

States has seen dramatic slippage. In 1992 to 1996, we have actually gone below the line. We have become an importer. In fact, we have just had a case where subsidized exports from the European Union have come into the United States for the first time. We are asleep at the switch. What is happening in this country?

We are going to have the same thing happen to us in agriculture that happened in electronics and automobiles and all the rest. We are going to wake up someday and we are going to find out that we have gone from being the major agricultural player in this world to being a second-class citizen, because we have been asleep at the switch. This is not the whole story. It is a part of the story, but there is much more to tell. If we look at trade policy, we see that too often the United States negotiates agriculture away for other sectors of the economy. We saw it in the Canadian Free Trade Agreement that now allows Canada to pump millions of bushels of unfairly traded Canadian grain into this country, weakening our markets, weakening our prices, and costing us substantially. That is happening today because of a loophole in the Canadian Free Trade Agreement where our people simply got outraded.

We saw the same thing develop with NAFTA. In NAFTA, you recall, we negotiated a 10-percent reduction in tariffs by the Mexicans. They then turned around and devalued their currency by 50 percent. The net result, we went from a \$2 billion trade surplus with Mexico to a \$16 billion trade deficit. And some call that a success. If that is a success, I would hate to see failure. I wonder what would happen if we saw failure in our trade negotiations, based on what has been happening with the Canadian Free Trade Agreement—so-called free trade; the so-called NAFTA agreement, again so-called free trade agreement—and what has happened now with the European Union.

It is unbelievable, that they are sending into the United States from Europe—barley. It is so heavily subsidized in their country that it undercuts our producers right here at home. It is not because they are more efficient. It is not because they are more productive. It is because their country is buying these markets. They are spending \$47 billion to support their producers when we are spending \$5 billion. On exports, they are spending \$8 billion a year when we are spending \$56 million. And we wonder why we are losing the fight? If we were in any military confrontation we would understand very quickly that we are just outgunned.

Mr. President, it is time for the United States to fight back. We have to put the resources into this battle to win it. That is what we do in a military fight. That is what we ought to do in this trade confrontation. We ought to send a message to our friends in Europe that they are done having a free ride. We are in this fight and we are in it to win.

I yield the floor.

Mr. HUTCHINSON addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas, Mr. HUTCHINSON, is recognized to speak for up to 30 minutes. The Senator from Arkansas.

Mr. HUTCHINSON. Thank you, Mr. President.

NEW EVIDENCE OF PLA MONEY GOING TO THE DNC

Mr. HUTCHINSON. Mr. President, last week the Senate, by adopting two of the remaining eight House-passed China provisions, I believe took an important first step in reversing this Nation's failed, flawed and counter-productive policy of so-called "constructive engagement" with the People's Republic of China.

The first amendment we adopted last week, an amendment to the Defense Department authorization bill, requires the Department of Defense to monitor enterprises which are owned by the People's Liberation Army and gives the President increased authority to take action against these companies should circumstances warrant. It does not mandate the President to act, but it would give him enhanced authority to act should the evidence warrant it.

The second amendment we adopted gives the U.S. Customs Service increased funding and authority to stop the importation of goods produced in Chinese slave labor camps. The importation of goods produced by slave labor has been prohibited in this country for half a century, and yet the practice is continuing, unfortunately, and thus, this enhanced monitoring and enhanced authority for the Customs Service is essential.

These were two very, very important amendments, I believe, but there are six bills still remaining in the Foreign Relations Committee. I believe the Foreign Relations Committee will be taking those bills up tomorrow. I hope they will. But the votes that we cast last week could not possibly have been more timely. Their importance is best seen by new information uncovered last Friday by the New York Times, one day after we cast those two important votes on the floor of the U.S. Senate.

That story, covered by the New York Times, and now by every major newspaper in the country, revealed that Johnny Chung, the central figure in the Justice Department's campaign finance investigation, has now told investigators that a large part of the nearly \$100,000 that he gave to the DNC and to other Democratic causes in the summer of 1996 came from the People's Liberation Army of the People's Republic of China.

Let me say that again. A large part of the \$100,000—in fact, \$80,000 of it—went to the DNC, and that money came from the Chinese Red army. This was the front-page story in the New York

Times on Friday, May 15. Then inside the newspaper the headline is: "Fund-raiser is Said to Tell of Donations from China Military to Democrats."

This is a very, very serious allegation that Mr. Chung has made in his cooperation with the Justice Department alleging that this money came not just from Chinese sources, but came from the Chinese Red military. Worse yet, this was no low-level PLA effort. It wasn't low-level figures in the People's Liberation Army, but according to Chung, these monies were provided by a Chinese lieutenant colonel and aerospace executive whose father, General Liu, was at the time China's top military commander and a member of the leadership of China's Communist Party.

This reaches to the very top echelon of the Chinese Government and to the very top levels of the PLA command system. Their very top leadership apparently hatched, planned, and carried out this so-called "China plan."

Let us not forget, Mr. President, that this whole investigation was started after an interception of a telephone communication suggesting that the People's Republic of China was considering a covert plan to influence United States elections. It would now appear that this so-called "China plan" was actually carried out by the top leadership of the PLA and the Communist Party.

Why would China and the PLA want to influence American elections? What motive would they have to pick and choose winners and losers in our own Presidential sweepstakes? The answer appears to be given in this very same New York Times article:

At the time (of these payments from the PLA), President Clinton was making it easier for American civilian communications satellites to be launched by Chinese rockets, a key issue for the PLA and for Liu's company, which sells missiles for the military and also has a troubled space subsidiary.

There was a very, very vested interest by Lieutenant Colonel Liu in ensuring that Chinese rockets would be able to launch American satellites. Thus, while the DNC and the Democratic Party was being flooded with money from the head of the PLA, the head of the Democratic Party, President Clinton, was making it easier for the PLA to receive advanced technological support for its missile and space programs. The only question left to be answered seems to be, was it a quid pro quo?

To put the harmful effects of this "missiles for money" trade into context, or more appropriate, the "PLA Gate," it is important to note that until last year, China lacked the intelligence or technologies necessary to manufacture boosters that could reliably strike such long distances. This made China a weaker adversary.

In fact, in a debate that I had on the campus of the University of Mississippi at Oxford, a Firing Line debate that was carried nationwide by public television, Dr. Kissinger made this statement:

I also do not believe that it is possible to argue that China can represent a military threat to the United States for the next 20 years.

I remember very vividly Secretary Kissinger making that statement. He almost ridiculed and disdainfully dismissed those who said that China could pose a military threat to the United States at any time in the next two decades. That is a direct quote from the Firing Line transcript.

My how time flies, because now we find, less than a year later, that all but five of the Chinese nuclear missiles are aimed and directed at the United States and, in fact, they do pose a threat. According to this article in the Washington Times, China targets nukes at the United States, according to a CIA report that was recently released. China now appears to pose a very real threat to the United States. This article noted that 13 of China's 18 long-range strategic missiles with ranges exceeding 8,000 miles and have single nuclear warheads are aimed at the United States. These missiles are in addition to China's growing arsenal of other weapons that can now reach the United States, many of which are mentioned in this article regarding the CIA report.

How could one of this country's leading China experts and most respected foreign policy adviser have been so far off when Secretary Kissinger said it would take two decades? Like those of us in the Senate, Dr. Kissinger may not have known that two U.S. companies, Loral Space and Communications and Hughes Electronic, illegally gave China space expertise during cooperation on a commercial satellite launch which could be used to develop an accurate launch and guidance system for ICBMs.

I am sure Dr. Kissinger would not have foreseen that this administration, in the middle of investigating this illegal transfer, would allow Loral to launch another satellite on a Chinese rocket and provide them the same expertise at issue in the criminal case. Nor is it likely that Dr. Kissinger would know that Motorola, under a waiver from this administration, has also been involved in "upgrading" China's missile capability, this according to the chairman of the House Science Subcommittee on Space and Technology.

The New York Times ran a follow-up article today providing some insight into this administration's policy on China and the transfer of sensitive technology. According to the article that appeared today in the New York Times, United States and China industry groups urged that satellite technology be taken off the list of banned exports, known as the munitions list.

The State Department sided with the Defense Department and the intelligence agencies, and the President's key advisers and noted that satellite technology holds secrets that hold "significant military and intelligence" information and thus should remain banned for export.

That was the position of key advisers to the President. That was the position of the Department of State and the Defense Department. The Clinton administration, though, sided with business groups and transferred this decision away from the State Department and left the decision up to the Commerce Department, which was then headed by his close friend, Ron Brown. In the end, satellite technology was removed from the munitions list. China was free to negotiate with U.S. businesses to obtain assistance with its space program.

The People's Liberation Army is engaged in a massive military buildup which has involved a doubling since 1992 of announced official figures for military spending by the People's Republic of China. This is incredible. It is amazing that we would at this time be circumventing our own ban on technology transfers and the launching of American satellites and the sharing of that valuable, valuable missile technology at the very time we see this massive military buildup.

The PLA is working to coproduce the SU-27 fighter with Russia. It is in the process of purchasing several substantial weapons systems from the Republic of Russia, including the 633 model of the Kilo-class submarine and the SS-N-22 Sunburn missile system specifically designed to incapacitate United States aircraft carriers and Aegis cruisers.

Mr. President, this increasingly aggressive military, the PLA, which cracked down on its own citizens in Tiananmen Square, killing over 2,000 Chinese students, that we are aware of, which held threatening war games off the coast of Taiwan, closing two of its largest ports, which has taken over disputed islands once claimed by the Philippines, which now has all but five of its long-range nuclear missiles pointed at the citizens of the United States, is being coddled, pampered and pandered to and appeased by this administration.

The gross irony here is that while the administration continues to allow the transfer of technology to China and the PLA, the People's Liberation Army, U.S. consumers are unwittingly funding China's military by purchasing items sold by PLA-owned enterprises operating in the United States.

The PLA operates literally thousands and thousands of businesses. It is unlike any other military in the world. It is not just funded from the general revenue of the Chinese budget, the Chinese Government budget. It rather is funded partially through enterprises and business operations by the military itself. It is estimated that the PLA earns between \$2 billion and \$4 billion annually through the many enterprises that it operates that deal in nonmilitary commodities, and that these enterprises profit handsomely from their activities right here in the United States of America.

A report released earlier this year indicated that vast quantities of goods, as varied as toys, ski gloves, garlic,

iron weight sets, men's pants, car radiators, glassware, swimsuits, and much more, are being sold to U.S. consumers by PLA-owned firms and almost always without the knowledge of the American consumer.

Mr. President, this country was shocked last week by India's explosion into the nuclear family. We were all dismayed that a new threat to world security loomed on the horizon in India's completed nuclear tests. Why? Why would a country suffering from rampant poverty and class instability choose to spend its limited and valuable resources on a new nuclear weapon's program? The answer, I believe, lies in the failed policies of this administration.

It was just over 35 years ago that China last invaded India in an attempt to take over disputed territory. Since that time, there has been an uneasy and often hostile relationship between India and China, its larger neighbor to the north.

In addition to China's own military buildup, China was assisting other enemies of India in the development of their own nuclear and military capabilities, particularly the nation of Pakistan. In fact, the People's Liberation Army transferred technology relevant to the refinement of weapons-grade nuclear material, including the transfer of ring magnets, to the nation of Pakistan.

Mr. President, as this country moves closer to China, as we continue to assist its military machine, as we continue to turn a blind eye to China's transfer of technology to Pakistan, why would we be surprised that India would move to arm itself with nuclear weapons? Why are we surprised that a country that is surrounded by a much larger and better armed neighbor, that that nation would develop a defense similar to our own policy of "mutually assured destruction," a policy that prevailed during the cold war? Mr. President, it was U.S. policy that led to these tragic, sad developments in that entire arena in the world.

With all but five of China's long-range nuclear missiles pointed at the citizens of the United States, it is obvious that the increasingly aggressive People's Liberation Army views the United States as its most serious adversary.

It is a sad paradox that U.S. consumers are unwittingly funding the military that has their hand on the nuclear buttons which threaten our very existence and that our leadership is accepting money in return for relaxed controls on the transfer of military technology, or at least that is the allegation that has been made. That is the source and the subject of the investigation that is ongoing.

Not only is China an increasing threat internationally, but within their borders they continue to oppress their own people. The latest State Department report on human rights, to which I have referred repeatedly, says

and shows that China is still a major offender of internationally recognized human rights. You pick the category, whether it is coerced abortion, the so-called one-child policy, whether it is slave labor and the refusal to allow international inspection teams to go in and look at these slave labor camps, whether it is the repression of all free expression or criticism of the Government, or whether it is other forms of human rights abuses like the repression of freedom to worship by religious minorities in China, you pick the category, and you will find that there is an absolute intolerance of freedom and that these ongoing abuses show us that they have not made progress under the current policy.

According to a recent report in the Washington Post entitled, "U.S.-China Talks Make Little Progress on Summit Agenda," we find that the United States is getting very few concessions from China relating to the inspection of the technology that we share with them. We are getting very few concessions on limiting the proliferation of technology to third parties like Iran. We are getting very few concessions on human rights conditions, particularly in the nation of Tibet.

So as we make our agenda, as we make the plans for the President's trip to China, what are we getting? Out of the negotiations that have been going on, what kind of concessions do we find from the Chinese Government? There have been four major high-profile prisoners who have been released. There are thousands that remain incarcerated, thousands who remain languishing in Chinese laogai camps, yet we are expected to say there is progress in human rights because four high-profile individuals have been released.

So, Mr. President, with your administration currently under investigation by your own Justice Department relating to this "missiles for money" transfer, it is inconceivable to me how you can go forward with your planned June 24th trip to China. The cloud now brewing over your administration's relationship with the leadership of the People's Republic of China makes suspect any agreements that may be reached or any statements that may be made during this summit.

Mr. President, until this cloud of criminal and ethical investigations has blown over and been resolved, I urge you to delay your planned trip in June, and to postpone it. It is imperative that this country present a unified foreign policy. It is imperative that we be united in our international relationships, and particularly our relationship with this, the most populous nation on the globe.

But in order to have that kind of unity, one that is free of partisanship, one that is untainted by allegations of illegal dealing, it is imperative that this planned trip in June be postponed. It is hard for me to imagine with such a cloud over our relationship with China, with such allegations of an or-

ganized, planned, if you will, conspiracy by the Chinese Government to influence the outcome of American elections, how any good could come from this trip to China at this stage. The atmosphere surrounding this summit has now been polluted.

Mr. President, here again is what we know. We know that the CIA intercepted a call which hinted at a plan by China to influence our elections. And may I say, my colleague, Senator THOMPSON, should feel vindicated. And those who ridiculed his allegation in this regard should apologize to him personally, I believe. The American people owe him a debt of gratitude for his untiring efforts to reveal this nefarious plan.

We know that the CIA intercepted that call. We know that Johnny Chung has testified that the PLA, through one of their top leaders, General Liu, provided \$80,000 to the DNC and \$20,000 to other Democratic causes.

We know that at the same time as these moneys were being given to the DNC, the same time those contributions were being made, Loral and Hughes provided key missile technology to China and the PLA—under a waiver granted by the Clinton administration.

We know that the State Department has said that this technology transfer "harmed our national security."

We know this, that an executive at Motorola also claims they are assisting China's missile program under a waiver from the Clinton administration.

We further know that the Clinton administration shifted the key decision-making authority on satellite and missile technology from the State Department to the Commerce Department, which was a much more China-friendly agency or Department.

We know this, that China transferred key military nuclear technology to Pakistan and to other rogue states like Iran, all without any action or denunciation by this administration.

We know that all but five of China's long-range nuclear missiles are pointed at the United States.

We know that the PLA continues to profit from selling consumer goods in the United States. And we know that the PLA continues to profit from slave labor.

We know that human rights continue to be abused in China and that this administration has soft-pedaled very serious human rights concerns.

This is an ugly list, detailing a tangled relationship that now appears to have forever damaged our national security, a relationship that now may have escalated the risk of nuclear war on the Asian continent and that will forever make it more difficult to keep the nuclear genie in a secure bottle.

This relationship must be investigated. I believe appropriate Senate committees will be doing that investigation. We know that the Justice Department is continuing this investigation, but all questions relating to how

this relationship progressed must be answered, and the President should delay and postpone his planned trip to China until those answers are forthcoming. The American people deserve to have those answers.

I yield the floor.

Mr. GREGG. Mr. President, I ask unanimous consent to proceed as in morning business for up to 15 minutes.

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

TOBACCO LEGISLATION

Mr. GREGG. Mr. President, possibly later today we will begin on this floor the debate and voting on the language relating to the tobacco settlement. This is obviously a fairly significant piece of legislation. It has the potential to represent one of the most complex pieces of legislation ever considered by this body—at least certainly in my time in Government. It also represents, potentially, one of the largest tax increases that this Congress will consider assessing. It represents a dramatic step in a number of different areas of law in which this Congress has toyed with but has never really fully participated.

I want to talk about one specific area of that issue, which is the area of granting to a manufacturer of a product in this country product liability protection, or immunity, as the term has become known. There are a lot of products made in this Nation today, a lot of products made for the purpose of improving the lives of people, a lot of products made for enjoyment, products that are made to get us through a day, and products like tobacco. Most of these products—in fact, the vast majority of these products—have no special protection should they be produced in a manner that harms someone. And if an individual in our country is harmed by the use of a product, they have recourse through our court system. It is a very integral part of the free marketplace that an individual who buys a product have the ability to go into court and address the safety of that product as it affected that individual.

Why is that critical? Because a long time ago we rejected the concept of caveat emptor in this country—that if you sell somebody a product, the person who buys the product assumes all the risk. In order to discipline the marketplace, in order to make sure we had a safe marketplace where things being sold in our country in the capitalist system would have some discipline in the quality of those items, we have developed a large amount of case law that allows an individual who thinks they have been impacted or can prove they have been impacted by, or harmed by, a product sold to them has a right to go into court and proceed to get recovery for that harm, if they can prove it.

It is one of the really core elements that makes our marketplace work. It is one of the core elements that makes