 10 percent.

New York is by no means the only State that will benefit. The distinguished chairman of the Finance Committee pointed out on July 27, just before we broke for the August recess, how China's accession to the WTO will benefit the State of Delaware, which is a major manufacturer, producing automobiles in abundance, chemicals beyond the imagination of most of us, and with a two-century tradition thereof. We grow ginseng; you produce chemicals—a pattern that I do not know if we want to maintain entirely, but there it is.

California, which exported \$2.5 billion in goods to China in 1998, will surely gain from China's commitments to eliminate tariffs on information technology products. What we think of in Silicon Valley, that is what we are talking about. There will be no tariffs on those products.

Minnesota's exports to China more than doubled from 1993 to 1998—doubled, sir—increasing from \$119 million to \$316 million. China will cut in half its tariff on scientific instruments—which Minnesota is probably internationally acclaimed for—cut them down to 6.1 percent, which is a derisory number, as any international trade expert will tell you.

Minnesota's farmers will gain. China is already the world's largest growth market for soybeans and soybean products. I can remember as a boy in the 1930s reading—and for some reason I can remember—an article in the Reader's Digest telling us about the soybean, this amazing product that was grown in China that had such enormous potential for the rest of mankind. Indeed it did. Indeed it came here. And now we are sending it there.

That is a pattern and point of fact that is well established in trade. We think of it mostly in terms of manufacturers. But it can obviously apply to

agricultural products, too. Raymond Vernon, at Harvard, described this as the product cycle theory of international trade. A country begins to produce a certain product. It then begins to sell the product overseas. The product begins to be produced overseas. And then it begins to be sold back to the original nation, the nation where it was originally produced.

We have seen this in automobiles, going from the United States to Asia, or Europe, and then coming back. I observe, sir, that we see it with soybeans. They came first from China. We consumed them, then produced them, and now we are sending them back to China. That is the felicity of trade and the importance of it.

It can be said with certainty that every State in the Union will benefit from China's accession to the World Trade Organization.

Permanent normal trade relations for China is necessary to realize the full benefits of China's accession to the WTO. Here is the rub: Our producers and workers and companies will not be guaranteed the full benefits of China's concessions until we grant China permanent normal trade relations status. The welfare of our workers, our manufacturers, our farmers, our lumbermen, our fishermen is at issue here.

This is because the World Trade Organization requires that member states extend to each other unconditional normal trade relations. This principle is enshrined in the World Trade Organization's General Agreement on Tariffs and Trade of 1994, the General Agreement on Trade in Services, and the Agreement on Trade-Related Aspects of Intellectual Property Rights—a matter of increasing importance to the United States. It is an absolute requirement, and should be.

That is what we had in mind at Bretton Woods in 1944, what we put in place, as we hoped, in 1946 with the International Trade Organization, which never came into being—or did not come into being until now. Sir, it is the very same principle that the United States sought to establish in our first trade treaty with China in 1844.

We do not meet this requirement today since the U.S. law requires that China's trade status must be renewed annually, based on a review of China's immigration policies, to which I will address myself in a moment.

But, sir, as we well know, this legislation was created during the cold war, was directed against the Soviet Union and the satellite states, and had nothing whatever to do with China. H.R. 4444—that is the bill before us—will put us into compliance with our WTO obligations with respect to China and allow us to gain—in full—the considerable benefits that Ambassador Barshefsky negotiated in the November 1999 agreement.

There are those who argue that granting permanent normal trade relations is not necessary and that we will still reap at least some of these hard-fought gains by virtue of our previous trade agreements. I beseech the Senate, do not be lulled by this argument.

First, it is contradicted by nearly all experts who have examined it in detail—the administration, the General Accounting Office, the Congressional Research Service, and others.

Second, our competitors will not be similarly hamstrung. They will benefit from all of the concessions that China made without restriction or question. They will prefer this situation from which we are excluded, and they will necessarily and legitimately seek to maintain it. We will have done ourselves the injury. No others can be blamed.

More important—much more important, sir—China will view failure to enact this legislation as an unfriendly act, at the very least. The consequences could be severe, and they could endure. I would expect that they will because, sir, we have a long and troubling history of antipathy toward the Chinese. It is a strong term. I use it on this floor because it has been stated on this floor for a century and more; it is time to reverse it.

Opposition to this measure—permanent normal trade relations—will be puzzling to many. But, sir, there is a long and rueful history in the United States of our racial antagonism toward Chinese emigration to this country, which now appears as an antagonism to the arrival of Chinese goods.

It is not a pleasant history and it is painful to recount it. But it is necessary. It begins in California—which is understandable—where the movement to put an end to Chinese immigration into this country began in the late 1850s.

By way of background, the Immigration and Naturalization Service reports that only 46 Chinese emigrated to the United States in the three decades between 1820 and 1850. The Chinese immigration explosion began in the 1850s, fueled by the California gold rush and the construction of the Transcontinental Railroad. From 1851 to 1880, 228,899 Chinese emigrated to the United States. By 1880, Chinese immigrants in California alone numbered 75,000, more or less—about 9 percent of the State's total population.

Such was the demand for Chinese labor that the United States reinforced its "open door" policy by treaty: The Burlingame Treaty of 1868 guaranteed to the Chinese Government the unrestricted immigration of its citizens to the United States. The State of California applauded the arrangement at the time.

But there was an almost immediate backlash from workers in California who had organized themselves into so-

called "anti-coolie" associations beginning in the mid-1850s.

In the 1870s, the anti-Chinese movement gained momentum in the face of an economic downturn and the near completion of the Transcontinental Railroad. In 1876, a special committee of the California State Senate examined the problem and issued a report to the U.S. Congress entitled "An Address to the People of the United States upon the Evils of Chinese Immigration."

And in July 1876, the United States Congress established a Joint Special Committee to Investigate Chinese Immigration, chaired by Senator Oliver Morton of Indiana. The joint committee held 18 days of hearings in San Francisco in October and November 1876, and issued its final report in February 1877. A statement presented to the joint committee on October 26, 1876, on behalf of the "Labor Union of San Jose, CA," was typical:

Do they [the Chinese] prevent white immigration? We know that most assuredly they do, as of our personal knowledge we know numbers of laboring men during the past year that have come to the coast, and have had to leave the coast for lack of employment, in consequence of their inability to compete with Mongolians, and thus sustain a loss, through their influence, when they return to their old homes, not yet cursed by the presence of the Chinese.

This will be found in the report of the Special Committee to Investigate Chinese Immigration in Senate Report Number 689, 44th Congress, second session, page 1172, in the year 1877.

Please note that this was written years before the establishment of the American Federation of Labor, which has had no such views; to the contrary. Still it was heard.

The joint committee's final report makes painful reading, and I quote, Mr. President:

To anyone reading the testimony which we lay before the two Houses it will become painfully evident that the Pacific coast must in time become either American or Mongolian. There is a vast hive from which Chinese immigrants may swarm, and circumstances may send them in enormous numbers to this country. These two forces, Mongolian and American, are already in active opposition. . . . The American race is progressive and in favor of a responsible representative government. The Mongolian race seems to have no desire for progress, and to have no conception of representative and free institutions. . . .

It further appears from the evidence—and I continue to read from the report of the Joint Committee of Congress—that the Chinese do not desire to become citizens of this country, and have no knowledge of or appreciation for our institutions. Very few of them learn to speak our language. . . . To admit these vast numbers of aliens to citizenship and the ballot would practically destroy republican institutions on the Pacific coast, for the Chinese have no comprehension of any form of government but despotism, and have not the words in their own language to describe intelligibly the principles of our representative system.

That is in the report of the Joint Special Committee to Investigate Chinese Immigration, to be found in Senate Report 689, 44th Congress, second session at pages Roman V to Roman VII.

The joint committee's report paved the way for the Chinese Exclusion Act of 1882, which suspended immigration by Chinese laborers for 10 years. The scope of the act was expanded in 1888, and renewed for another 10 years in 1892. And then, in 1902—the century we are still in if we count the numbers—Congress indefinitely renewed the Chinese Exclusion Acts.

We handled these things somewhat more diplomatically with Japan. When the San Francisco Board of Education passed an order requiring all Oriental pupils—there were 93 at the time—to attend a public school specially set aside for them, President Theodore Roosevelt averted a foreign policy crisis by persuading the Board to rescind its order in exchange for his commitment to negotiate a “gentlemen's agreement” with Japan. The agreement of 1907–1908 was actually a series of diplomatic notes in which the Government of Japan voluntarily pledged to issue no more passports to coolies going to the mainland of the United States—coolies being the term for common laborers.

The Chinese Exclusion Acts were not repealed until 1943.

It was not until 1943 when Chinese immigrants were, for the first time, allowed to become naturalized American citizens. No other group on Earth has faced this discrimination. In the middle of the Second World War, we were allies. We were one year from the Bretton Woods agreement where China would sit with us and plan the postwar institutions of the world. Only then did we repeal that exclusion—not just in country but from the right of citizenship.

Pay heed: This animus continued for the longest while, and sometimes from the most unexpected places. The term “coolie labor” became a term of opprobrium and hostility extending the globe over.

Thus, in this past Sunday's New York Times book review came the review of the book, *It Didn't Happen Here: Why Socialism Failed in the United States*, by our preeminent political sociologist Seymour Martin Lipset and Gary Marks, describing how one of the great socialist leaders of the early 20th century, a man esteemed in our history and a Member of the House of Representatives, had this to say on the floor of the House. I quote the review by David Glenn.

Milwaukee's best-known Socialist leader, Victor Berger (himself an Austrian Jewish immigrant), delivered a racist harangue on the floor of Congress in 1911 against the immigration of “modern white coolies . . . Slavians [sic], Italians, Greeks, Russians and Armenians.”

—this from a man who inspired the brotherhood of workers the world over.

Allow me to quote Representative Berger's statement more fully, as reported in the CONGRESSIONAL RECORD of June 14, 1911.

While the products of our factories are highly protected, sometimes as highly as 200 percent, the producers of these products are not protected at all. On the contrary, during the last 20 years Slavonians, Italians, Greeks, Russians, and Armenians have been brought into this country by the million. Simply because they have a lower standard of living they have crowded out the Americans, Germans, Englishmen, and Irishmen from the workshops, factories, and mines of our highly protected industries.

He goes on to compare the wage rates that he believed to have fallen in the aftermath of white immigration. As I have said, one of the most enlightened men of that age used the term “modern white coolies.” That is a part of our history. It is time we moved on. I will move on in conclusion to two points.

First, the macroeconomic implications of our trade policy.

Discussions of trade policy would be incomplete without mention of the macroeconomic implications of trade policy and the Nation's persistent balance of payments deficit—an issue addressed by Wynne Godley in “Drowning In Debt” a Policy Note recently published by the Jerome Levy Institute. The issue is somewhat complicated and centers around some complex economic interactions. But certain simple propositions warrant revisiting.

First, the large and persistent balance of payments deficit reflects an imbalance between domestic saving and domestic investment. Simply put our Nation is not saving enough. The improvement in government finances—moving from deficits of more than 4 percent of GNP to surpluses of more than 2 percent of GNP—have been partially offset by a decline in private savings. At the same time, an investment boom has required even more saving. In the short-run, this is not a problem, particularly since the investment boom will yield some dividends in the form of higher economic growth.

Second, in the long-run, this imbalance cannot continue, particularly as we approach the retirement of the baby boom generation. Indeed, it would be more prudent to now run balance of payment surpluses, reflecting an abundance of domestic savings, which so to speak can be cashed in when the baby boom generation retires.

Third, trade policies, such as approving PNTR for China will increase economic efficiency, but may or may not reduce the balance of payments deficit. Only sound domestic policies can do that, for example a responsible fiscal policy that encourages domestic saving including budget surpluses, can reduce the balance of payments deficits.

Allow me to close on a personal note. In January 1975, returning from a post-

ing at U.S. Ambassador to India, I had the great pleasure of visiting Peking—as it then was—as a guest of George and Barbara Bush, who then represented the United States at the capital in a less than ambassadorial capacity. We had not yet exchanged ambassadors with the Communist regime. I was struck by a number of seeming contradictions. The great Tiananmen Square was dominated by two vast flag poles. At the top of the first were two massive portraits of 19th century hirsute Victorian gentlemen, Marx and Engels. The other had portraits of a somewhat mongol looking Stalin and, finally, Mao Zedong, who died in 1976. The Great Hall of the People, as I wrote later, maintained throughout my visit “the inert external manner of a post office on Sunday morning.” In fact that very week, some 2,864 delegates had assembled there for the Fourth Party Congress. A new Constitution was adopted, Zhou Enlai was confirmed as Premier. And he declared that world war was inevitable.

But that was not the impression one carried away. I have some confidence in what I say as two weeks later I wrote a long “Letter from Peking” for the New Yorker magazine. China, I wrote, “is a huge industrializing nation.” Its products were not at that point overwhelmingly impressive: “In sum, Stalinist art and Meiji manufacture.” Even so, Premier Zhou had predicted that by 1980 China would have a “relatively comprehensive industrial and economic system,” and that by the end of the century this, combined with science and technology, would put her “in the front ranks of the world.” Here we are at the end of that century.

I came away from Peking convinced that the regime had broken its ties with Moscow. No one with an elementary sense of Eurasian history could believe they would last much longer. None you might say other than our intelligence agencies. Now the cult of Mao has receded. Some years ago I was back in what was now Beijing on a CODEL headed by much-loved Republican leader Bob Dole. The portraits atop the flag poles had vanished. Mao was consigned to a smallish portrait above an entrance to the Forbidden City on one side of the square. Industry and business moving forward regardless of ideology. At Shanghai the old European banks on the Bund were nominally empty—no exterior signs of any activity within—but were in fact bustling within, banking, as they had been 60 years earlier.

No one should think of the People's Republic as a “normal” nation. It has a century of revolutionary past to accommodate to a more settled future. The potential for estrangement and worse is still there. To the extent that trade moderates international tensions, surely we will do so; indeed, insist on doing so. Too much is at stake not to do.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Massachusetts is recognized for 30 minutes.

Mr. KENNEDY. Mr. President, I see my colleagues on the floor. I note that my colleague from New Mexico was here waiting before I came to the floor and before my friend from Iowa arrived. I know he has an important short subject matter. He has not been recognized in the consent agreement, and I want to accommodate all.

I believe I am entitled to 30 minutes; I expect to be able to complete my remarks in a shorter period. I want to accommodate the Senator from New Mexico. I will speak 20 minutes, and then yield to the Senator from Iowa. I ask unanimous consent to follow that outline, if it is agreeable to the Members.

The PRESIDING OFFICER (Mr. ROBERTS). Without objection, it is so ordered.

The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I thank my colleague from Massachusetts, Senator KENNEDY, for his courtesy in allowing me to speak at this point. I speak not on the issue that is pending before the Senate but in morning business. I ask I be permitted to speak for up to 5 minutes.

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

(The remarks of Mr. BINGAMAN pertaining to the introduction of S. 3002 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The distinguished Senator from Massachusetts is recognized for 20 minutes.

Mr. KENNEDY. Mr. President, I ask to be able to proceed as in morning business.

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

#### AGENDA FOR SEPTEMBER

Mr. KENNEDY. Mr. President, this afternoon, we are considering whether to proceed to legislation to establish permanent normal trading relations with China. That's an important issue, and it should be debated.

But in the short time remaining this year, we also must answer the call of the American people for real action on key issues of concern to working families. I want to mention briefly and then talk for the few more moments that I have about three specifically.

We must raise the minimum wage—with no gimmicks, no poison pills, and no bloated tax breaks for the wealthy. We are willing to consider some tax relief for small businesses to offset any burden of raising the minimum wage. But the minimum wage should be the engine for relief for low-wage workers,

not the caboose on a massive train of tax breaks and antiworker legislation.

The latest Republican scheme may raise the minimum wage. But it also reduces overtime payments for all workers. Workers all over America are saying that employers are requiring them to work too much overtime. Under the Republican scheme, not only can employers require workers to work more overtime, but employers can pay them less for that overtime.

We must pass a real Patients' Bill of Rights—true HMO reform in which all Americans in managed care plans are protected—not just some, as our Republican friends propose.

We must strengthen our hate crimes laws. The Senate has passed such legislation on the DOD authorization. It's now up to the Republican leadership to decide whether we stand up against hate and bigotry in America, or will this Congress just take a pass.

We must invest in education in ways that will make a real difference for our children. That means helping local schools hire more teachers so we can have smaller class sizes, and a quality teacher in every classroom in America. It means partnering with local schools to modernize school buildings and build more schools. It means increasing Pell Grants so more young Americans have a chance to go to college. It means more pre-school and after-school help for parents and schools.

We must adopt sensible gun controls that keep our communities and our schools safe. We should require child safety locks on all guns, and we must close the gun show loophole.

We must adopt urgently needed immigration reforms. We must expand the visa quota for skilled workers—the so-called "H-1B visa." And we must adopt new laws to ensure equal treatment under our immigration laws for Latino and other immigrants.

Last but not least, we must enact a prescription drug benefit as part of the Medicare program. Whenever a senior citizen signs up for Medicare, a comprehensive prescription drug benefit should automatically come with it. Senior citizens shouldn't have to battle HMOs and insurance companies to get the prescription drugs they need. Yet, that is what our Republican friends propose.

Let's do it right—and do it now. Let's pass a prescription drug benefit as an integral and normal part of the Medicare program, just like hospitalization and doctors' visits.

This summer, Congress voted tax breaks for the wealthiest Americans and a pay raise for itself, but the Republican leadership has continued to block efforts to raise the salaries of America's most underpaid workers—those earning the minimum wage.

While Members of this Republican Congress are quick to find time to increase their own salaries and cut taxes

for the wealthiest Americans, they have not yet found the time to pass an increase in the minimum wage to benefit those hard-working, low-wage Americans. The Republican leadership has insisted on doing nothing for those at the bottom of the economic ladder. It is an outrage that Congress would raise its own pay but not the minimum wage.

I was pleased to hear during the recess that House Republicans are finally coming around to our way of thinking. Last week, after three years of foot-dragging, Speaker HASTERT offered the President a plan to raise the minimum wage. This is a positive development, and it gives us real hope that we can raise the pay of the lowest paid workers this year.

These low income working families deserve a raise. Their pay has been frozen for three years. Since January 1999 alone, minimum wage workers have now lost \$3,000 due to the inaction of Congress. If we fail to increase the minimum wage this year, it will lose all of the value gained by the last two increases. Minimum wage earners should not be forced to wait any longer for an increase.

But we can't use this as an excuse to cut workers' overtime pay, as Speaker HASTERT proposes. We can't raise the minimum wage on one hand—and cut overtime pay for millions of Americans on the other hand.

The typical American family is working more and more hours, according to a study released for Labor Day by the Economic Policy Institute called "The State of Working America 2000-2001." Employees have increasingly been forced to work mandatory overtime—time they would rather be spending with their families—and they should be fairly compensated for that work.

Several new studies further prove how important a minimum wage increase is. A recent report released by the Economic Policy Institute entitled "The Impact of the Minimum Wage: Policy Lifts Wages, Maintains Floor for Low-Wage Labor Market" reveals that 63 percent of gains from a \$1 increase in the minimum wage would go to families in the bottom 40 percent of the income distribution. The study also finds that the higher wage raises the incomes of low-wage workers, with no evidence of job loss. In addition, the study reports that, among people who will benefit from an increase in the minimum wage, 1.75 million workers are parents with earnings below \$25,000 a year.

A June 2000 Conference Board report, "Does A Rising Tide Lift All Boats? America's Full-time Working Poor Reap Limited Gains in the New Economy," found that poverty has risen among full-time, year round workers since 1973. Lower skilled workers have profited much less from the current