

world power. It is a solemn moment for the American democracy. For with this primacy in power is joined an awe-inspiring accountability to the future. As you look around you, you must feel not only the sense of duty done, but also you must feel anxiety lest you fall below the level of achievement. Opportunity is here now, clear and shining \* \* \* To reject it or ignore it or fritter it away will bring us all the long reproaches of the aftertime."

Madam President, Churchill's words are America's words. For ours is a passionate belief in human possibility, an abiding devotion to freedom. "Opportunity is here now, clear and shining." Let us not trade liberty for the false idol of foreign commerce. Let us not allow freedom's song to die on our lips. "For all sad words of tongue and pen, the saddest are these: 'It might have been.'"

I yield the floor.

#### BALANCED BUDGET ACT OF 1997

The Senate continued with the consideration of the bill.

Mr. DOMENICI. Madam President, parliamentary inquiry: How much time has been used by each side?

The PRESIDING OFFICER. The Senator from New Mexico has 7 hours and 19 minutes left on his side, and the Senator from New Jersey has 9 hours and 14 minutes remaining.

Mr. DOMENICI. I suggest the absence of a quorum and ask that it be charged equally to both sides.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HARKIN. Madam President, do I understand that under the procedure now in effect we can lay down amendments this afternoon? Is that the case?

The PRESIDING OFFICER. There is a pending amendment that would have to be laid aside.

Mr. HARKIN. And that would have to be done by unanimous consent, right?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Madam President, I have an amendment. I know the Senator from Arkansas wants to speak, and I will be as brief as I can.

Mr. LAUTENBERG. Will the Senator yield?

Mr. HARKIN. I would like to speak very briefly and lay down the amendment.

Mr. LAUTENBERG. Will the Senator yield for just a moment?

Mr. HARKIN. Yes.

Mr. LAUTENBERG. In this case I think there is a question about whether the Senator from Arkansas had a commitment to speak at this time.

I would ask the Senator from Arkansas how much time he needed.

Mr. HUTCHINSON. I intend to speak about 15 minutes.

Mr. LAUTENBERG. About 15 minutes. Apparently the Senator from Iowa would be all right if the Senator from Arkansas—it had been apparently agreed to before he came.

Mr. HARKIN. I didn't know such an agreement was in effect. That would be fine.

Mr. LAUTENBERG. I apologize to the Senator from Arkansas for messing things up.

Mr. HARKIN. Mr. President, since I still have the floor, if I might, this Senator was unaware that a previous agreement had been made by the Senator from Arkansas for this time slot. What I would ask is that when the Senator from Arkansas finishes, then I would be recognized to make my statement.

The PRESIDING OFFICER (Mr. ALLARD). Without objection, it is so ordered. The Senator from Arkansas.

Mr. LAUTENBERG. Mr. President, I understand that the time is going to be yielded by that side of the aisle and should be appropriately recorded.

The PRESIDING OFFICER. The Senator from New Jersey is correct.

Mr. LAUTENBERG. I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. HUTCHINSON. Mr. President, I express my gratitude to the Senator from Iowa for being so understanding, allowing me to proceed. I would like for it to be clear that my 15 minutes would come from the majority's time.

#### MOST-FAVORED-NATION TRADE STATUS FOR CHINA

Mr. HUTCHINSON. Mr. President, the House of Representatives votes tomorrow on whether or not to extend most-favored-nation trade status to China. In a more desirable world, revoking China's MFN status might be less advisable than handling national security and human rights as well as economic issues in more traditional ways. Unfortunately, the experience of the last 3 or 4 years, in fact experience going back much farther than that, has demonstrated that the administration's policy of constructive engagement has failed. The constructive engagement policy has in fact degenerated. We have seen conditions in China worsened annually.

The logic behind constructive engagement is, indeed, appealing. It goes something like this. If we will expand trade with China, the result will inevitably be political liberalization and ultimately an improvement in the conditions of the Chinese people, there will be an expansion of human rights opportunities, there will be less repression, there will be less religious persecution, there will be a warmer and more cordial relationship between China and the United States.

When I was first confronted with the issue of MFN upon my election to Con-

gress in 1993, I was almost persuaded by that logic. In fact, I wanted to be persuaded by that logic, and I was looking for any indication that the policy of constructive engagement was, in fact, having the desired results and that, in fact, conditions were improving, treatment of the Chinese people had improved, there was less repression, and that trade, expanded trade, was in fact having that kind of result. Had there been any sign in the last 4 years that this policy of constructive engagement was having the intended result, I would be voting for MFN this year. Were I given the opportunity, I would be supporting most-favored-nation trade status for China.

But the facts are very clear and the State Department's own report makes it abundantly clear that conditions have deteriorated, that the policy of linkage has not had the result that we all wanted it to have. So it is argued that economic freedom frequently leads to political freedom, and in fact it does frequently lead to political freedom. There are examples in which that has happened. But in China's case, market economics has become nothing but an utilitarian exercise to ensure the continuation of a totalitarian regime. They have seen if they keep the iron grip upon the Chinese people, that a market economy will help them accomplish that; that expanded trade, higher incomes, economic opportunities for Chinese people—that makes it easier for them to maintain an absolute repression of any kind of free expression within China.

Proponents of MFN say we all have the same goal, expanded human rights, we just have a different approach on how we best attain that. Russia is often pointed to, the old Soviet Union, where there was a little hole in the dike called perestroika and from that little hole in the dike the floodgates opened and freedom could not be contained. But in China, perhaps they learned the lesson from the Russian experiment or from the Soviet Union's experience, for in China there has been no perestroika; there has been only repression.

There are, I believe, many flaws in the policy of constructive engagement. First and foremost, it has simply not improved the status of the Chinese people; it has worsened it. The administration's decision not to consider human rights abuses when granting MFN status has proven disastrous for the people of China. As they have been removed from the threat of any repercussions in the trade relationship with the United States, the Chinese Communist leaders have succeeded in jailing or executing every last dissident in a country of over 1 billion people, according to the State Department's own 1996 China report. As we have turned a blind eye, the atrocities have escalated and the oppressive government has strengthened its hold on a full one-fifth of the world's population. The constructive engagement policy has produced more persecutions of Christians,

more forced abortions, more sterilizations of the mentally handicapped, more incarcerations of political dissidents, and the near extinction of the expression of any opinions contrary to those of the Communist regime.

I have on this chart, I think, a very clear illustration of the failure of the constructive engagement policy. On the left of this chart we see a dramatic increase of trade with China, a less dramatic increase of imports from the United States, and a very dramatic increase in exports. We see, in a very graphic manner, while trade has increased from 1987 to 1996, we have also seen that human rights abuses in China have increased almost in a parallel manner. Homeless children—in 1993 over 600,000, in 1997 almost three times as many homeless children, homeless children being the result of those who are incarcerated and those who are executed. Religious persecution in China—in 1993, 2.4 million believers, those people of faith persecuted. In 1997, 4 years later, under the policy of constructive engagement, 4.5 million, almost doubling.

So, while trade increased—the logic of constructive engagement would say trade increasing, more trade opportunities will mean greater human rights and fewer abuses in China. Just the opposite has occurred.

Reeducation camps—in 1993, 200,000 were in these forced reeducation labor camps; in 1997, over 5 million have been detained, according to Amnesty International and according to the Congressional Research Service. I believe this in fact demonstrates that constructive engagement has been very destructive.

Second, this delinkage has also resulted in a loss of leverage with the Chinese Government. I want to pause to read from an editorial that appeared in my hometown paper today, the Arkansas Democrat Gazette. It says:

But they may not realize that a carrot-and-stick approach isn't likely to be effective if the carrot is always offered and the stick is always withheld.

That has been the result of this delinkage policy. They would say, and they do say: Your words are empty because there is nothing to back them up. Delinkage has not worked because, in effect, there has been no stick. So, is it any wonder that, in effect, we hear the Chinese Government say we don't care what you say because in the end we get what we want and we can continue to do what we please? Mr. President, that delinkage has resulted in a loss of leverage is clearly evident in that State Department report of 1996, in which they said, "No dissidents were known to be active at the year's end."

When most-favored-nation status reaches the point that it is no longer conditioned, then it becomes absolutely meaningless. When we look at China and our own State Department says by every measure conditions are worse, yet we say we are still going to extend most-favored-nation trade status, then that annual exercise becomes

nothing more than an annual joke that we play in Congress, where we go through the process, we go through the debate, all the time knowing most-favored-nation trade status will be extended, MFN will be extended regardless of what conditions may have occurred within China.

In a flagrant act of intimidation, China effectively blockaded Taiwan during a missile testing exercise off its coast in March of 1996. Many examples could be given of where the Chinese Government acts with impunity toward our Nation because our policy has been one of coddling.

Third, constructive engagement supposes a true free enterprise system in China and that system just does not exist. The logic behind constructive engagement is flawed because it assumes that in fact they have a free enterprise system. They do not have that. They have protectionist trade policies, they have an enormous trade deficit with the United States, and the People's Liberation Army controls many of the industries in China. So the assumption is wrong and the policy is flawed.

Fourth, constructive engagement supposes a fair trade relationship that does not exist. How can you have a fair trade relationship when there are 5 million people in slave labor camps? Forced reeducation camps, the old gulag in the Soviet Union, the concentration camps, that's what they are, with prison industries. Though it is against the law, there is no way that we can totally detect what products are made in prison factories and what products are not. So there is no fair trade relationship with China.

Then, fifth, constructive engagement ignores the military buildup in China. If you reject everything else, the fact is we have a compelling national security interest as we see China's defense budget growing. United States Ambassador to China James Sasser recently stated that fact. The Chinese themselves have announced an increase in that budget, which will bring total defense outlays to \$10 billion and many believe it is closer to \$40 billion. So I say, as you look at China's military buildup, their willingness to export weapon components, chemical weapon components, selling those weapon components to Iran, nuclear weapon technology to Pakistan, advanced jet aircraft to Russia and on and on, it is clear that our national security interest would say we ought not extend again most-favored-nation status to China.

Sixth, constructive engagement is flawed because it assumes that gentle treatment will elicit good behavior while firmness will result in escalating tensions. Let me say that again. The assumption is that if we will give to China gentle treatment, it will elicit good behavior, but that if we dare to take a firm stand, it will escalate tensions. In an earlier day that philosophy was called appeasement, and it has never worked. It did not work in the days of Chamberlain, and it will not

work in our day. There is no greater example of it, perhaps, or image of it, at least, than when Vice President GORE toasted Premier Li Peng.

Arthur Waldron wrote in his essay "How Not to Deal with China," he said:

China is involved in disputes around the full circumference of its border, disputes which, like burners on a stove, Beijing may turn up or down, but never turns off.

So they toy as we grant MFN. The logic behind this policy is flawed. I believe it deserves a vote of no confidence. I hope the Senate will have the opportunity to cast that vote. China has created a dichotomy. They say, on the one hand, give us trade. They say give us sales. They say give us dollars. And on the other hand, they practice political repression, slave labor, forced abortion and religious persecution. Between those two statements there is the great wall of China: Yes, market economy, free trade, but political repression and slave labor. To the extent that free markets lead to free minds, China, in recognizing that, built a wall between. And, as we continue to grant most-favored-nation status, we allow that wall to exist.

Mr. President, 2 years ago, I was present, as many of my colleagues were, at the dedication of the Korean War Veterans Memorial, the latest war memorial on the Mall in Washington, DC. At the edge of the memorial is a low wall upon which is inscribed this reminder, I think a good reminder for all Senators, a good reminder for all our colleagues in the House of Representatives on this eve of the MFN vote. On that memorial is inscribed these words: "Freedom is not free."

To those who would say that profits are the ultimate arbiter of American policy, I say it is time that, once again, values and principles be the determinant of what our national policy is and what our trade policy should be. Freedom is not free.

Thank you, Mr. President. I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Iowa is to be recognized.

#### BALANCED BUDGET ACT OF 1997

The Senate continued with the consideration of the bill.

Mr. HARKIN. Mr. President, who yields me time?

Mr. President, I ask unanimous consent that my time be taken off the minority's time on the bill.

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

Mr. HARKIN. Mr. President, for many years, I have been working hard to identify and combat fraud, waste, and abuse in the Medicare Program. Starting in 1990, when I took over as chairman of the appropriations subcommittee that funds and has jurisdiction over the administrative funding of Medicare, I began holding hearings, and I held several hearings through