

A concurrent resolution (H. Con. Res. 123) providing for the use of the catafalque situated in the crypt beneath the rotunda of the Capitol in connection with memorial services to be conducted in the Supreme Court Building for the late honorable William J. Brennan, former Associate Justice of the Supreme Court for the United States.

The Senate proceeded to consider the concurrent resolution.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the resolution be agreed to; that the motion to reconsider be laid upon the table; and that any statement relating to the resolution appear at the appropriate place in the RECORD.

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

The concurrent resolution (H. Con. Res. 123) was agreed to.

AUTHORIZING USE OF CAPITOL GROUNDS

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 130, SENATE Concurrent Resolution 33.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 33) authorizing the use of the Capitol Grounds for the National SAFE KIDS Campaign SAFE KIDS Buckle Up Car Seat Check Up.

The Senate proceeded to consider the concurrent resolution.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the resolution be agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

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

The concurrent resolution (S. Con. Res. 33) was agreed to, as follows:

S. CON. RES. 33

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. USE OF CAPITOL GROUNDS FOR NATIONAL SAFE KIDS CAMPAIGN SAFE KIDS BUCKLE UP SAFETY CHECK.

The National SAFE KIDS Campaign and its auxiliary may sponsor a public event on the Capitol Grounds on August 27 and August 28, 1997, or on such other date as the Speaker of the House of Representatives and the President pro tempore of the Senate may jointly designate.

SEC. 2. TERMS AND CONDITIONS.

(a) IN GENERAL.—The event authorized under section 1 shall be free of admission charge to the public and arranged not to interfere with the needs of Congress, under conditions to be prescribed by the Architect of the Capitol and the Capitol Police.

(b) EXPENSES AND LIABILITIES.—The National SAFE KIDS Campaign and its auxiliary shall assume full responsibility for all expenses and liabilities incident to all activities associated with the event.

SEC. 3. EVENT PREPARATIONS.

(a) STRUCTURES AND EQUIPMENT.—Subject to the approval of the Architect of the Capitol, the National SAFE KIDS Campaign and

its agents are authorized to erect upon the Capitol Grounds any stage, sound amplification devices, and other related structures and equipment required for the event authorized under section 1.

(b) ADDITIONAL ARRANGEMENTS.—The Architect of the Capitol and the Capitol Police Board are authorized to make any other reasonable arrangements as may be required to plan for or administer the event.

RECESS

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 3 p.m.

There being no objection, at 1:37 p.m., the Senate recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Ms. COLLINS).

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the hour of 3 p.m. having arrived, there will now be a period of morning business. The first hour of morning business is under the control of the Democratic leader or his designee.

In my capacity as a Senator from the State of Maine, I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. 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. BAUCUS. Madam President, I ask unanimous consent to speak for 10 minutes in morning business.

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

TRADE WITH CHINA

Mr. BAUCUS. Madam President, this week the United States Trade Representative will conduct a set of talks on China's accession to the World Trade Organization. Their results will have a great effect on our trade policy for years to come. So this afternoon I want to take a few minutes to discuss the reason these talks are important, the state of United States-China trade, and a strategy that can help improve the situation.

The reason these talks are important is simple. China is a big market, a big exporter, and a country with which we have a large and difficult trade agenda. By virtue of population, only India equals China as a potential export market. And China's economic growth, at nearly 10 percent a year throughout this decade, is unmatched in the world.

Much of this growth has come from trade. Twenty years ago, China barely participated in world trade. It is now the world's sixth largest trader and is now our third largest source of imports after Canada and Japan. If you count Hong Kong together with China, the figures are even more impressive.

But our American export performance to China is very poor. The Commerce Department reports \$11.7 billion in goods exported in 1995, \$12 billion in 1996, and on track for the same level this year. Adding exports of services, the total is about \$2 billion larger, but the trends are no better.

By contrast, our exports to the rest of the world have grown by 18 percent since 1995. So despite China's size, despite China's economic growth, our export performance is weak and China's importance as an export market relative to other countries is rapidly declining.

We should be doing much better than this. There are two reasons for our weak performance. The first is that many of our own policies appear designed to cut our exports to China. And the second, larger problem, is Chinese protectionism.

We will start with the first point. Because while bringing down trade barriers takes a lot of work and hard negotiations, we can fix our own mistakes pretty easily. And let me offer three examples.

First, we bar trade promotion programs like the Trade Development Agency, OPIC, and sometimes the Eximbank from operating in China. The Senate took a good step forward by passing my amendment last week showing the Asian Environmental Partnership to work in China, but we have a very, very long way to go.

We refuse to sell nuclear powerplants to China. This is foolish enough when we see that France and Japan are pushing nuclear powerplant exports in our absence. And it is almost surreal when you consider that we are actually giving nuclear powerplants to North Korea.

We have an antiproliferation law that embargoes electronics exports if China sells missiles. That is, if China misbehaves, we sanction ourselves. This will not work. If we are serious about reducing the trade deficit, if we want a trade policy that creates jobs in America, we cannot routinely prevent ourselves from exporting.

That is part of the solution, but not the whole solution. Because while fixing our mistakes are important, structural economic issues and Chinese trade barriers do much more to cut our exports.

To date, we have used our own domestic trade law to solve our problems, section 301 and Special 301, to bring down trade barriers, the antidumping and countervailing duty laws to fight dumping and subsidies. This policy won some results, and if necessary we should continue using it into the future. But it is a slow and frustrating policy which addresses individual, specific problems rather than the full spectrum of trade barriers. We need a more comprehensive approach. And we have it in China's application to enter the World Trade Organization.

WTO rules address most of our China trade problems, from tariffs and quotas

to subsidies and distribution. If China accepts these rules, our trade future may be much brighter than the present. So I regard these discussions in Geneva as critically important and view China's entry to the WTO on commercially acceptable grounds as very much in our national interest.

But these talks come with risks. If we sign a bad agreement, whatever we miss will stay there a long time. In that case, we should never expect much from the China market. And we would set a dangerous precedent for other reforming communist countries from Russia to Ukraine to Vietnam which hope to enter the WTO.

To this point, China has not made acceptable offers. And if they will not do it this week, we need to be patient. We need to hold out for a good deal. And a good deal basically means four things.

First, it means market access. Today, Chinese tariffs rise to 120 percent for cars and 80 percent on beef. They must go down, way down. We need much less restrictive quotas, abolition of unscientific barriers to agricultural products, like the unfounded claims about "TCK smut" on our wheat, an end to unpublished quotas and regulations, no more unfair inspection rules, and an open market for services.

Second, we need an agreement by China to accept basic standards of trading behavior. Trade regulations must be the same in every port and province all across China. Intellectual property must be protected and technology transfer requirements outlawed. Restrictions on national treatment must go. The government must abandon policies requiring investors to export all or part of their product rather than selling it to the Chinese. And restrictions on trading rights must end.

Third, there are subsidies. We need clear and visible separation between ministries, officials, and public taxes on the one hand and private business on the other. And we need to preserve our safeguards against export subsidies and dumping. Our antidumping law has special rules that calculate dumping from noncompetitive economies. This is the right policy, given the present state of economic reform in China, and we need to keep it in place.

Fourth, results and enforcement. China, as a large partially reformed economy, presents questions the GATT and WTO have never encountered. So we ought to have some benchmarks to measure success, including objective measures of Chinese imports, and a prearranged system of consultation if we see things going wrong. And when problems arise, if they do, we must be ready to enforce our rights.

Of course, a good WTO accession works in both directions. And that brings me to the third part of a better China trade strategy.

As GATT and WTO members, we have always, as Americans, accepted one basic commitment; that is, MFN for all members, permanently and without

conditions. If China agrees to a good WTO deal, the Chinese have the right to expect us to fulfill this commitment to them. It is good policy on the merits. It is also the fair and honorable thing to do.

The right trade policy toward China is clear. We must end restrictions on export promotion. We should bring down China's trade barriers through a fair WTO accession agreement, if we can, and through laws like Section 301, if China is not ready to make a good offer. When China does make a good offer, we should live up to our own responsibilities by making MFN status permanent. It can begin this week.

Thank you, Madam President.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. 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. DORGAN. Madam President, I ask unanimous consent that I be allowed to speak for as much time as I consume as in morning business.

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

THE UNIVERSAL SERVICE FUND

Mr. DORGAN. Madam President, it is Monday today, and somewhere deep in the bowels of this Capitol building, the budget people are meeting to finalize a budget agreement in something called the reconciliation bill, which deals with both spending and taxes. These are the budgeteers, the people that come from the Budget Committees, and they work on the budget; they know the budget. They deal in almost a foreign language, speaking to each other in a language that most Americans would not understand. Somewhere down in the recesses of this building, they are now meeting, finalizing two reconciliation bills—one on spending and one proposing tax cuts.

The issue that brings me to the floor today for a moment will also bring me to the floor tomorrow morning on an amendment that I have offered. It deals with something that most Americans will not recognize; it is called the universal service fund. Somewhere in this room, where these budgeteers are working, they have a hole in their budget plan. In other words, it doesn't quite add up. So when something doesn't quite add up, what do you do? Well, in this case you get a different adding machine. You can actually build an adding machine that adds it up the way you want. So they plug this hole with a plug number, and the plug number they use in their budget hole is called the universal service fund. I want to describe what it is and why what they are doing is fundamentally wrong and will lead us down the wrong

path and cause a great deal of trouble for a lot of Americans.

We have something called the universal service fund in this country because we wanted to provide telephone service to all Americans at an affordable price. How do we do that? Well, it costs a substantial amount of money to provide telephone service for a very small town because you have to have the same infrastructure, and you have to spread the costs over very few telephones. I come from a town of 300 people, so I know what that is about. It is much different than the cost of providing a telephone in a city like New York, where you have literally hundreds of thousands, or millions of telephones, and you spread the fixed costs over millions of telephone instruments.

So we decided in this country we would offset the cost of telephone services for those very high cost areas, where it might otherwise cost people \$50, \$100, \$200 a month to have a telephone. We would offset the cost to make it affordable for everybody by charging everybody a little bit that goes into a universal service fund, and that is used to drive down the telephone costs in the very small areas.

Why did we decide that was important as a country? Because the presence of every telephone makes every other telephone more valuable. If the folks in the big cities could never call people in small towns because the people in small towns found that telephone cost was too expensive and therefore they didn't have a telephone, the system would not work, would it? That is why we have the fund.

A year and a half ago the Congress passed the Telecommunications Act. It was the first time in nearly 60 years that Congress had reformulated the laws on telecommunications. The Congress also changed the universal service fund some. Now, this is not money that comes into the Government or goes out of the Government. It is a fund that is established that is administered and set up privately, or on a quasi-private basis at least.

What we have today is a new budget deal that is being put together in which the budgeteers are taking the universal service fund money—some of it—and bringing it into the Federal budget and then spending it out again and using it to manipulate their numbers to plug a \$2 to \$4 billion hole that will show up sometime in the year 2002.

If this sounds like foreign language to most Americans, I can understand that. But it won't sound like foreign language if the manipulation and misuse of the universal service fund means that, in the longer term, people in small areas, in small towns and rural areas, end up paying much higher monthly telephone bills because of it.

There is no excuse, no excuse at all, for people who are now negotiating today on this budget deal to be talking about manipulating or misusing the universal service fund. It doesn't belong to the Federal Government,