

TRADE DEFICIT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, tonight, in the few minutes allocated, I would like to talk a bit about why our people, the American people, are working harder, but in fact, they are finding that their dollar buys less.

They are working longer hours, more hours; some families 2 and 3 jobs, and yet when they go to pay the bills at the end of the week, or at the end of the month, the dollar just does not stretch as far as it used to stretch. In fact, both Newsweek and Time magazines have had tremendous articles in the last month on wages in America and what is happening to the American family as a result.

Today, Mr. speaker, the Commerce Department announced very disappointing economic statistics for our country: basically, that the economy is stuck dead in the water. There was a story on the front page of the New York Times today which I am going to put in the RECORD that reads in the first paragraph that the economy really had extremely paltry growth in the second quarter, and we, as a country, are stuck at the 50-yard line. We just cannot seem to move forward.

The article also talks about the stagnation of wages and the job insecurity felt by millions and millions of our American families. One wonders why we do not hear more about it here in Washington because this is the reality of what our friends and neighbors are living with every day.

Mr. Speaker, tonight I want to talk a little bit about what I call the "trade drag" on our economy, the trade deficit drag that is really helping to hold down the ability of our people's wages to grow. If we think about the car races we might see at the Indianapolis 500, where they have to slow down and that big parachute comes out the back, and even a car that is going 150, 200 miles an hour stops almost in place. That is how a trade deficit works in terms of the ability of this economy to move forward.

Over the last decade, our Nation has lost over \$1 trillion, \$1 trillion of economic growth, to other places in the world. We have been amassing gigantic trade deficits, more imports coming in here than our trade deficits, more imports coming in here than our exports going abroad, and that has created pressure on the companies and the workers in our country because of low wages and working conditions.

There is no environmental enforcement in these other places around the world where these goods come from, and all of a sudden we find our workers in competition with the lowest-wage workers in the world in the most undemocratic places we could ever imagine living in.

Let us look at some of the results of that. If we take a look at this year

alone, we expect that we will have \$184 million more of merchandise coming in here than we are sending off shore through our exports.

This year we will have an increase over last year, when that deficit was \$166 billion. When we figure every billion translates into 20,000 lost jobs in this country, all of a sudden we begin to think about things that are happening in our own communities back home and we begin to understand the dynamic of what is happening in 1,000, 2,000, 5,000, 10,000 places across this country where we are essentially exporting abroad our manufacturing productivity and importing goods from low-wage places around the world.

We were told that NAFTA, the agreement with Mexico, would be a good thing for America. I would sure like to see some of the proponents get back on television; we have not heard a word from them lately because, in fact, the numbers are working exactly in reverse.

If we look at the figures of both the United States and Mexico, prior to NAFTA signing we always sent more exports down there than imports were coming in from Mexico. But just in May of this year, we had a \$1.6 million deficit with Mexico. That is just in 1 month; that is over 25,000 jobs. We have lost one plant a day to Mexico since NAFTA was signed.

Mr. Speaker, our trade deficit with Mexico this year is expected to reach over \$20 billion. That is an exact reversal of the trade figures prior to the signing of NAFTA. In fact, we are also amassing gigantic trade deficits with Canada for the first time. It is projected this year to be over \$14 billion. So as a result of NAFTA, this year, the United States-Mexico-Canada combined, we will have over \$34 billion trade deficit just with those two countries.

Mr. Speaker, part of the reason for the fiscal drag on the people of this country is that our trade policies are absolutely backward and do not benefit our people here at home.

Mr. Speaker, I submit the following for the RECORD:

[From the New York Times, July 27, 1995]

CLINTON AND THE ECONOMY

(By David E. Sanger)

WASHINGTON, July 27.—On Friday morning, the Commerce Department will issue a figure that until very recently the White House was dreading: an accounting of the economy's paltry growth in the second quarter of the year, a grim statistic that for much of the year looked as if it would be the first step off a steep cliff.

The number will likely be around five-tenths of a percent, a long, long fall from the economy's spectacular performance last year. But now there is a growing consensus among economists and traders that the figure will likely be the year's worst and that a rebound is already under way.

They are basing their optimism on the usual hodgepodge mix of home sales, the pace of exports, inventory levels and other straws in the economic wind that recently suggest that the worst is probably over. At the White House, officials are already declar-

ing that the much talked-about "soft landing" has arrived.

The second-quarter figure is coming out at a time that the second quarter seems no longer relevant," Treasury Secretary Robert E. Rubin, who has predicted publicly for several months that the rebound would start in the second half of the year, said today. "The question now is how strongly do we resume growth."

The political import of all this is lost on no one in Washington: It has been more than 40 years since a Democratic incumbent ran for the Presidency with the economy seemingly strong, inflation under control and unemployment off the front page. Against all the speculation just a few months ago, Bill Clinton now looks as though he may break the spell.

What that means in concrete political terms—the first primary is still seven months away—is anyone's guess. Even if the economy does bounce back in the coming months, it is far from clear that there will be corresponding political gains for Mr. Clinton.

Growth was strong and inflation was low last November, and the result was a Republican seizure of both the House and the Senate. In the postwar era, growth had to average more than 4.6 percent in the year leading up to an election for a Presidential incumbent to be re-elected.

And the stagnation of wages and the job insecurity felt by millions of Americans remain a major economic problem, and an even bigger political one, a point Mr. Rubin and other Administration officials acknowledge.

But an economy in downturn as the primaries approach seemed probable just a few months ago, and Mr. Clinton's economic advisers are delighting in the fact that the business cycle seems unlikely to give the Republicans any fresh ammunition.

"This gives tremendous momentum to the Clinton re-election candidacy," Secretary of Commerce Ronald H. Brown, the former chairman of the Democratic National Committee who until a few months ago was considered a likely candidate to run the campaign, said in his office today. "We ought to take the quotes from all those guys on the Hill who were predicting doom and gloom and throw them back in their faces."

The Republicans, of course, will retort that the man who brought about the soft landing was not Bill Clinton but one of their own: Alan Greenspan, chairman of the Federal Reserve. Last year he was regularly portrayed by the White House as the lurking force of evil in the economy, raising interest rates last year to head off inflation.

On several occasions the White House forgot its stated policy of never arguing in public with the Federal Reserve, carping about its approach and saying that it would cost jobs and growth. More than a few times Mr. Rubin had to call his colleagues in the Cabinet and ask them, politely, to shut up.

Now, after a considerable amount of revisionist thinking, Mr. Greenspan has become something of an economic hero in the White House. The interest-rate increases are now viewed in a kinder light, in part because they choked off inflation but especially because rates began to come down again last month.

Suddenly the most likely successor to Alan Greenspan, whose term runs out next March, is Alan Greenspan. (The reality is that probably no one else could get confirmed: The Republican leaders of the Senate would probably hold up the nomination of any other candidate until after the next election.)

Certainly not all the news has been good, and anyone wanting to construct a pessimistic outline for the months ahead has plenty to work with. In May, personal income declined slightly, the first fall since January

1994. In June, a leading index of manufacturing purchases declined for the second consecutive month, after nearly two years of growth. Car sales plunged alarmingly in the spring, leaving the chief executives of the Big Three shaken. Mortgage applications are down, even though interest rates have dropped nearly two points in eight months. The savings rate continues to fall.

Some economists maintain that any good news is simply a delay of the inevitable. "If the economy survives 1995 without a recession, next year will offer no respite from hazards," the Jerome Levy Economics Institute at Bard College wrote last week in one of the blitz of newsletter analyses that has preceded Friday's report on gross domestic product. "The probability of a recession beginning either this year or next is 60 percent."

If so, Mr. Clinton could find himself in exactly the condition he managed to exploit brilliantly against George Bush.

But inflation seems increasingly unlikely to be an issue as the election approaches; it is not only down in this country but around the world. The job market has remained surprisingly strong, an impression bolstered today when the Government announced a large decline in claims for unemployment benefits. Retail sales are up, though much of that comes from huge promotions that car makers are using after they were caught by surprise by slow sales early in the year.

There are three major issues that seem to bother the Administration's top official when they talk about the economy: What will happen to personal income, whether a showdown with the Republicans over the budget sends the markets into a tailspin and what happens if the country's export boom suddenly dries up.

All the economic indicators in the country can turn up, but if income stays stagnant, Mr. Clinton's advisers agree, he will be unable to convince voters that much has changed. "It's the problem the President works on the most," Mr. Rubin said today, referring to proposals in his budget for training and education. "Because median real wages have not behaved well, too many Americans can't feel in their own lives what has happened in the economy."

The second concern is that the battle over the budget will bring the Government to a standstill in October, with all kinds of hard-to-predict economic fallout. "We've had the Government close for a day or two in the past; but what we are worried about is something much longer and worse," a top Administration official said recently. "And it is unclear who would be blamed for that, Bill Clinton or Newt Gingrich."

And the third concern is that the hidden miracle of the economy—exports—will finally cool off. Just how much exports are rising is a matter of how you measure, but the trend is pointing to a 15 percent increase over last year, fueled by the weak dollar. That is a remarkable achievement at any time, but particularly when the country's No. 2 and No. 3 trading partners, Japan and Mexico, are in the most dire economic trouble they have suffered in years.

Whether the country's economic growth can be sustained even if the domestic economy slows further, then, depends in large part on keeping up a huge flow of goods to Europe and Southeast Asia. And that means depending on economies over which Mr. Clinton has virtually no control.

"What no one has noticed in the past year or so is that now fully 50 percent of our exports go to the Pacific Basin," said Mickey Kantor, the United States trade representative and another potential candidate to run Mr. Clinton's campaign. "That is why we have such a critical interest in continuing

the market openings there and building those relationships."

But Asia is also where the United States has its biggest trade deficits, and they, too, have widened over the year. That could be the wedge the Republicans turn to first.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

REFLECTIONS ON THE DEDICATION OF THE KOREAN WAR MEMORIAL

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. KIM] is recognized for 60 minutes as the designee of the majority leader.

(Mr. KIM asked and was given permission to revise and extend his remarks.)

Mr. KIM. Mr. Speaker, yesterday afternoon I joined with Presidents Clinton and Kim Yong-sam of Korea as well as with hundreds of thousands of Korean war veterans, their families and friends in dedicating the Korean War Memorial on The Great Mall in Washington, DC.

For me, this was a most emotionally moving experience. At the time of the Korean War, I was a young boy in Seoul, Korea, trying to survive the horrors of the war. Now, 42 years later at the dedication of the memorial, I am a U.S. Congressman from California. This seems so unreal, so unbelievable.

But, as I stood there looking at the memorial, yesterday, I know this is real because this is America and only in America can such incredible things happen. Perhaps it was Washington's notoriously hot and humid weather that made me feel faint during the ceremony—but I think it could have been 10 below zero and I still would have felt overcome with pride and joy.

The Korean war is often called the forgotten war. While those of us who lived through it will never forget, I think I see why so many others have.

You see, Mr. Speaker, it is because we were successful in Korea. It was indeed a true successful story. That why it was almost forgotten. On June 25, 1950, North Korea launched its surprise attack and by August had pushed American and South Korean troops into a small pocket surrounding the southern-most port of Pusan.

But, rather than give up, the United States made a bold landing and counter-attack at Inchon that same September, thereby defeating any chance of Communist victory.

This was a victory for liberty over tyranny. Many people have forgotten that the rescue of Korea was not just an American and South Korean operation.

Twenty-seven nations, under the blue flag of the United Nations, fought to

defend the U.N.'s charter principles of freedom and self-determination for Korea. And they were successful.

Just across the reflecting pool from the Korean War Memorial is the Vietnam War Memorial. While the Korean war may be the forgotten war, we still anguish over the conflict in Vietnam.

It is true that over 10 years of fighting in Southeast Asia resulted in 55,000 American deaths and 2,000 still missing in action. I give the highest honor to these sacrifices.

But it is also true that in just 3 years of vicious combat, 54,000 Americans died in Korea and over 8,000 remain missing.

Why the concentration on Vietnam at the expense of Korea? Just as many gave the ultimate sacrifice in Korea. Is it because we won in Korea?

Is it because those who protested against our brave troops in the 1960's and 1970's now feel guilty about their actions and fear that acknowledging our victory in Korea will weaken their arguments against our involvement in Vietnam?

I don't know. But, I do know that international freedom and liberty did win in Korea. And, it is past time that this victory be fully recognized.

The ultimate sacrifices made by these brave Americans and others during the Korean war were not made in vain. While the war in Korea may have left the entire peninsula looking like a wasteland back in 1953, look at how the southern half—with American help and protection—rebuilt into a strong, vibrant free-market democracy.

As President Kim said in this very Chamber just 2 days ago, "This is the story of the Republic of Korea, a country which began with nothing but bare hands and courage and managed to achieve democratization and industrialization in a short period of time, a country now proudly marching out toward the world and into the future."

Today, South Korea continues to pay back that help to the United States. South Korea is America's sixth largest trading partner with bilateral trade exceeding \$40 billion this year alone—and the balance is tilted in favor of the United States as America has a trade surplus with Korea.

Now, compare the prosperity and success of South Korea with the misery and poverty in Communist North Korea. Despite all the Marxist propaganda claiming North Korea to be a people paradise, in reality it is a land where only two meals a day are eaten because there is not enough food for three. Despite a 40-year program for self-sufficiency, the North must accept rice from its self-described enemy, the South. There is no freedom in the North as "big brother" watches every move every person makes.

Economically, politically and morally, the North is bankrupt. Only through tyranny and massive military mobilization are the Communists in the North able to stay in power. The differences between the North and South are very well defined.