

should ask him or herself this question: Is it unseemly and wrong to bet on kids? I think so. If enacted, there will be no ambiguity about whether it is legal or illegal to bet on college sports. As part of a broader strategy to resensitize the public to the problems associated with college sports gambling, this will make a difference. We should not wait for another point-shaving scandal in order to act. There will be another point-shaving case that will come down. Given the amount of money—over \$1 billion bet each year on college sports—there will be another point-shaving case that will occur.

Mr. President, if the minority, if the Democrat side, chooses to continue to hold up legislation on appropriations bills, I think this would be a good time to go take up this bill. I think it would be appropriate. I think it would be a good time to take it up.

I yield the floor.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I ask unanimous consent I be given 10 minutes to speak in morning business.

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

#### A BIPARTISAN RESPONSE TO CHINESE PROLIFERATION

Mr. THOMPSON. Mr. President, today I want to talk about one of the most serious issues facing the United States—the proliferation of weapons of mass destruction and the means to deliver them. I also want to talk about the legislation that Senator TORRICELLI and I have introduced—the China Nonproliferation Act—to address this growing threat.

The world is a more dangerous place today because key supplier countries like the People's Republic of China [PRC] continue to proliferate weapons of mass destruction to rogue states like North Korea, Iran, and Libya.

China has sold nuclear components and missiles to Pakistan, missile parts to Libya, cruise missiles to Iran, and shared a wide variety of sensitive technologies with North Korea.

Russia has provided nuclear weapons assistance to Iran, and missile technologies to North Korea.

North Korea has provided missile technologies to a variety of countries in the Middle East and Africa, and openly acknowledges these sales are one of its main sources of hard currency.

Many of these technologies are being used by rogue states to develop weapons of mass destruction and the means to deliver them—capabilities which are prompting many policymakers and defense experts in this country to call for the immediate deployment of a multi-tiered national missile defense system.

Two years ago, a bipartisan commission headed by former defense sec-

retary Don Rumsfeld challenged the administration by concluding that rogue states like North Korea and Iran could develop an ICBM within 5 years of deciding to do so. In fact, the Commission reported that:

China also poses a threat to the U.S. as a significant proliferator of ballistic missiles, weapons of mass destruction and enabling technologies. It has carried out extensive transfers to Iran's solid-fueled ballistic missile program. It has supplied Pakistan with a design for a nuclear weapon and additional nuclear weapons assistance. . . . The behavior thus far of Russia and China makes it appear unlikely . . . that either government will soon effectively reduce its country's sizable transfers of critical technologies, experts, or expertise to the emerging missile powers.

Shortly thereafter, North Korea surprised our intelligence agencies by successfully launching a three-stage rocket—the Taepo Dong I—over Japan, demonstrating the technological know-how to hit the United States with a small warhead, and essentially confirming the Rumsfeld Commission's assertions.

In July 1999, the Deutch Commission, which was organized to assess the federal government's ability to address WMD proliferation, concluded that:

The U.S. Government is not effectively organized to combat proliferation, despite the fact that "Weapons of mass destruction pose a grave threat to U.S. citizens and military forces, to our allies, and to our vital interests in many regions of the world." The report also confirmed that China "is both a source and transfer agent for passing knowledge, technology, sub-systems, and entire systems to dangerous state and sub-national actors.

Last September the intelligence community released a new National Intelligence Estimate of the ballistic missile threat. This report asserted that "during the next 15 years the United States most likely will face ICBM threats from Russia, China and North Korea, probably from Iran, and possibly from Iraq." North Korea could convert its Taepo Dong-1 space launch vehicle to deliver a light payload—sufficient for a biological or chemical—to the United States. And Iran's missile program is not far behind. In short, some rogue states may have ICBMs much sooner than previously thought, and those missiles will be more sophisticated and dangerous than previously estimated.

An unclassified CIA report provided to Congress earlier this year said that from January to June of last year "firms in China provided missile-related items, raw materials, and/or assistance to several countries of proliferation concern," including Iran, North Korea, and Pakistan.

The report also said that China has provided extensive support to Pakistan's nuclear and missile programs in the past, and that "some ballistic missile assistance continues."

Additionally, "North Korea obtained raw materials for its ballistic missile

programs from various foreign sources, especially from firms in China."; and

"Russia and China continued to supply a considerable amount and a wide variety of ballistic missile-related goods and technology to Iran."

Iran has "manufactured and stockpiled chemical weapons, including blister, blood, and choking agents and the bombs and artillery shells for delivering them." The report adds that, during the first half of 1999, Iran sought production technology, expertise, and chemicals that could be used for chemical warfare "from entities in Russia and China."

"Throughout the first half of 1999, North Korea continued to export ballistic missile-related equipment and missile components, materials and technical expertise to countries in the Middle East and Africa." In February of this year, U.S. intelligence officials indirectly confirmed press reports that North Korea has delivered to Iran 12 engines that would be critical to Iran's efforts to build extended-range Shahab missiles.

The next report is due out any day now, and it isn't much different, I am told.

In a hearing before the Governmental Affairs subcommittee on International Security, Proliferation, and Federal Services earlier this year, Robert Walpole, National Intelligence Officer for Strategic and Nuclear Programs, testified that the threats to our Nation's security are real and increasing. He added that the major factors fueling this threat are continued proliferation and "increased trade and cooperation among countries that have been recipients of missile technologies." Many of the rogue states and other countries seeking these weapons of prestige, coercive diplomacy, and deterrence are working hard to develop an indigenous capability—which requires the acquisition of "dual use" items from the industrialized countries of the West.

The public press accounts are equally troubling:

New reports since 1997 have detailed how Russian entities have provided Iran's missile programs with speciality steels and alloys, tungsten coated graphite, wind tunnel testing facilities, gyroscopes and other guidance technology, rocket engine and fuel technology, laser equipment, machine tools, and maintenance manuals.

North Korea has provided missile technologies and assistance to Iran and Libya, and is supposedly building a missile factory in Sudan for Iraq.

All of these events lead to one bottom line: That dangers to the United States exist and are increasing; that the unfettered sale of "dual-use" and military-related technologies are abetting those threats; and that the problem is being fueled by a few key suppliers like China.

Let me give a brief summary of the revised China Nonproliferation Act.

The U.S. walks a delicate tightrope as it balances national security and trade with China. Free trade and open markets are essential, but the federal government's first responsibility is the protection of our national security. That's why Senator TORRICELLI and I have introduced the China Nonproliferation Act, which requires an annual review of proliferation, establishes clear standards, reasonable penalties, adequate presidential waivers, congressional oversight, and much-needed transparency.

The goal of this bill is to address the proliferation of key suppliers like China, while minimizing any negative impact on United States businesses or workers. We received a number of comments on the original draft of this bill, and we have made substantial changes in order to address concerns raised by the administration and others. I'd like to take a moment now to set the record straight on what our bill does and does not do.

The administration raised four concerns regarding the original draft of our bill, all of which have been addressed in the revisions.

First, in response to the concern that the bill singled out China, we have broadened the bill to apply to all key suppliers of weapons of mass destruction as identified by the Director of Central Intelligence. Rather than singling out certain suppliers, this bill applies equally to all countries based on their proliferation activities. Those determined to be key suppliers by the DCI will be subject to the act. This mechanism allows countries to be added or dropped from the list based on their behavior.

Second, in response to the concern that the original bill failed to provide adequate flexibility for the President, we have made the sanctions against supplier countries under the act discretionary, as opposed to the mandatory sanctions contained in the original bill.

Third, in response to a concern that individual companies could face mandatory sanctions based on insufficient evidence, we have raised the evidentiary standard for imposing mandatory sanctions on companies identified as proliferators to give the President complete discretion in making a determination as to whether a company has engaged in proliferation activities.

Finally, in response to a concern that the original bill captured legal transactions and legitimate efforts by countries to pursue their own defense needs, we have changed the language to make clear that only actions that contribute to proliferation of weapons of mass destruction will trigger penalties under the act.

Furthermore, the revised bill addresses additional concerns raised by the U.S. business community that U.S. firms and workers could be adversely impacted.

The bill now contains a blanket provision that protects the agricultural community from any adverse impact.

In addition, the bill's penalties apply only to companies of key supplier countries, not to U.S. companies and workers.

We have also made changes to the congressional review procedure to ensure that Congress exercises adequate oversight without overburdening the Congress. We have raised the bar with regard to the initiation of expedited congressional review procedures. We did this by requiring at least one-fifth of the Member of either House to sign onto a joint resolution. We have also exempted the President's exercise of national security waiver authority from this congressional review process.

In short, the key features of our bill are now consistent with current law and similar to the Iran Nonproliferation Act of 2000, which passed the Senate 98-0 in February. These two laws are structured in much the same way, with the difference being that our bill addresses the supplier of the weapons, and the Iran Act addressed a user. Under both bills, the President is required to supply a report, based on "credible information," on foreign entities transferring WMD and missile items. The activities covered in these reports are the same, except that the Iran Act covers transfers of these items into Iran and this bill covers transfers of these items out of key supplier countries—the international equivalent of going after the drug dealers to get to the root of a pervasive drug problem. Under both the Iran Act and our legislation, the President is authorized, but not required, to impose sanctions against countries violating the act. The principal difference between our bill and the Iran Act is that our bill requires sanctions against the individual, company, or government entity, identified as a proliferator, whereas the Iran Act made these sanctions discretionary; however, our bill requires a Presidential determination that the proliferation activities have occurred prior to triggering these sanctions, leaving the President with substantial discretion.

In response to the critics, we are confident that these changes will still fulfill our goal of halting proliferation from key suppliers like China and sending the right message abroad, while removing any unintended consequences. But despite our efforts, opponents of the bill continue to contend that current nonproliferation laws are sufficient and effective, that Chinese proliferation is under control, and that sanctions never work. They add that diplomacy and "engagement" will bring the world's key suppliers around. I ask these critics, where is your evidence?

All we need to do is look at the evidence to realize that existing legisla-

tion has clearly not been effective, because we continue to receive alarming reports of China's proliferation activities. In a report issued in July of 1998, the Rumsfeld Commission called China a "significant proliferator of ballistic missiles, weapons of mass destruction and enabling technologies." Recent reports indicate that Chinese proliferation behavior has worsened over the past year, and North Korean activities remain intolerable, demonstrating the inadequacy of our nonproliferation laws.

In the last several weeks, on the eve of the Senate's consideration of PNTR for China, and after the House had already voted, it was revealed that China was assisting Libyan experts with that country's missile program, illegally diverting United States supercomputers for use in the PRC's nuclear weapons program, and helping build a second M-11 missile plant in Pakistan. And just last week, Iran successfully test-fired its Shahab-3 missile, which is capable of striking Israel, American troops in Saudi Arabia, or American bases located within the borders of our NATO ally, Turkey. This missile was developed and built with significant assistance by the PRC.

The classified reports of Chinese proliferation are even more disturbing.

And all we need to do is look at the events of recent weeks to see that diplomacy alone will not resolve the serious threat to our national security posed by proliferation. In the last few weeks, three senior United States delegations traveled to Beijing to discuss these issues. Each was sent back to Washington empty-handed, under the explicit threat that if the United States continues to assist Taiwan with its defensive needs or proceed with our own National Missile Defense, the PRC will continue to proliferate offensive weapons and technologies to whomever it pleases.

Opponents also argue that we don't need more laws—current laws are sufficient and effective. If this is the case, then why is China's proliferation problem not improving? Moreover, why was it okay to pass the Iran Nonproliferation Act of 2000, by a vote of 98-0, less than 6 months ago, and it's not okay to do so now? That legislation was designed to address a serious problem: The development of a credible nuclear weapons and missile program thanks to the direct assistance of the Russians, Chinese, and North Koreans. Weren't there enough laws on the books then also? Or does the potential to make a buck off the Chinese make it all different?

Our bill recognizes the value of a multilateral approach to the problem and encourages the President to pursue a multilateral solution. But at the same time, we must act. Over the years, when the United States has been serious about implementing measures

to signal our displeasure with a foreign government's action, these measures have had an effect. For example, United States economic pressure in the late 1980s and early 1990s led to China's accession to the Nuclear Nonproliferation Treaty in 1992. In June 1991, the Bush administration applied sanctions against the PRC for missile technology transfers to Pakistan. These measures led to China's commitment five months later to abide by the Missile Technology Control Regime [MTCR]. In August 1993, the Clinton administration imposed sanctions on the PRC for the sale of M-11 missile equipment to Pakistan in violation of the MTCR. Over a year later, Beijing backed down by agreeing not to export "ground to ground" missiles if sanctions were lifted, which occurred in November 1994.

Critics of our legislation also say that the problem is not with the laws, it is with the President's willingness—or unwillingness—to enforce them. On this point I would certainly agree. In the case of Chinese proliferation, the Clinton administration has too often put "good relations" and commerce before national security. Time and time again this administration has jumped through hoops to whitewash or make the problems with China go away. The President himself acknowledged that he has avoided complying with current laws. In April 1998, while speaking to a group of visitors, he complained about legislation that forces his administration to penalize other nations for behavior that falls short of our expectations. He went on to say that this creates pressure for the administration to "fudge the facts." I have no trouble believing this is true. A prime example is when the intelligence community discovered a shipment of Chinese M-11 missile canisters on a dock in Pakistan. The President failed to take action. His justification? He couldn't prove that there are missiles actually in the canisters. This of course only emboldened the PRC, as evidenced by their recent substantial assistance to the Pakistani missile program.

The Clinton administration has never made nonproliferation a policy priority. We've never acted aggressively in the face of these violations, and have never treated nonproliferation as a serious agenda item in our official dealings with the PRC.

It is not surprising, then, that the White House does not want to see any legislation considered by the Congress which might reflect negatively on its stewardship of the proliferation problem. But that is precisely why this legislation is needed. This legislation attempts to enhance congressional oversight by requiring reports from the President on proliferation activities and his response to those activities, and by creating expedited procedures for the Congress to consider a joint resolution of disapproval of the President's actions where that is warranted.

Opponents argue that the congressional review procedures in our bill are also unwarranted and infringe on the rights of the President. However, Congress has a responsibility here. We do not have the luxury of sitting back and avoiding a matter that involves our national security when we see that things are going in the wrong direction. Our goal is not to tie up the Senate with annual votes on China's proliferation activities, but it is to provide a procedure for Congress to exercise its oversight role when the President has truly failed to respond to these threats. In response to concerns raised by other Members that the original review procedure would allow individual Senators to disrupt the business of the Senate, we have raised the standard to initiate the expedited procedures to one-fifth of the Members of either House, more than that required to initiate a cloture petition in the Senate. And regardless of how the Senate votes, the President can still veto the measure. All this provision does is ensure that Congress' legitimate role in foreign policy is preserved, that we are made aware of the proliferation activities of key suppliers countries and what actions the President is taking to deal with this threat, and Members have the means to fulfill our constitutional duties to ensure that America's security is safeguarded.

Other critics of my bill have argued that we need to hold hearings and subject the bill to committee review. Over the past four years, the Governmental Affairs Committee alone has held 15 hearings on proliferation. Over 30 hearings have been held by my committee, the Armed Services Committee, and the Foreign Relations Committee. Furthermore, this legislation has the full support of the chairman of the committee of jurisdiction, the Foreign Relations Committee. The issue of proliferation has received a full hearing and it is time to act. In the past, the Senate has not hesitated to act in an expedited fashion where a serious threat to U.S. interests was involved.

I find it ironic that some of those members who so eagerly call for hearings are the same ones that voted last year for the Food and Medicine for the World Act—a sanctions relief bill which was offered to the Agriculture Appropriations bill without prior hearings, and was voted for by 70 Members of this body. This bill significantly affected our relations with several states, most notably Cuba and the other state sponsors of terrorism. This bill would have changed U.S. policy that had been in place for decades, through several administrations, and tightly bound the President's ability to initiate sanctions against a country. Moreover, the bill required congressional approval to implement sanctions, and did so through the same expedited procedures found in our original bill. Again, I ask what is different here?

Some have even raised the argument that the transparency provision in our bill is bad and will do great harm to our capital markets. Why is that transparency fine everywhere but in this bill. Whether it be within the government, campaign finance reform, you name, it, transparency is fine. But not when we want to let U.S. investors know when a foreign company that they have invested in, or are considering investing in, has been reported by the intelligence community as a proliferator of weapons of mass destruction and the means to deliver them. Is it so bad to let American investors know that their hard-earned dollars might be providing the capital to support a weapons proliferation program for North Korea or Libya that might one day threaten their hometown? We warn Americans that cigarette smoking might be hazardous to their health, that cholesterol might cause heart failure, and that driving without a seat belt on could result in serious injuries in an accident, but we're unwilling to tell them that their pension fund might be helping China ship chemical weapons to Iran? Do we think Americans aren't smart enough to make responsible decisions, or are we actually afraid that they might do just that?

This is not some stretch of the imagination. A few months ago, PetroChina attempted to raise \$10 billion through an IPO to finance its operations in Sudan, a country that has been listed as a state-sponsor of terrorism. While this case raised the level of public attention on this issue, the problem started before PetroChina. The California Public Employees' Retirement System (or Calpers) has invested millions of dollars of employee pension funds in companies with close ties to the Chinese government and the Chinese People's Liberation Army. Calpers has invested in four companies linked to the Chinese military or Chinese espionage: Cosco Pacific, China Resources Enterprise, Citic Pacific, and Citic Ka Wah Bank. According to the Wall Street Journal, American workers own \$430 billion worth of foreign equities through pension funds.

Congressionally mandated commissions studying the issue of proliferation have concluded both that the Chinese government is using the United States capital markets to fund its proliferation activities and that the United States needs to address this issue as part of a solution to proliferation. The Deutch Commission study of the threat posed by proliferation stated that "the Commission is concerned that known proliferators may be raising funds in the U.S. capital markets" and concluded, "It is clear that the United States is not making optimal use of its economic leverage in combating proliferators . . . Access to U.S. capital markets . . . [is] among the

wide range of economic levers that could be used as carrots or sticks as part of an overall strategy to combat proliferation. Given the increasing tendency to turn to economic sanctions rather than military action in response to proliferation activity, it is essential that we begin to treat this economic warfare with the same level of sophistication and planning we devote to military options."

The Cox Commission review of United States national security concerns with China also concluded that "increasingly, the PRC is using United States capital markets as a source of central government funding for military and commercial development and as a means of cloaking technology acquisition by its front companies." The committee also concluded that most American investors don't know that they are contributing to the proliferation threat saying, "Because there is currently no national security-based review of entities seeking to gain access to our capital markets, investors are unlikely to know that they may be assisting in the proliferation of weapons of mass destruction by providing funds to known proliferators."

It is clear that China has been using United States capital to finance its military and proliferation activities, and it seems that this activity will only increase in the future. At least 10 Chinese companies are currently listed on United States stock exchanges, and the PetroChina initial public offering was a test case designed to pave the way for additional offerings. China Unicom, the second largest telecommunications operator in China, was recently listed on the New York Stock Exchange, and has already raised approximately \$5 billion in its initial public offering, and total proceeds of the IPO are expected to exceed \$6.3 billion.

These problems have gone unaddressed for too long. That is why we have included a provision regarding capital market transparency in the China Nonproliferation Act. However, even in light of all of the above, the capital market response is optional. It is merely one of several responses available to the president if a foreign company is determined to be a persistent proliferator.

In conclusion, let me end by reiterating that our bill is not an attempt to derail the vote on permanent normal trade relations [PNTR] for China. I have long been a strong supporter of free trade. That is why we have asked for a vote separate from, but in the context of, the China-PNTR debate all along. We want Members to vote based on their conscience and the right solution to this serious national security issue, not based on parliamentary concerns or on how such a vote might affect the pending trade bill.

But it is essential to address this issue now. At a time of monumental

change in our relationship with Beijing—when China is asking to become a member in good standing of the global trading community—is it asking too much for a fellow permanent member of the U.N. Security Council to obey international rules and norms with regard to the proliferation of weapons of mass destruction?

The United States cannot continue this charade of confronting Chinese proliferation by establishing more commissions, holding more hearings, passing more ineffective legislation, or seeking more empty promises from Beijing. We are confident that our bipartisan approach to this serious threat addresses the problem in a firm, responsible, and balanced manner. The United States must send the right message abroad, and as strong proponents of free trade, we believe that requires engaging and trading, while establishing a framework for appropriate United States response to China's actions that threaten this country.

We cannot take one approach without the other—not when our national security is at stake.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wyoming.

Mr. THOMAS. Mr. President, it is my understanding we go in recess at 12:30.

The PRESIDING OFFICER. The Senator is correct.

#### DICK CHENEY AND NATIONAL GOVERNANCE

Mr. THOMAS. Mr. President, I wanted to take a minute today to react to the news that has been all over, of course, in the last few days about the selection of a Wyoming person to be on the ticket with Governor Bush. We are very excited, of course, and very proud of Dick Cheney. We think he is certainly a great addition to anyone's ticket for national governance. We think he is a great choice.

Mr. Cheney, of course, was most recently Secretary of Defense. He moved to Secretary of Defense from serving Wyoming for nearly 10 years in the Congress, in the House. I was fortunate enough to be able to replace Dick Cheney in the House, representing Wyoming, so I, of course, have followed his career closely. No one was more excited than I was when he left to go to Defense. In any event, not only that but of course he had worked in the White House. He had worked there as an administrative person, finally worked his way up to be Chief of Staff for President Ford.

So really there is no one who has had a broader and better experience in National Government than Dick Cheney. Perhaps even more important than that, this is a person who is a real person. I am sure all of us get a little exasperated from time to time in politics, where it seems almost everything

is spinning the issue, particularly in election times. You hear things. Someone asks a question and the question is never answered because they spin off into something that is entirely different to be advantageous to themselves. Not Dick Cheney. Dick Cheney is a guy who is real. He is a guy just like the rest of us. He grew up in Caspar, WY; went to school there. So all of us, including the Presiding Officer here, from Wyoming, are very proud of Dick Cheney and very pleased that he will be a part of this campaign, hopefully of governance in this country.

Finally, for a couple of seconds I would like to say how disappointed I am that we are not moving forward, doing the business of the people of this country. We are down to where there are 4 days left this week, less than that, actually—a week when we had hoped to do, probably, three appropriations bills. We go out, then, in August for recess, come back in September, probably have less than 20 working days to accomplish the business of this country.

Whether you like it or not, one of the major features of the Government is the appropriations process. It is determining what money is spent for, what programs are given priorities. Of course, that is what the appropriations process is all about. We are talking about \$1.8 trillion, almost \$700 billion of that being in appropriated funds. So our responsibility is to do that. Now we find ourselves being held up from going forward. I understand there are differences of opinion. That is what this is all about. There are supposed to be differences of opinion. But there is also a way to deal with those without holding up the progress of the entire Congress and ignoring the things we are designed to do, often simply to make an issue.

We find ourselves, unfortunately, in Presidential years more interested in creating issues than we are in creating solutions. I think that is too bad. Obviously, issues are important. Obviously, differences of view are important. Obviously, there is generally a considerable amount of difference between the views on the other side of the aisle, the minority, and the majority. The minority, of course, is generally for spending more money, having more Government. They see the role of the Federal Government expanded greatly, where most of us on this side are more interested in holding down the size of government, moving government closer to the people and the States and in the counties and that sort of activity.

It is discouraging when they use that leverage of basically shutting down the things we must do. Unfortunately, there is a history of that. In 1998, in the second session, the minority held up the education savings account, the protection of private property rights,