

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of unscientific barriers to agricultural products, like the unfounded claims about "TCK smut" on our wheat, an end to unpublished quotas and regulations, no more unfair inspection rules, and an open market for services.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,

doesn't come into the Federal Treasury, and is not to be used or misused by the people who are putting this budget deal together.

Now, I raised this issue last week, and it doesn't mean a thing, apparently. You know, there are some people who apparently just can't hear. I think the budgeteers are in a soundproof room and don't hear. The Senator from Alaska, Senator STEVENS, has raised objections to this. Senator MCCAIN has raised objections to it. Senator HOLLINGS has raised objections to it. I have raised objections to it. Others on the floor of the Senate have raised objections. It doesn't seem to mean a thing. They just do their thing in this room. And the White House is negotiating with the Republican leadership in Congress. That is why the deal is being struck. Somehow there will be some immaculate conception announced from some room here in the Capitol in the coming hours, maybe later today, tomorrow, or Wednesday. There is no chance to get into that deal and pull something out that is as egregious a mistake or an abuse as this is, because then we will only have a certain number of hours, and we will be able to vote "yes" or "no" on the construct of this deal.

The reason I came to the floor is to say that if there are people who are putting this together and if they are in fact listening, listen carefully and listen closely: You are doing the wrong thing. You are making a mistake. This money doesn't belong to you. This money ought not to be used to plug a hole in the budget. If you are going to add something up, add it up honestly. If you come up short, find an honest way to cover the shortfall. Do not misuse or manipulate the universal service fund.

I saw on television once a program by a fellow named David Copperfield, a great illusionist, and he provided marvelous entertainment, creating these wonderful illusions for his television audience. Most people, like me, understood it was a trick. The wonderment was, how did they do that trick? I don't understand it. But with respect to illusions performed by Mr. Copperfield, I suppose everybody understands it's trickery.

Why don't we understand in Congress when we create an illusion like this in the budget, it is also trickery, and trickery doesn't belong in these budget agreements. It doesn't belong here, and they ought not bring to it the floor, using the universal service fund—or I should say misusing those funds.

We will vote on that tomorrow. I offered an amendment last week, which is scheduled for decision in the morning. We will, if we are not too late, send a message to the budgeteers: Do not do this. It is the wrong thing.

I said on Thursday that I recall at a motel in Minneapolis near the airport, they had a little sign where the manager parked. It was near the front door, so I suppose everybody wanted to park

there. It said, "manager's parking space." Then below it, it said, "don't even think about parking here." I thought, wow, I bet no one thinks about parking there. That is what this Congress ought to say to the people negotiating these deals: Don't even think about doing something like this. It is not the right thing to do. It misuses funds that are not yours. Don't even think about it.

FAST-TRACK TRADE AUTHORITY

Mr. DORGAN. Madam President, because the Senate has very little business today, I wanted to come to the floor to talk about the universal service fund issue. But because we don't have much else to do, I need to unburden myself on a couple of other issues.

This deals with a subject discussed by my colleague from Montana, Senator BAUCUS, on the issue of trade. He was discussing one small issue with respect to China and the WTO. I want to talk about another issue that is going to be the subject of substantial debate in the month of September. When we get back from the August recess, which Congress will take, we are told that the administration will request from this Congress something called fast-track authority for trade negotiations.

Fast-track authority, again, is a term that doesn't mean much, perhaps, to most. Everything with fast seems to me to connote something that is kind of interesting. There is fast food, fast talk, fast track. It all kind of connotes doing something unusual, not taking time to prepare. Fast track means that somebody can go negotiate a trade agreement someplace, bring it back to Congress, and once they bring it to Congress nobody in Congress has the right to offer amendments. That is fast track. To me that is undemocratic. But it is called fast track.

We have negotiated several trade agreements under fast track. All of them have been abysmal failures, terrible failures. We were told that we should grant fast track authority once again so our trade negotiators can go abroad and negotiate new trade agreements with other countries.

Let me review for just a moment what this has gotten us, and why I and some others in this Chamber intend in September to come and aggressively oppose both the President and those in this Chamber who want to extend fast-track trade authority. We asked for fast-track trade authority for negotiating a trade agreement with Mexico, our neighbor to the south. Do you know that just before we negotiated a trade agreement with Mexico under fast track that we had a trade surplus with Mexico? In other words, our trade balance was to our favor—not much, but a trade surplus. So we negotiated a trade agreement with Mexico.

Guess what happens? Now we have an enormous trade deficit with Mexico. What has happened to American jobs? They go to Mexico.

Do you know that we import more cars from Mexico into the United States of America than the United States exports to all of the rest of the world? Think of that. We import more cars from Mexico to our country than we export to the rest of the world. We were told that if we would just do this trade deal with Mexico, all it would mean is that the products of low-skilled labor would come into this country from Mexico but certainly not high-skilled labor.

What comes from Mexico? Cars, car parts, electronics—exactly the opposite kinds of products given the assurances that we were given when the deal was done with Mexico. I didn't support the North American Free-Trade Agreement—this so-called free-trade agreement with Mexico. They attached a free-trade handle to this agreement. That is another name thing—free trade; free lunch. There is no free lunch. The fact is there is nothing free about free trade.

You would think our trade negotiators ought to be able to go out and negotiate a trade agreement that we would win from time to time. Why is it that our trade negotiators seem to lose every trade agreement that they enter into?

Then there is Canada. We had a free-trade agreement with Canada. Now the trade deficit with Canada has gotten much worse. We have a peculiar and difficult circumstance with our Canadian border up in the North Dakota area with the flood of unfairly subsidized Canadian grain coming south across our border.

How about Japan or China? We have massive trade deficits every single year with these countries. And the trade deficit doesn't diminish. It doesn't get smaller. It doesn't improve. These trade deficits are abiding deficits every single year.

What does it mean to our country when you have a long-term trade deficit? With China it has gone from \$10 million up to \$40 billion in a dozen years. As a result, our country has become a cash cow for China's hard currency needs. It is fundamentally unfair to our workers in our country, and it is unfair to our factories and our producers in our country.

People say, "Well, but those of you who do not like these trade agreements, you just do not understand. You do not have the breadth and the ability to see across the horizon. You do not see the world view here." What we do see is this country's interests.

I am all for expanding our trade. I am all for fair trade. But I will be darned if we ought to stand in this country for a trade relationship—the one we have with Japan, the one we have with China, the one we have with Mexico, or Canada for that matter, and others—that allows our producers and our workers to be put in a position where they cannot compete against unfair trade.

We cannot and should not have to compete in any circumstance with any