home alone in the afternoon are much more likely to engage in at-risk behavior, from smoking to drugs and sex than their peers who are engaged in stimulating, productive activities.

Mr. President, the Senate has an opportunity in the next few hours to ensure that we make a concrete commitment to investing in the health and safety of America's children. Setting aside a specified percentage of funds—funds that we have already agreed to spend for the child care needs in this country—says to the American public that we will provide for a solid foundation for the future good health of America's children. Many of my colleagues know that I have introduced a comprehensive child care bill along with 26 other colleagues, including the sponsor of this amendment. This amendment is an important first step that I think we can take in making good and fulfilling the promise of that bill. Is this all we need to do? Obviously not, but it is a good beginning.

I hope that our colleagues, in considering this amendment offered by Senators KERRY and BOND, in a bipartisan way, would find a way to support expanding this block grant. It doesn't create any new programs. It is designed to give maximum flexibility to families across this country. It can make a huge difference for those parents, who don't have the choice about whether or not to be at home, to be able to afford that needed child care.

That $10,000, as I said a moment ago, is equivalent to the cost of a higher education and room and board. It is expensive. Child care is very expensive. If we can assist in the cost of that and relieve the financial burden and the tremendous anxiety the parents feel about wondering where their child is as they must work, then, in addition to doing something about reducing smoking among young people in this bill, that will be amplified by providing assistance to these families and seeing to it that their child care needs are going to be met, or at least it will take a significant step in meeting those needs. I commend my colleagues for offering this amendment and urge colleagues to support it.

I yield the floor.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I join my colleague, Senator DODD from Connecticut, and commend him, Senator BOND, and Senator KERRY for offering this very important amendment to this very important bill. I want to say a few words, if I could, as a supporter.

The issue that has been most contentious about this tobacco legislation has been how do we really stop people—children, adults and young people—from smoking? We have debated that. Many of us feel like the best way, the surest way to stop people from smoking, from using a dangerous product that has now been proven beyond a shadow of a doubt to be dangerous, is to raise the price of a pack of cigarettes high enough to discourage as many young people as possible from even starting to smoke and, frankly, discourage adults, who most certainly have a choice, from continuing a habit. It is a purposeful levy. If we could stop people from smoking by not raising the price of a pack of cigarettes, perhaps we should consider that. But I am convinced, as many Members of this Chamber are, that this is the best and most effective way, along with counteradvertising, advertising restrictions, and other restrictions, which, in fact, will be effective.

The question becomes, what do we do with the proceeds generated? Because it is going to fall regressively, in a sense, on poorer people, I think we should try to get the money back to those who are going to pay the tax. We can do that in a number of ways. One way is to target a general tax relief, which, as this bill moves through, I hope we can do. But another way that my colleagues have come up with is targeting some of this money back to hard-working American families—in most instances, with both parents working full time and, in some instances, there is only one parent—to help them with the great costs they are incurring and the great challenge that they have, which is how to be good workers and how to be good parents. It is incumbent upon us to try to get some of this money back to these families that are going to pay this tax and their children for one reason: Because children were targeted by the industry. There is no question about it. They were targeted by the industry. In my opinion, they should benefit from the proceeds generated in this tobacco settlement. To leave the children out and not specifically designate a portion for them, even though they are going to get some benefit from their research that is done, would be a shame. It still gives States discretion about how they would like to spend a part of the money coming in. But it says that we want you to use at least 50 percent of your restricted funds to support child initiatives, child care particularly, and to improve the quality of child care. Because children were targeted, they should benefit. Because families who are paying the tax—poor families primarily, lower-income families—this amendment targets this benefit to them and allows them to get accessible, affordable, and quality child care.

Let me say one other thing that in some way angers me as a working mom myself. Some people would like to maybe make judgments about families that choose to work, or parents outside of the home, or inside of the home. I would like to say maybe ideally it would be great for every child in America to have two parents, and perhaps it would be ideal if one of those parents would stay home full time. But this is not an ideal world; this is a world where families have to make tough choices.

Frankly, we have an economy now in America that depends on almost every able-bodied person over 18 to work. If people haven't noticed, there is a worker shortage in America for skilled work, for talented work. Our businesses can't survive unless there are workers working. So we have to do both. We have to work outside of the home. We have to be good parents to our children, and one way is to have the Government help parents who are doing everything that they can do. One way we can do that is to help them, be a partner with them, to find good-quality child care, because investing in our children is the best thing we can do to help our families, to help our country, to keep our economy strong, and do what is right with the proceeds of this tobacco bill.

So I urge all of my colleagues. I think this has great bipartisan support. It would be a shame to pass this bill without this amendment on it and to fall down in our commitment to the children and working families of our country.

Thank you, Mr. President.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. 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. Mr. President, good afternoon.

ENGAGING CHINA IN THE 21ST CENTURY

Mr. BAUCUS. Mr. President, I rise today to address the upcoming summit in China and to stress the importance of this visit to U.S.-China relations.

Mr. President, as the age old adage says, ''A journey of a thousand miles begins with a single step.'' We should begin this journey with the first step—by defining our goals in Asia, and, more directly, in China.

America's goals are simple: we want peace; we want prosperity and fair trade; and we want a decent world to live in.

How do we achieve these goals? First, by guaranteeing peace and stability in the Pacific. That means preserving our permanent military presence in Asia. Remaining committed to our alliances with Japan, Korea and Southeast Asia. Defining our interests clearly to China.

But it also means preventing unnecessary conflicts. And to do that we must find common ground. Remain engaged. Preserve and foster our working relationship with China. We must build and strengthen our diplomatic ties.

In many ways China remains a challenge—a great wall in and of itself. Its intransigence in many areas of trade, human rights and arms proliferation presents a clear challenge for U.S. policy. Whether the topic is pirated software or the incarceration of political

prisoners, China has often proved unwilling to adopt practices that the rest of the world perceives as reasonable and just. And when China behaves contrary to accepted norms, or to the rule of law, we must not look the other way.

But we also must not fail to recognize China's importance to the United States and the rest of the world. And to engage China, we must understand China. This is a vast and old nation. When Kublai Khan conquered southern China in 1279, he presided over the largest empire the world had ever seen. And at that time the Chinese empire was already 1,500 years old, and Chinese history 2,500 years old. Today's People's Republic of China is the world's most populous nation, accounting for one-fifth of humanity; a nuclear power; and one of the world's fastest-growing economies.

It is also a diverse nation. China is a mosaic of language, religion and culture. The majority of its 1.2 billion population are Han. The remaining 70 million people belong to 55 different ethnic minorities. China has eight major languages and 600 dialects. Yet we often think of China as one mind, one voice. China has many voices.

Those who have not traveled to China may find it hard to truly grasp the differences in lifestyles. How many Americans today live without a telephone? Many have two or more. In China, one in four homes has telecommunications capability. And about six out of ten have a radio.

The average per-capita income in China is estimated at $360 to $700. Yet it is possible that in the next century China will become the world's largest economy. At the same time, it will continue to face enormous problems of unemployment, overpopulation, a low level of education, and poverty.

Now is the time for the United States to help bring China into the 21st Century. Now is the time to engage China with great expectations. In the areas of weapons proliferation, Most Favored Nation Trading status and the World Trade Organization. And with human rights and the environment.

Mr. President, Secretary Albright recently stated that ''we have an abiding political interest in a region whose cooperation we seek in responding to the new global threats of proliferation, terrorism, illegal narcotics, and the degradation of our environment. And we have an abiding interest as Americans in supporting democracy and respect for human rights in this, the most populous region of the world.''

Our relationship with China will be essential to all these interests. And we must begin with peace and security, because our diplomatic and security interests in China are critical to maintaining a peaceful and strategic relationship in Asia, as recent events in the Taiwan Strait, South Asia and the Korean Peninsula show.

China regards our Taiwan policy as the most critical and sensitive issue in this relationship. So while we must treat Taiwan policy with great care, our historic policy, based on commitments to Taiwan's security through the Taiwan Relations Act, and our commitments to acknowledge China's view of sovereignty under our three Joint Communiques, remains sound today. And the events of the past few years show that. China has made its point about how seriously it views independence in the crisis of 1996; and former Secretary Perry made our point about Chinese threats of military force.

Today the situation has calmed. Taiwan and China are beginning to talk once again. And we can, with caution and foresight from all three sides, expect if not reconciliation, at least stability in the Taiwan Strait. We need make no major changes, and in particular should avoid deals at Taiwan's expense as relations with China improve.

For us, the division of the Korean Peninsula, and the continuing threat posed by the 1.2-million-man North Korean Army just above the demilitarized zone, is equally sensitive. In fact, this is the only issue that ever brought the U.S. and China to war

And to maintain the peace, we need a cooperative working relationship with China; and on this issue we have it. China is doing precisely what we hope it will do. It offers the North Koreans advice that only a one-time ally can give. It provides food aid. And it does what it can to move the four-party talks ahead, even if that is limited to figuring out seating and handshake arrangements that the two Koreas will accept.

Then let us look to the spread of nuclear weapons in South Asia. This has created an immense danger for the world of a breakdown in the Non-Proliferation Treaty; an immediate danger of war between India and Pakistan; and a new strategic question for China, as the Indian government has indicated that its decision to test nuclear weapons was due to fears about China.

China's potential as a positive mediator in South Asia cannot be underestimated. I remain concerned that China may have contributed to the arms race by aiding Pakistan in its development of a nuclear device. It is incumbent on all nations to prevent the spread of nuclear weapons, and we must hold China to its signed commitments on this issue. Just as China worked constructively to avert further spread of the recent Asian currency crisis, so too must it be expected to work towards preventing the further proliferation nuclear arms in Asia.

Mr. President, before I speak about the issue of China and trade, let me say a few words regarding the recent flap over satellite launches.

First, the concept of allowing China to launch American satellites is sound. It can be done without transferring technology useful for ICBMs. And to suggest that we would willingly facilitate the process of other countries launching ICBMs does not make any sense.

However, the controversy over this question indicates the large emerging question of a proper approach to the rapid advance of technology from military to commercial fields. This is the basic question not only in satellite launches but in software encryption, technology exports and many other issues. Our country needs a strategic approach to the entire question, and the time to begin is now. With respect to the specific question of satellite launches, if oversight was weak, we should strengthen our policy. If any American companies broke the law they should be punished. But derailing potential progress in U.S.-China relations does not improve the situation one iota.

The second thing we need is a fair, mutually beneficial economic relationship. And that begins with the most urgent question—the Asian financial crisis.

I think China's performance—along with that of the Hong Kong S.A.R. government—during the Asian financial crisis has been impressive. With Southeast Asia's currencies suffering, China's competing exports are under intense pressure. A devaluation of the yuan could ease life for many Chinese businesses. But it would start a new panic in the currency market, just as Thailand, South Korea, the Philippines and other Asian nations are beginning to rebuild from last year's collapse. Up to now, China and Hong Kong have remained committed to avoid devaluations. And if Asia recovers this year, it will be in no small part because of China and Hong Kong.

We also need a stable bilateral trade relationship. And the foundation for this relationship is Most Favored Nation Status.

President Clinton has just put forth his annual request for renewal of Most Favored Nation status for the Republic of China. Not surprisingly, this request has been greeted with suggestions that the United States should use MFN as a tool. As a weapon, to convince China into making dramatic reforms. It is not. It is the foundation of commercial relations and should be left alone.

As Winston Churchill once said: ''A pessimist sees the difficulty in every opportunity. An optimist sees the opportunity in every difficulty.'' Those are good words to live by. I stand here today because I believe that we should use MFN as our way of helping China address its internal reforms while preparing for its accession to the World Trade Organization.

I do not believe that an open trade policy means Americans should be indifferent to human rights abuses in China. The United States should take a strong stand against serious infractions against workers, dissidents, women and children. But restrictions, such as the denial of MFN trading status or the use of sanctions that hurt

Chinese people and fail to directly punish the abusers of power, do little to encourage social reconstruction on the mainland.

In fact we should do the opposite. We should give China unconditional MFN trading status, upon China's accession to the World Trade Organization. I have long promoted this process. And I will do so again as we prepare for this historic summit. The extension of permanent MFN status to China would benefit both of our countries. It would reduce uncertainty in our trade relations. It would increase the chances of China moving to a more open economy. In addition, it would ensure that the U.S. is able to benefit fully from the economic liberalization measures that China must adopt in order to be accepted as a WTO member.

Finally, we need a fair trade relationship. China's market should be as open to our goods and services as we are to theirs. And today it is not. In this case, the numbers speak for themselves. It may be true that we have a large and growing deficit with China. At the same time, U.S. exports to China have increased from $11.7 billion in 1995 to $12.8 billion in 1997. In the first quarter of 1998, our exports have reached $3.3 billion. My home state of Montana exported $6.2 million worth of products to China just last year.

Furthermore, our agriculture industry relies on Asia. Ag exports to Asia constitute 40 percent of all agricultural exports. In the United States we produce more than we could ever possibly consume. Our agricultural producers simply cannot survive without markets in China and the Pacific Rim.

Our economic goals and China's economic goals are not so far apart. China seeks a working market economy for China's people. We seek that as well. We want a fair and open market for our goods and services. Yet we continue to face the startling implications of the trade imbalance between the United States and China—our deficit is almost $50 billion and growing.

British writer G.K. Chesterson once said: ''Do not free a camel from the burden of his hump; you may be freeing him from being a camel.'' We cannot change China to make its leaders think like Americans, act like Americans, and participate in the world marketplace like Americans. We should accept our differences. But we must insist on a minimum standard of behavior.

We must continually push for the elimination of unfair trade barriers, such as the phony ban on Pacific Northwest wheat due to TCK smut. We must encourage private investment over State-Owned Enterprises. We must fight for market transparency. We must insist that President Jiang Zemin and Premier Zhu Rongji open China to more U.S. imports. And the way to do that is a commercially meaningful accession for China to the WTO.

This is in everyone's best interest. It is good for China and it is good for the United States for the world's largest country to become a member of the WTO.

But the accession is going too slowly. It is not good enough to wait for China to reach internal consensus on WTO membership. We need to show China that the status quo is not acceptable. I believe that by engaging China, we can help China's reformers balance internal change and global opening. This does not mean delivering WTO carte blanche. Rather, the Administration and Congress should pursue a three-pronged approach to serious engagement.

First, the United States must give China a material incentive to enter the WTO. The Administration should endorse, and Congress should pass, a law to make permanent MFN status automatic when China enters the WTO.

Second, the United States should target China's moral incentive to enter the WTO. With our bilateral talks on Taiwan's WTO membership complete, the Administration should push for Taiwan's rapid entry into the WTO, regardless of where talks stand with China.

Third, the United States must convince China that unnecessary delay in entering the WTO is costly and counterproductive. Distribution and market access are just two issues that farmers and traders want fixed. At the same time, we want to make certain that China will be able to agree to, live with and abide by a signed agreement. If talks remain stagnant after President Clinton's visit to China at the end of this month, we should strongly consider opening a broad market access case under Section 301 of our trade law. It should begin with the areas where China is violating our 1992 agreement. It should set a deadline for sanctions if they do not shape up.

Let me now turn to our third goal: a decent world to live in.

President Clinton is right to go to Tiananmen Square when he visits China this month. But he will also be right to speak out on human rights and the rule of law.

It is a sad fact that those who would speak out against the government are still in danger of being imprisoned or subject to house arrest. Just as China will be expected to abide by the standards of nuclear non-proliferation and the WTO, it also should be expected to live up to the international standards of human rights, beginning with the Universal Declaration of Human Rights.

Although I welcome the recent release of political prisoners Wang Dan and Wei Jingsheng, I am disheartened that they are subject to a de facto exile, unable to return to their homeland because of their political activities. Upwards of 2,000 political prisoners remain in China, imprisoned for the simple expression of their beliefs.

Mr. President, Americans hold freedom of expression as one of their most cherished rights. It is a prerogative that is all too often denied the Chinese people, but one that I view as essential to that country's political and economic viability. Where ideas are suppressed, creativity and innovation are lost. And we need look no further than the world's leading economy to see the importance of innovation and expression. America's economic power is indicative of its political and economic freedom and the extent to which ideas and innovation are exchanged. It is true that China's economic success in the last 20 years is impressive. But how far can innovation and growth proceed in the absence of true freedom to carry out discourse and exchange ideas? The global marketplace grows increasingly competitive every day. China and the rest of the world stand to lose if that great country's people aren't allowed maximum ability to express, innovate and progress.

Finally, Mr. President, we must also engage China when it comes to environmental concerns. As economies develop throughout the world, they use more fossil fuels. Of course, with increased usage often comes significant pollution. Nowhere is that more true than in China. In the coming years, China will likely burn more fossil fuels, dispose of more chemical and industrial waste and emit more carbon dioxide than any country in the world. As economic growth in China accelerates, demand for electricity and the coal used to generate it will also increase.

Mr. President, 9 of the last 11 years have been the warmest of the 20th century. If the emissions from China's burgeoning power plants are not subject to controls, our efforts to prevent global warming will be undermined. China is part of the problem, and should be part of the solution. Although this is true for all developing nations, it is especially true for China, its appetite for hydrocarbons being what it is

When I worked on the Clean Air Act 1990, emissions trading was proposed as an alternative to inflexible, across-the-board efforts to control emissions. Initial reports indicate that the system of emissions trading works. I am interested in possibly applying the concept on a global scale, to include developing countries such as China.

Again, Mr. President, if we are to minimize the impact of these outputs, the United States must engage China in a cooperative relationship. We must do it in the areas of environmental protection, international security, human rights and trade. Although I agree with the Chinese proverb that says, ''It is better to light a candle than curse the darkness,'' I also think that the words of that great American Henry Ford are apropos here: ''Coming together is a beginning, staying together is progress, and working together is success.'' Mr. President, the United States and China have come together. For our benefit and that of the rest of the world, let us continue to work together for success.

Finally, Mr. President, let me say a few words about the approach I see developing in Congress.

We have not covered ourselves with glory recently. We have not passed our IMF replenishment. We have not passed our UN dues. We have not passed the Comprehensive Test Ban Treaty. We have not passed fast track. And some have seen the recent satellite launch controversy as an opportunity to make points in domestic politics.

This is not the way a great power behaves. We have serious responsibilities in our foreign affairs—whether in peace and security, in economics and trade, human rights or environmental protection. And we diminish our institution at home, and our country abroad, if we do not take these responsibilities seriously.

We have time to fix our deficiencies. But it is not unlimited time, and as we see in South Asia; in Hong Kong; in Korea; events will not wait for us. So as the President makes this historic trip, let us reflect a little more deeply on ourselves, on our responsibilities, and on what we can do for our national, rather than political, interest.

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

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Texas.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2689

Mr. GRAMM. Mr. President, I know our dear colleague from Nebraska is here to speak, and I will try to be brief. I do not want to hold him up, knowing he has something we need to hear and I am eager to hear it. But I want to talk just a moment about the pending amendment.

Let me remind my colleagues that in this bill before us, one of the things the proponents of the bill say is good about the bill is that it transfers money to the States. While this bill allows attorneys to be paid $92,000 an hour, while this bill provides $18,615.55 per Native American who smokes for smoker abatement, while this bill pays farmers $21,000 an acre who are currently under the tobacco program while allowing them to keep their land and to continue to farm tobacco, we are told that at least a good thing about the bill is that it gives money back to the States.

However, when you open up the bill to page 201, you find that we do give money back to the States, but only half the money can be spent by the States as they choose to spend it. Basically this bill dictates Federal mandates as to how the other half of the money has to be spent.

The bill requires that ''a State shall use not less than 50 percent of the amount received'' for the following kinds of programs: maternal and child health services block grant, child care under section 418 of the Social Security Act, federally funded child welfare and abuse programs under title IV–B of the Social Security Act, programs administered within the State under the authority of the Substance Abuse and Mental Health Services Administration under title 19 part B of the Public Health Service Act, the Department of Education Dwight D. Eisenhower Professional Development Program under title II.

It is obvious that there is some lobbyist somewhere who has all these pet programs and is now having the Federal Government dictate to the State of Texas and to other States in the Union how they are supposed to spend the money that they are getting under this tobacco settlement.

If this weren't bad enough, if this weren't outrageous enough, now Senator KERRY and others come along and say, ''Well, this is not enough. What we are going to do in addition to all these things is we are going to tell the States that they have to spend half of 50% on a specific program. ''A State shall use not less than 50 percent of the amount described in subsection (b)(2) of section 452 for each fiscal year to carry out activities under the Child Care and Development Block Grant Act.''

In other words, not only are we making them do all these things, but now Senator KERRY and others want to say that 50 percent of the 50 percent that we are forcing the states to allocate has to go for this one particular use.

Yesterday and the day before, we went back and forth with amendments. Senator COVERDELL got to offer a real amendment to try to target drug use among teenagers, and those who were opposed to it got to offer their supposed alternative. Yesterday, I offered an amendment to give a third of the money back to moderate-income working people by repealing the marriage penalty, and those who were opposed to it got a chance to offer their alternative. I have an amendment that will eliminate all the restrictions in the bill related to the Federal Government telling the States how to spend this money.

I want to make it clear I don't intend to see this Kerry amendment voted on up or down until I have an opportunity to offer my alternative. My amendment takes all these earmarks out of the bill and gives the Members of the Senate the opportunity to decide if they want to serve in the State legislature and allocate State moneys, or do they want to be U.S. Senators? If I wanted to tell the State of Texas how to spend money, I would have run for the Texas Senate or for the Texas Legislature. I didn't run for the Texas Legislature. I never served in State government, and I don't want to get into State government now by trying to tell my State how they have to spend this money.

We can have a motion to table this Kerry amendment. But, if it is not tabled, before this amendment is going to come to a final vote, I want to have the right to offer my alternative and give the Senate, as we did on drugs, as we did on taxes, two alternatives: One, do more to make the States spend the money they get under the bill the way Congress and all these special interest groups that have written this bill dictate it should be spent; or, two, rip out all the provisions of the bill relating to mandating how the States spend the money and let the States spend the money as they choose to spend the money.

I think the Senate ought to have that choice, not a choice between a bad provision and making it worse, but a choice between making it worse and getting rid of the whole process of telling the States how to spend their money.

I thank the Senator from Nebraska for his patience, and I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, first of all, let me say I appreciate the suggestion the Senator from Texas just made, because I intend to do approximately the same thing, only with the entire piece of legislation. Perhaps I am the only Member of the Senate who is becoming increasingly confused about what is in this bill. Perhaps everybody is crystal clear. I am not.

As I understand it, the tobacco companies will be required under law to pay into a trust fund, $15 billion in the first year, growing to $23 billion. If I were to make an inquiry, I suspect, of the managers of the bill right now as to what is in this bill, I am not sure I would like the answer.

What we have been doing since the bill was introduced is we have been deciding how we are going to allocate that money. As I understand it, the amendment of the Senator from Texas, which was accepted, will allocate a piece of that money for tax cuts, and the amendment of the Senator from Georgia will allocate a piece of that $15 billion to $23 billion for antidrug efforts, drugs other than nicotine.

What the Senator from Massachusetts and the Senator from Missouri, Senator BOND, have is an amendment before this body that will allocate an additional amount for child care. What the Senator from Texas is saying is he wants to have all that money undesignated. So do I, only I believe that a substantial portion of the $15 billion to $23 billion needs to be allocated in as unrestricted a fashion as possible to the States so that we can help people who choose to stop smoking stop smoking.

I appreciate that many Americans do not want to stop smoking. And if they have the freedom to choose, with full disclosure of what is in the substance, fine. Choose, and let the substance do to you what it is going to do.

However, I have approximately 350,000 Nebraskans who smoke, and