

make progress with market-oriented economic reforms.

There is a human rights abuse screen that we have put in this bill, and we took care of some of the labor concerns with the amendment offered by the ranking member of the Committee on International Relations.

Now, when it comes to China, if anything, this bill has the potential of harming the Chinese textile industry, not helping it. Early this year, Karen Fedorko executive vice president of MAST Industries, testified to the Committee on Ways and Means that the bottom line is that, under this bill, Africa would become significantly more competitive and producers we currently work with in East Asia would shift their orders away from Asian vendors and towards some of our new contacts in Africa. Frankly, Africa's gain is China's loss under this bill.

Let me reiterate. In many ways, Africa is in the balance. Without efforts today to bring Africa into the world economy, without efforts like the African Growth and Opportunity Act, Africa could become permanently marginalized, Africans would suffer, and the American people would not escape the consequences.

To reject this legislation is to say we do not have any room on the economic map for Africa in the new century. I do not think my colleagues want to go that way.

I ask for their support for this bipartisan legislation.

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman, I rise in opposition to H.R. 434, the so-called African Growth and Opportunity Act.

AFRICA TRADE BILL

I support the goals of this bill—to provide a foundation for a strong democracy and to create economic development in Africa.

What cannot sanction, however, is legislation that promotes these goals at the expense of African workers, the very sector of society upon which future economic development rests.

At the very least, we must promote an economic foundation for Africa which has as its cornerstone the provision of ample employment opportunities for the indigenous citizens and permanent residents.

Unfortunately, this bill requires African countries to meet strict IMF-style austerity measures in order to receive limited trade benefits. Even after these conditions are met, there are few provisions to ensure that African citizens actually benefit from the duty-free, quota-free access to the U.S. market that the bill provides for garment manufacturers. Only 20 percent of a garment's value would need to be added in Africa.

Further, the bill would allow foreign contract workers to be exported to Africa to make the trade-preferenced products.

My colleagues say that the bill's provisions are stringent enough, that transshipment's not going to happen, that it is not possible, that the ocean is too far.

Well, let me explain to my colleagues about the over \$1 billion garment industry in the

Commonwealth of the Northern Mariana Islands—a pacific island U.S. Territory that receives duty free, quota free access to the U.S. market.

Chinese garment makers send to the U.S. duty free goods woven in China cut in China, and assembled in the Northern Marianas by Chinese workers. We see in the Northern Marianas a workforce that is totally controlled, that is indentured, that is bonded, where the young women are forced into abortions and into prostitution.

It is a simple matter for the Chinese to do the same thing in Africa, because it is very clear why they would go there. In Africa, they can get there under the U.S. quota.

Today, in the Northern Marianas, 98 percent of the private sector jobs are held by foreign contract workers. Obviously, local workers in the Northern Marianas aren't the true beneficiaries of access to the U.S. market, just as the workers in Africa wouldn't benefit if this bill passes.

H.R. 434 represents the failed status quo model of trade that rewards multinational corporations but does little to protect workers or the environment.

The bill would further accelerate the global race to the bottom with corporations seeking locales where they can pollute at will and pay workers pennies an hour.

Fortunately, there is an alternative, that my colleagues, Rep. JESSE JACKSON, Jr., has introduced. It contains many of the worker-protection provisions I planned to offer—but was not allowed to offer—when this bill was debated last year.

Rep. JACKSON's bill, the HOPE for Africa Act, provides a new model for trade that combines expanded trade with protections for workers and the environment. HOPE for Africa aims to raise living standards, foster capital accumulation in Africa, and prevent the types of abuses that are rampant in the Northern Marianas.

In order to receive the bill's trade benefits, companies must employ 80% African workers, add 60% of a product's value in Africa, and be at least 51% owned by African citizens. Labor and environmental standards must be followed as well.

I urge my colleagues to reject H.R. 434 as a failed model of the past and to support Representative JACKSON's vision for the future of trade.

Mr. PAUL. Mr. Chairman, once again Congress demonstrates that it has no fundamental understanding of free trade or the best interests of the taxpayer. The Africa Growth & Opportunity Act is heavy-laden with the Development Assistance (foreign aid), debt forgiveness (so much for the balanced budget), OPIC expansion (thus putting the taxpayers further at risk), and of course a new international regulatory board to be funded with "such sums as may be necessary." Additionally, the costs of this bill are paid by raising taxes on charity. Free trade, Washington style, is evidently not free for the taxpayer!

So what exactly is "free trade" and how far removed from this principle have those in Washington and the world drafted? Free trade, in its purest form, means voluntary exchange between individuals absent intervention by the coercive acts of government. When those individuals are citizens of different political jurisdictions, international trade is the term typically applied in textbook economics. For centuries,

economists and philosophers have debated the extent to which governments should get in the way of such transactions in the name of protecting the national interest (or more likely some domestic industry). Obviously, both parties to exchange (free of intervention) expect to be better off or they would not freely engage in the transaction. It is the parties excluded (i.e. government and those out-competed) from the exchange who might have benefitted by being a party to it who can be relied upon to engage in some coercive activity to prevent the transaction in the hopes that their trading position will become more favorable by "default."

Because governments have for so long engaged in one variety of firm-or-industry-benefitting protectionism or another, my "trade free of intervention" definition of free trade is currently quite out of favor with beltway-dominant pundits. Such wrongheaded thinking is not limited to government. In academia, a widely-used undergraduate economics text, authorized by David C. Colander, describes a "free trade association" as a "group of countries that allows free trade among its members and puts up common barriers against all other countries' goods"—thus here we have free trade associations putting up barriers. (An economic textbook only Orwell could love.)

An example of what now constitutes "free trade" Washington style can be found within the US ENGAGE Congressional Scorecard. It is insightful to consider what USA ENGAGE regards as pro-free trade against the backdrop of the non-interventionist notion of free trade outlined above.

China Most Favored Nation (MFN), while politically charged, is perhaps the cleanest genuine free trade vote chosen by USA ENGAGE. The question posed by this legislation is whether tariffs (taxes on U.S. citizens purchasing goods imported from China) should be lower or higher. In other words, when American and Chinese citizens engage in voluntary exchanges, should Americans be taxed. Clearly the free trade position here is not to raise taxes on Americans and interfere with trade.

The Vietnam Waiver vote classification as a pro-free trade position is particularly indicative, however, of what now constitutes free trade in the alleged minds of the beltway elite. When government forces through taxation, citizens to forego consumption of their own choosing (in other words forego voluntary exchanges) so that government can send money to foreign entities (i.e. trade promotion), this in the mind of Washington insiders constitutes "free trade." In other words, when demand curves facing the corporate elite are less than those desired, government's help is then enlisted to shift the demand curve by forcing taxpayers to send money to various government and private entities whose spending patterns more favorably reflect those desired by those "engineering" such "free trade" policies in Washington. Much like tax cuts being a "cost to government" and "free trade associations" whose purpose it is to erect barriers, free trade has become government-coerced, taxpayer-financed foreign aid designed to result in specific private spending and private gains.

The Fast Track initiative highlighted in USA ENGAGE's Congressional scorecard has its own particular set of Constitutional problems, but the free-trade arguments are most relevant and illustrative here. The fast-track procedure

bill sets general international economic policy objectives, re-authorizes "Trade Adjustment Assistance" welfare for workers who lose their jobs and for businesses which fail (a gentler, kinder "welfarist" form of protectionism), and creates a new permanent position of Chief Agriculture Negotiator within the office of the United States Trade Representative. Lastly, like today's legislative mishap, the bill "pays" the government's "cost" of free trade by increasing taxes on a set of taxpayers further removed from those corporatists who hope to gain by engineering favorable international trade agreements.

Constitutional questions aside, like today's H.R. 434, the fast track bill contained provisions which would likely continue our country down the ugly path of internationally-engineered, "managed trade" rather than that of free trade. As explained by the late economist Murray N. Rothbard, Ph.D.:

[Genuine free trade doesn't require a treaty (or its deformed cousin, a 'trade agreement'; NAFTA is called an agreement so it can avoid the constitutional requirement of approval by two-thirds of the Senate). If the establishment truly wants free trade, all it has to do is to repeal our numerous tariff, import quotas, anti-dumping laws, and other American-imposed restrictions of free trade. No foreign policy or foreign maneuvering is necessary.]

In truth, the bipartisan establishment's fare of "free trade" fosters the opposite of genuine freedom of exchange. Whereas genuine free traders examine free markets from the perspective of the consumer (each individual), the mercantilist examines trade from the perspective of the power elite; in other words, from the perspective of the big business in concert with big government. Genuine free traders consider exports a means of paying for imports, in the same way that goods in general are produced in order to be sold to consumers. The mercantilists want to privilege the government business elite at the expense of all consumers—be they domestic or foreign.

Fast track is merely a procedure under which the United States can more quickly integrate an cartelized government in order to entrench the interventionist mixed economy. In Europe, this process culminated in the Maastricht Treaty, the attempt to impose a single currency and central bank and force relatively free economies to ratchet up their regulatory and welfare states. In the United States, it has instead taken the form of transferring legislative and judicial authority from states and localities and to the executive branch of the federal government. Thus, agreements negotiated under fast track authority (like NAFTA) are, in essence, the same alluring means by which the socialistic Eurocrats have tried to get Europeans to surrender to the super-statism of the European Union. And just as Brussels has forced low-tax European countries to raise their taxes to the European average or to expand their respective welfare states in the name of "fairness," a "level playing field," and "upward harmonization," so too will the international trade governors and commissions be empowered to "upwardly harmonize," internationalize, and otherwise usurp laws of American state governments.

The harmonization language in the last Congress' Food and Drug Administration reform bill constitutes a perfect example. Harmonization language in this bill has the Health and Human Services Secretary negotiating multi-

lateral and bilateral international agreements to unify regulations in this country with those of others. The bill removes from the state governments the right to exercise their police powers under the tenth amendment to the constitution and, at the same time, creates a corporatist power elite board of directors to review medical devices and drugs for approval. This board, of course, is to be made up of "objective" industry experts appointed by national governments. Instead of the "national" variety, known as the Interstate Commerce Act of 1887 (enacted for the "good reason" of protecting railroad consumers from exploitative railroad freight rates, only to be staffed by railroad attorneys who then used their positions to line the pockets of their respective railroads), we now have the same sham imposed upon worldwide consumers on an international scale soon to be staffed by heads of multinational pharmaceutical corporations.

The late economist Ludwig von Mises argued there is a choice of only two economic systems—capitalism or socialism. Intervention, he would say, always begets more interventionism to address the negative consequences of the prior intervention: thus, necessarily leading to yet further intervention until complete socialism is the only possible outcome. This principle remains true even in the case of intervention and free trade.

To the extent America is non-competitive, it is not because of a lack of innovation, ingenuity, or work ethic. Rather, it is largely a function of the overburdening of business and industry with excessive taxation and regulation. Large corporations, of course, greatly favor such regulation because it disadvantages their smaller competitors who either are not in a position to maintain the regulatory compliance department due to their limited size or, equally important, unable to "capture" the federal regulatory agencies whose regulation will be written to favor the politically adept and disfavor the truly productive. The rub comes when other governments engage in more laissez faire approaches thus allowing firms operating within those jurisdictions to become more competitive. It will be the products of these less-taxed, less-regulated firms which will be the consumers' only hope to maintain their standard of living in a climate of domestic production burdened by regulation and taxation. The consumers' after-tax income becomes lower and lower while relative prices of domestic goods become higher and higher. Free trade which provides the poor consumer an escape hatch, of course, is not the particular brand of "free trade" espoused by the international trade organizations whose purpose it is to exclude the more efficient competitors internationally in the same way federal regulatory agencies have been created and captured to do the equivalent task domestically.

Until policy makers can learn enough about trade and voluntary exchange to distinguish them from taxpayer-funded aid to bolster corporate revenues, OPIC, Export-Import funding, Market Access Program, and other forms of market intervention (each of which are quite the opposite of genuine free trade), the free trade discussion will remain at worst, a delusional discussion, and, at best, a hollow one.

For these reasons and others, I oppose the so-called free-trade-enhancing Africa Growth and Opportunity Act.

Mrs. CHRISTENSEN. Mr. Chairman, I rise to support this amendment.

It has been a priority of mine and the rest of the Congressional Black Caucus to bring some of the many resources of this country and of the profits of our corporations to help fight the scourge of HIV/AIDS in Africa.

In this regard I applaud my colleagues, Mrs. JACKSON-LEE and also Mr. OLVER for their amendments. I would be remiss not to also recognize our former distinguished colleague, Mr. Dellums for his leadership in this arena.

Mr. Chairman, to date AIDS has killed more than 11 million people and continues to infect over 22 million of our brothers and sisters in sub-Saharan Africa. Millions of children are orphaned and countless families are destroyed.

In supporting this amendment, and asking for its passage, I take this opportunity to call on the administration, this Congress and our corporations to not only reach for our better selves, but into our very full pockets to help our fellow human beings who are in such great need.

Mr. LEWIS of Georgia. Mr. Chairman, I would like to begin by commending Mr. OLVER for initiating this important and timely amendment.

Africa is in crisis. The continent is home to one out of every ten people on the planet. Yet more than eight out of every ten deaths from AIDS have occurred in Africa. Health officials in Zimbabwe report over 3,000 AIDS deaths each week. This is a country that has a population roughly the size of the State of Ohio. In Kenya, 200,000 people will die from AIDS in 1999.

AIDS is destroying not only individual lives, but the social, political and economic fabric of the nations of Africa. In Zambia, more than half of the country's children have lost at least one parent to AIDS. How will these children survive? Africans between the ages of 15 and 40 have the highest AIDS infection rate. Who will remain to support Africa's families and grow Africa's economies? Right now, AIDS is reported to be rampant in the militaries of Zimbabwe and other Southern African countries. How will the political stability of Africa be secured?

This crisis demands the attention of the United States Congress. As we debate a bill that intends to strengthen our economic ties with the African continent, this is the right time and the right place for us to begin to think about the impact of AIDS on both the African people and our mutual long term interests.

The African Growth and Opportunity Act requires a lot of African countries. We need to hold up our end of the bargain. It is our responsibility to shine a spotlight on the issue of AIDS in Africa and to demonstrate our interest, not only in trade but in the long term stability of the nations of Africa and the health of her people.

By making it a Sense of Congress that addressing the AIDS crisis be a central component of our foreign policy in Africa; by recognizing the importance of AIDS prevention and treatment to our long term trade relationship with Africa; and by acknowledging that the African AIDS crisis merits expanded efforts by both public and private institutions as well as Congress to address the issue, this amendment represents an important step.

I urge my colleagues to vote for the amendment.

Ms. DELAURO. Mr. Chairman, I rise in strong support of the Olver-Pelosi-Foley Amendment to express the sense of Congress