

lawyers; I am for the hard hats. I want to pass terrorism insurance, and that way we will create jobs—I told President Bush on Wednesday: If you want that legislation which you have talked about passed, you have to realize that you have to come out and get off this kick of having tort reform in addition to this terrorism insurance.

I said: Your friend, the Republican Governor of Nevada, Kenny Guinn, approached that in the right way. He called a special session of the legislature which ended about a month ago. The purpose of that special session was to do something about the increasing cost of malpractice insurance. The legislature met. They set certain limits on what you could get for pain and suffering. As a result of that, people walked away happy. That is where tort reform should take place, on the State level. Even if those people who believe in more tort reform want to do it, they can't do it on this terrorism insurance. I think it is a game being played; they really don't want terrorism insurance. They want to use tort reform as an excuse. That is one of the issues that is left pending, terrorism insurance.

They fought us every step of the way—they, the minority, fought us every step of the way. If the President really wants that, he needs to deal with the minority and allow this conference to be completed.

We need to do something about the bankruptcy bill. This has been going on for years, as the Presiding Officer, who was the architect of that legislation, knows. All the issues, we were told, had been resolved. This has been held up for about a year because of the people who are not in touch with—I don't mean this as not mentally competent, but not in touch with reality, in that how could you hold up legislation as important as this bankruptcy reform because of a provision we passed over here that said if you are an organization that goes to a clinic and trashes it, put this terrible smelling acid on it so that you have to really tear the place down and rebuild it, those people cannot discharge these acts in bankruptcy. That seems totally fair to me. But they are off on this abortion kick that somehow people who do something bad to these reproductive clinics—whether or not you agree with abortion, people should have to obey the law. You should not have the right to trash a place such as that so that it has to be torn down and totally refurbished and say I can file bankruptcy and just discharge it. No.

We thought it had been resolved a couple weeks ago. Obviously not. All the banks and all the others interested in bankruptcy reform should understand that is the only problem and the only reason we are not getting the bankruptcy legislation passed. That is a shame. The House should let us do that, just as they should let us do the antiterrorism legislation. It doesn't end there.

A lot of legislation is being held up; for example, our appropriations bills.

We have 13 appropriations bills we must pass every year. We cannot complete work on those until the House does it because you lose the ability to object because an amendment is not germane. When the bill is brought from the House, they won't pass that. Why? We are under this legislative delusion that suddenly all this financial stuff is going to work out.

We have less than 20 days before this legislative session ends and they are still playing around. They never had a committee meeting on the Labor-HHS bill. It deals with the National Institutes of Health and so many other issues. It is a huge appropriations bill, extremely important for us. But the House is afraid to move on it because the President said he is only going to allow a certain amount of money to be spent there.

If that is exceeded, he will veto it. I say let's call him on that. Let him veto these important programs such as the National Institutes of Health. It is a little hard to do that when he and the administration have single-handedly destroyed the economy. Last year at this time we had a surplus of about \$7.4 trillion for the next 10 years. That surplus is gone because of these tax cuts—well, about 25 percent of it is due to the war. The rest of it is due to the tax cuts and the bad economic policies. We have no surplus anymore.

So it seems to me what the President is trying to do is to create the illusion that he is fiscally responsible by not allowing us to pass our appropriations bills. In fact, what he will probably do in the multitrillion-dollar budget is that we will pass the appropriations bills, and he will probably veto a couple to say he is fiscally conservative, and all the problems are because of the prolific spending of the Congress, which is certainly not true. It appears that is what is happening.

The economy is in shambles. We are not having appropriations bills worked upon. It is just too bad. Because of the election that took place 2 years ago in Florida, we needed election reform. Senator DODD worked night and day getting election reform passed in the Senate. It is held up in the House. We cannot complete the conference.

I am very disappointed in what is happening. I think the administration is focused on the wrong things. I should say the wrong thing this time. They have tunnel vision on Iraq. I think everybody in the Senate has an open mind as to what we should do on Iraq. We can also focus on the domestic problems in this country, but we are not doing that. I think it is too bad. It is harmful to this country and it is certainly harmful to our getting work done.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KYL. Mr. President, I am going to speak in morning business.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator is recognized for up to 10 minutes.

Mr. KYL. I thank the Chair.

#### CHINA

Mr. KYL. Mr. President, this week, which will be one Americans remember for a long time as the anniversary of the September 11 attacks of last year, a lot of second-guessing has been going on about what we might have done differently. Part of that is based on the fact that there was a lot of evidence that the United States should have been prepared to deal with the kind of attack that occurred, even if not at that precise time and place.

I think history will show, notwithstanding all of the evidence, it would have been very difficult for us to actually defend against those attacks, but it should not dissuade us from acting on similar evidence in the future.

I fear there is another situation developing which, both because we are focused on the war on terror and because it presents us with some unpleasant choices about what to do, is creating a similar situation where there is evidence that we should be paying attention to a problem, but either because we do not want to deal with it or because there is a lack of consensus about how to deal with it, the United States is not taking adequate precautions or taking adequate steps to deal with the situation.

What I have in mind is a concern that has been now discussed in two very recently released Government reports on the threat that is posed by the nation of China against the United States.

The first, produced by the congressionally-mandated United States-China Security Review Commission, offers a sobering analysis of the national security implications of the economic relationship between our two countries. It flatly states that trade alone has failed to bring about serious political change in China.

The second, the Defense Department's annual report on the military power of the People's Republic of China, paints an unsettling picture of China's military buildup, the main objective of which is to prepare that country for a military conflict in the Taiwan Strait, and to counter potential U.S. intervention in the conflict.

Proponents of unconditional engagement with China opine that the Chinese people's access to the Internet, modern telecommunications, and free trade will make that country a more free and open society. They suggest that entrenched vestiges of the Communist system will eventually fade away as new leaders, who are committed to capitalism, take the reins of

power. In other words, economic freedom will invariably translate into political freedom, and democracy will be the clear result.

But, particularly with the release of these two reports, it seems more and more clear that China's willingness to engage in the world economy has not translated into evolution toward democracy. Indeed, the United States-China Security Review Commission concluded that:

... Trade and economic liberalization have not led to the extent of political liberalization much hoped for by U.S. policymakers. The Chinese government has simultaneously increased trade and aggressively resisted openness in politically sensitive areas such as the exercise of religious, human, and worker rights.

Consider, for example, Chinese Government control over the Internet. While many expected that access to the Internet would facilitate the influx of Western ideas and values, the Commission stated that those hopes "have yet to be realized." Indeed, Beijing has passed sweeping regulations in the past two years that prohibit news and commentary on Internet sites in China that is not state-sanctioned. The Commission noted that China has even convinced American companies like Yahoo! to assist in its censorship efforts, and others, like America Online, to leave open the possibility of turning over names, e-mail addresses, or records of political dissidents if the Chinese government demands them.

It is impossible to predict China's future. That country has embarked on an uncertain path, opening its economy while simultaneously attempting to strengthen the Communist Party's political and social control. The consequences, given that Chinese policies run directly counter to U.S. national security interests, are potentially grave. Thus, the Commission established benchmarks against which Beijing's future progress can be measured, including China's proliferation of weapons of mass destruction; its cozy relationships with terrorist states like Iran, Iraq, and North Korea; its belligerent posture toward Taiwan; and its pursuit of asymmetric warfare capabilities to counter U.S. military capabilities.

China's proliferation of technology and components for ballistic missiles and weapons of mass destruction to terrorist-sponsoring states—including North Korea, Iraq, Iran, Syria, Libya, and Sudan—is of serious concern. The Commission found that, despite numerous bilateral and multilateral pledges to halt that proliferation, "Chinese proliferation and cooperation with [such] states has continued unabated."

Just in the past year, the administration has sanctioned Chinese entities three times for their proliferation to Iran of equipment and materials used to make chemical and biological weapons. Yet these sanctions are unlikely to curb China's proliferation activities. As the Commission concludes, "Cur-

rent U.S. sanctions policies to deter and reform Chinese proliferation practices have failed and need immediate review and overhaul."

The Commission recommended that the United States expand the use of economic sanctions to apply against entire countries, rather than just individual entities. Suggested sanctions include import and export limitations, restrictions on the access of foreign entities to American capital markets, restrictions on direct foreign investments in an offending country, and restrictions on science and technology cooperation.

I should note that these measures are very similar to those proposed by my distinguished colleague from Tennessee, Senator THOMPSON, in 2000 during the debate on granting China permanent normal trade status. His amendment, which I strongly supported, was rejected by this body.

As to Taiwan, Beijing is deadly serious about pursuing unification—through force, if necessary—with our long-standing, democratic ally. The Chinese military is actively pursuing capabilities and strategies that it would need to accomplish that task, and according to the Commission, it is believed that the military has been directed to have viable options to do so by 2005 to 2007.

Mr. President, let me repeat that: It is believed that the Chinese military has been directed by the Communist leadership to be prepared to move against Taiwan by 2005 to 2007. If there is one sentence in this report that ought to serve as a wake-up call, this is it.

What is so significant about that time-frame is that, during those two years, a number of factors fall in line. First of all, the Defense Department has projected that the balance of power across the Taiwan Strait will shift toward China by 2005. Second, it is estimated that our theater missile defense system, which China fears we will share with Taiwan, will be up and running by 2007. Finally, it is estimated that China's myriad conventional weapons recently purchased from Russia—including submarines, fighter jets, and air-to-air missiles—will become fully operational within that 2-year period.

Indeed, the Defense Department, in its report, concluded that China's "ambitious military modernization casts a cloud over its declared preference for resolving differences with Taiwan through peaceful means." The Pentagon observes that, over the past year, Beijing's military exercises have taken on an increasingly real-world focus aimed not only at Taiwan, but also at increasing the risk to U.S. forces and to the United States itself in any future Taiwan contingency.

The Defense Department warns that China's "military training exercises increasingly focus on the United States as an adversary." Its military modernization concentrates on weapons

that could cripple our military strength, including anti-ship missiles to counter our naval fleet and cyberwarfare to disrupt our infrastructure. Beijing is also modernizing its ballistic missile program, improving its missile force across the board both quantitatively and qualitatively. Beijing currently has about 20 inter-continental ballistic missiles, ICBMs, capable of targeting the United States, is projected to add up to 40 longer-range, road-mobile missiles by 2010.

In light of the Pentagon's conclusions, it is more important than ever that the United States provide Taiwan in a timely manner with the equipment and training it needs to defend itself against a potential Chinese attack. That training should include joint operational training, which would facilitate an allied U.S.-Taiwan response to an attack on Taiwan by China. Taiwan is currently outnumbered 10 to 1 in combat aircraft, 2 to 1 in ships, 60 to 4 in submarines, and its air force is beginning to lose its qualitative edge over China.

The United States should also expand and multilateralize its security relationships with Taiwan and other allies in East Asia to deter potential Chinese aggression. No doubt China is a very different country than the former Soviet Union, but there is something to be said for the deterrent factor that comes with a NATO-like coalition. As President Bush stated during his campaign, "We should work toward a day when the fellowship of free Pacific nations is as strong and united as our Atlantic partnership..."

Additionally, the United States needs to develop and deploy missile defenses at the earliest possible date. I am pleased that President Bush recognizes the importance of having such a defensive system, and has made it a top priority among our military objectives.

What is frustrating is that the United States continues to play a facilitating role in China's military buildup and its proliferation of dual-use technologies—technologies that have civilian and military uses—to rogue states. China's buildup and its proliferation both harm U.S. national security. The United States China Security Review commission agreed with the conclusion of the 1998 Rumsfeld Commission that:

The U.S. has been and is today a major, albeit unintentional, contributor to the proliferation of weapons of mass destruction [through] foreign student training in the U.S., by wide dissemination of technical information, by the illegal acquisition of U.S. designs and equipment, and by the relaxation of U.S. export control policies.

Our progressive relaxation of controls on the export of high performance computers is just one example. These computers can assist China in its efforts to rapidly design modern nuclear weapons and their delivery systems.

Our lax controls over the export of these computers allow China to legally obtain U.S. technology that helps to improve its military capabilities. Indeed, the Commission concluded that,

despite the existence of nominal controls, most high performance computers are no longer licensed and monitored.

Not only is China using U.S. technology to build its own military capabilities, it is transferring this technology to countries that support international terror networks. The China Commission found that:

Chinese firms have provided dual-use missile-related items, raw materials, and/or assistance to Iran, North Korea, and Libya.

Chinese companies have also exported substantial dual-use telecommunications equipment and technology to countries like Iraq. Media reports indicate that the Chinese firm Huawei Technologies—an important player for many U.S. firms who want to reach the Chinese telecom and data communications market—assisted Iraq with fiber-optics to improve its air-defense system. This was not only a violation of U.N. sanctions, it also greatly increased the danger to U.S. and British pilots patrolling the no-fly zones.

Despite the serious concerns of some policymakers, Members of this body, and others about the national security implications of transfers of such technology to China, the Senate, in September 2001, passed S. 149, the Export Administration Act. If enacted, this legislation would significantly relax our export control regulations and make it far easier for China to obtain sensitive U.S. technology. It would decontrol a number of items—including electronic devices used to trigger nuclear weapons and materials used to build missiles and produce nuclear weapons fuel—by giving these items “mass market status.”

Mr. President, it is my hope that, as the anniversary of September 11 approaches, the administration and Congress recognize the potential danger of allowing business interests to continue to trump our national security needs. I am a strong proponent of free trade and open markets. But our national security should not be sacrificed for potential commercial gain. The federal government's first responsibility is the protection of the American people.

How the United States chooses to manage its relationship with China will have a far-reaching impact on our long-term national security. As that country continues to play a more prominent role on the world stage—no doubt a product of its economic liberalization—it is imperative that U.S. policy appropriately address not only our trade relationship, but also the threat posed by China to U.S. national security. Our actions should be based not on wishes, but on facts—even if they are unpleasant.

I thank the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

#### PRIORITIZING ISSUES

Mr. THOMAS. Mr. President, I will talk a little about the issue we are cur-

rently dealing with in this Chamber, which is the Interior appropriations bill. It is a bill that is very important to those of us from the West. Being from Wyoming, it is a particularly interesting and important issue.

I listened to the assistant majority floor leader talk a little this morning about the importance of moving on with the issues we have before us. He enumerated the very many issues he considers apparently to be of primary importance. We are going to have to move forward, but we are going to have to make some priorities. We obviously do not have a great deal of time.

Many of the issues the Senator from Nevada mentioned are issues that have been around for a long time, without much push from the leadership to do anything about them until now. I hope we do not find ourselves dealing with too many issues and dealing with them insufficiently.

I hope we set priorities for where we are going to spend the rest of our time. My reaction is we need a little less talk and a lot more action.

With regard to Interior, for those of us in the West, one of the issues—especially in the case of Wyoming—is that half of our State is Federal land and managed, to a large extent, by those agencies that are funded in the Interior bill. This is a bill of about \$19.5 billion, which is a little more than last year but generally about the same.

It is interesting that these agencies do create some revenues, mostly through royalties and minerals. About \$6 billion worth of revenue comes from these activities.

The Bureau of Land Management handles a great deal of the land in our State. It has a great deal to do with multiple use. It has a great deal to do with our opportunity to go ahead and use those lands for the various kinds of activities that are good for the local economy, good for the Nation, and good for energy, for example, and at the same time protect the environment, which is also key to what we are doing.

I will comment further on PILT, payment in lieu of taxes. When a county could have as much as 80 percent of the land controlled and owned by the Federal Government, they have a real problem with tax revenues. Those lands would be earning revenue if they were in Maryland and owned privately. When they are owned by the Federal Government, there is no tax revenue. That is what the Payment in Lieu of Taxes Program is designed to do.

We also have the Wild Horse and Burro Program. We all want to preserve wild horses. They are spread over the country—some in Nevada, some in Wyoming, some in other States. However, we have a problem with overpopulation. It is an issue that exists with most wild critters. No one wants to do anything in particular to hold down the numbers. In the past, the numbers grew until there was not enough food and they starved to death.

We do not want to do that. There has to be a particular number of wild horses, or elk, whatever, that can thrive; there is only so much vegetation for a certain number. Beyond that we have to do something. It is not an easy issue but we must deal with it. That is important.

The Forest Service is one of our national treasures. We need to preserve the Forest Service; we need to preserve the forests. We have done a good job. This year has been extremely difficult when it comes to wildfires. We have lost 6 million acres. We are faced with the question of how to better prepare and eliminate some of those fires. There are programs out there. The administration has one now that will be included in an amendment to this bill that allows thinning and allows ways to avoid fires rather than putting our energy into fighting fires.

I grew up next to the national forests in Wyoming. We were halfway between Cody, WY, and Yellowstone Park. It is a beautiful area with a great many trees and occasional threats from fires. There are cabins and buildings. We have a plan, if we could implement it, to hopefully avoid some of the fires.

The National Park System is one of the big activities in the Interior Department. We have 385 national parks in this country. Some are large. In Wyoming, we have Yellowstone, the oldest and largest park in the country. We have had a chronic problem of maintaining the infrastructure of the parks. They have millions of visitors, generally on a seasonal basis, during a relatively short time. The administration has promised to put \$4.5 million into infrastructure so we can keep the parks available for people to enjoy and visit. That is our responsibility. The Interior dollars are very important.

Other activities of concern include the Fish and Wildlife Service, mining, as well as some research on energy and fossil technology and clean coal technology. Along with that is the U.S. Bureau of Indian Affairs. We are providing the best service we can to Native Americans. We are providing an opportunity for them to continue to begin to build as strong an economy as possible.

For a moment I will talk about the Payment in Lieu of Taxes Program. The Senate appropriates approximately \$220 million for that PILT Program—more than it has ever received. We have not yet reached the appropriation to be equivalent to the authorization. Nevertheless, we have made some progress. This year, 67 of my colleagues joined in a request to increase PILT to help more than 2000 counties and local governments. When there is a county that has anywhere from 50 to 90 percent Federal lands, it is up to the county to provide the services necessary—whether it be law enforcement, fire, whatever. Those are county responsibilities. Therefore, there needs to be some revenues from the land. That is what these payments are about. We are moving toward that. I thank the committee for moving as they have toward