I will not use all the time I have yielded myself.

THE IMPORTANCE OF THE U.S. RELATIONSHIP WITH KUWAIT

Mr. TORRICELLI. Mr. President, I rise on an issue of great importance to me, personally, and I believe many other Members of the Senate.

Winston Churchill once noted that nations whose sons fight and die together forever change their relationship. Seven years ago, the United States and Kuwait tragically shared this experience. The liberation of Kuwait forever changed the relationships between our two peoples. Though our cultures and the faiths of many are different, we share a sense of national independence and, I believe, a growing awareness of a burgeoning potential for democracy in Kuwait.

It was, therefore, extremely disturbing on November 19, 1997, when several members of the Islamic faction in Parliament in Kuwait sought the ouster of the Minister of Information, Sheikh Saud Al-Nasir Al-Sabah. It did so because of an allegation that he permitted books to be displayed at a book fair which fundamentalists deemed to be offensive. Members of this Senate—indeed, many people in the administration—not only know Sheikh Saud Al-Nasir Al-Sabah well, they consider him a friend. During the darkest days of the invasion and occupation of Kuwait, he was the voice of that Nation in the United States. We trusted him. More, perhaps, than anyone we know in Kuwaiti society, he rallied support to the liberation of his country.

These allegations against him we now recognize were little more than an effort by Islamic fundamentalists to extend their control over the Ministry of Information, which would have changed the nature of the political system in Kuwait. Judgments about Kuwait's future are for the Kuwaiti people, obviously, and entirely. But I believe as friends of that Nation who have fought and died with them, we all have a stake in the growing movement of that society for free expression.

I know my colleagues join me with some relief and considerable pride in that in a reformed Government following this incident, Sheikh Saud Al-Nasir Al-Sabah was kept as Oil Minister. Indeed, not only did he remain in the Government, therefore, but he received a promotion.

I know the people of Kuwait have been traumatized by this effort, through this emergence of Islamic factions within their political system, to extend their control and threaten rising elements of democracy in their society. I trust that Kuwaiti democracy will be the stronger for this experience, that the people of Kuwait will not only understand but appreciate the interests of the U.S. Senate in the political system of that country, since the concept of the government and free expression in Kuwait is so much a part of our mutual understanding for the defense of that society.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 2057, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 2057) to authorize appropriations for the fiscal year 1999 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personal strengths for such fiscal year for the Armed Forces, and for other purposes.

The Senate resumed consideration of the bill.

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that a list of staff that I send to the desk, be permitted the privilege of the floor during the pendency of the Department of Defense authorization bill.

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

The list of staff follows:

ARMED SERVICES COMMITTEE STAFF MEMBERS

Les Brownlee, Staff Director
George Lauffer, Deputy Staff Director
Scott Stucky, General Counsel
David Lyles, Minority Staff Director
Peter Levine, Minority Counsel
Charlie Abell
John R. Barnes
Stuart H. Cain
Lucia Monica Chavez
Christine E. Cowart
Daniel J. Cox, Jr.
Madelyn R. Creedon
Richard D. DeBobes
John DeCrosta
Marie F. Dickinson
Keaveny Donovan
Shawn H. Edwards
Jonathan L. Etherton
Pamela L. Farrell
Richard W. Fieldhouse
Maria A. Finley
Cristina W. Fiori
Jan Gordon
Creighton Greene
Gary M. Hall
Patrick ''PT'' Henry
Larry J. Hoag
Andrew W. Johnson
Melinda M. Koutsoumpas
Lawrence J. Lanzillotta
Henry C. Leventis
Paul M. Longsworth
Stephen L. Madey, Jr.
Michael J. McCord
J. Reaves McLeod
John H. Miller
Ann M. Mittermeyer
Bert K. Mizusawa
Cindy Pearson
Sharen E. Reaves
Sarah J. Ritch
Moultrie D. Roberts
Cord A. Sterling
Eric H. Thoemmes
Roslyne D. Turner

Mr. THURMOND. Mr. President, today the Senate begins consideration of S–2057, the National Defense Authorization Act for Fiscal Year 1999. I want to thank all members of the Committee who have worked so hard this year to bring this bill to the floor. I particularly want to thank Senator LEVIN, the Ranking Member, for his cooperative support.

I also want to acknowledge the contributions of Senator COATS, Senator KEMPTHORNE, and Senator GLENN. This will be their last defense authorization bill. On behalf of the committee and the Senate, I want to thank them for their dedication to the national security of our country and their support for the young men and women who serve in our armed forces. We will miss these three outstanding Senators who have served our country and the committee so well.

Mr. President, I also want to express my appreciation to the members of the staff of the Senate Armed Services Committee. We on the Committee are very proud of our staff. I believe that we have the most competent and professional staff on Capitol Hill. They work well together in a very bi-partisan way and all of us on the Committee are indebted to them for their selfless dedication. I ask unanimous consent that a list of the members of the staff be included following my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. THURMOND. This is the 40th defense authorization bill on which I have worked since I joined the Armed Services Committee in 1959. It is my fourth as Chairman of the committee and as I indicated earlier this year, while I intend to remain on the Committee, this will be my last year as Chairman. I look forward to the floor debate on this bill as well as the conference with the House. I am hopeful that we are able to complete the bill and send it to the President before the July 4th recess. It is essential that we complete floor action before the Memorial Day recess in order to meet this ambitious schedule.

We have accelerated significantly our process this year. I cannot recall ever bringing the defense authorization bill to the floor this early in the year. If we are successful in completing conference in late June, we may be setting a modern day record.

Mr. President, the Defense Authorization bill for Fiscal Year 1999 which I bring before the Senate today is only 3.1 percent of Gross Domestic Product—the lowest since 1940. Defense outlays peaked in 1986 at 6.5 percent. President Reagan's defense buildup was one of the great investments in our history. As a result of President Reagan's strong leadership and our strengthened military, we won the Cold War. Therefore, we have been able to reduce our defense force structure. These reductions enabled the Nation to reduce the

deficit and achieve a balanced budget. The victory in the Cold War and the resulting peace dividend, which began, by the way, under President Reagan, is now saving us over $250 billion per year—the major factor in achieving a balanced budget.

Mr. President, we haven't debated the levels for defense spending on the floor of the Senate for some time. Maybe its because defense doesn't rank very high these days in the polls which reflect the concerns of the American people. Or maybe it's because everyone assumes that the defense budget is adequate and there is no reason to debate it. I am concerned first of all because I believe there is a clear shortfall between the ambitious foreign policy of this Administration and the resources we are willing to provide for national defense.

The operational tempo of our military forces is at an all time high. American forces are deployed literally around the globe. The foreign policy of this Administration has raised the number of separate deployments to the highest in our history. Our servicemen and women spend more and more time away from their homes and families on more frequent and extended deployments. As a result, recruiting grows more difficult and retention is becoming an extremely serious problem—especially for pilots.

We are also beginning to see increasing indicators of readiness problems. Spare parts shortages, increased cannibalization, declining operational readiness rates, cross-decking of critical weapons, equipment and personnel foretell a potential emergence of readiness difficulties that could seriously cripple our military forces in the very near future. The Chiefs of the military services indicate that they are on the margin in readiness and modernization. The Chief of one of our military services has recently stated orally as well as in writing that his budget for fiscal year 1999 is, for the third year in a row, inadequate.

While, at the present time, the American people may not be expressing concern about threats to our national security or the readiness of our armed forces, we in the Senate are not relieved of our responsibilities to ensure that we have capable, effective military forces ready to defend our nation's vital interests. It is our job in the Congress to examine the readiness and capability of our armed forces and ensure that we have provided adequate resources and guidance to the Secretary of Defense so that he can carry out his mission to protect our national security. I believe, as I have stated so many times on this floor, that nothing that we do here in the Congress is as important as providing for our national security. I intend to continue to make this point whenever I believe that we in the Senate may not be paying enough attention to this most critical issue.

Mr. President, the Congress has endeavored over the past several years to shore up our defense budgets with annual add-ons. However, reductions in the defense budgets over the last 3 years to pay for Bosnia have denigrated the effect of those Congressional plus-ups. Almost half of the $21 billion we added to the defense budgets over the last 3 years, which was intended to enhance readiness and modernization, was spent instead for operations in Bosnia. The maintenance of our forces in Bosnia and in the Persian Gulf, places great strain on our military forces and budgets.

As many of you are aware, we have been forced to cope with a $3.6 billion outlay shortfall in the defense budget resulting from scoring differences between the Office of Management and Budget and the Congressional Budget Office. The Chairman of the Budget Committee, Senator DOMENICI has been very helpful in working out a solution to help alleviate this problem. I am sure the Chairman of the Appropriations Committee joins me in thanking Senator DOMENICI and his staff for their assistance.

Under the budget agreement, we have not added funds to the defense budget this year. I do not believe that a majority of Senators would support adding funds to the defense budget in violation of the budget agreement. Therefore, we have conducted our markup consistent with the budget agreement. However, I have stated in the past and I say again, I believe that we are not providing adequate funds for defense. The Chairmen and Ranking Members of the House National Security Committee have also called for increases in the defense budget. It remains my firm belief that we should provide additional funds for our national security.

In this bill, the Committee has achieved a balance among near-term readiness; long-term readiness, through investments in modernization infrastructure and research and development; force levels; quality of life and ensuring an adequate, safe and reliable nuclear weapons capability. The Committee modified the budget request to improve operations and achieve greater efficiencies and savings and to eliminate spending that does not contribute directly to the national security of the United States.

The Committee recommended provisions to provide a 3.1 percent pay raise for the uniformed services; to enhance the ability of the services to recruit and retain quality personnel; and to restore appropriate funding levels for the construction and maintenance of both bachelor and family housing. The bill recommends increased investment in research and development activities to ensure that the Department of Defense can leverage advances in technology.

The Committee remains concerned about the level of resources available for the reserve components and the continued lack of a spirit of cooperation between the active and reserve forces. The Committee recommended a number of policy initiatives and spending increases intended to continue the improvement of the readiness of the reserve forces and to permit greater use of the expertise and capabilities of the reserve components. One such measure is the authority for the reserve components to prepare to respond to domestic emergencies involving the use or intended use of a weapon of mass destruction. I am proud to be able to recommend this important legislation which will enable the Nation to be prepared for the most unimaginable terrorist incident.

I do want to tell my colleagues that this defense bill does not include a long list of new major projects or new initiatives. Quite simply, there is no money to support new major projects or new initiatives. However, I should note that over the past three or four years, the Committee on Armed Services has produced defense bills with major new program starts, reforms of the acquisition process, initiatives related to missile defense and counter proliferation, and programs to achieve efficiencies and enhance readiness. The Secretary of Defense must now implement these major programs. As the Department of Defense executes the programs we enacted over the past several years, I anticipate that they will come back to the Congress to suggest modifications addressing areas in which they believe they need additional flexibility.

Mr. President, I would like to remind my colleagues that any amendments to the defense authorization bill that would increase spending should be accompanied by offsetting reductions.

Mr. President, this is a sound bill. It provides a road map to take our Nation's Armed Forces into the 21st century. I urge my colleagues to join the Members of the Armed Services Committee and pass this bill with a strong bipartisan vote.

I yield the floor.

EXHIBIT I

ARMED SERVICES COMMITTEE STAFF MEMBERS

Les Brownlee, Staff Director
George Lauffer, Deputy Staff Director
Scott Stucky, General Counsel
David Lyles, Minority Staff Director
Peter Levine, Minority Counsel
Charlie Abell
John R. Barnes
Stuart H. Cain
Lucia Monica Chavez
Christine E. Cowart
Daniel J. Cox, Jr.
Madelyn R. Creedon
Richard D. DeBobes
John DeCrosta
Marie F. Dickinson
Keaveny Donovan
Shawn H. Edwards
Jonathan L. Etherton
Pamela L. Farrell
Richard W. Fieldhouse
Maria A. Finley
Cristina W. Fiori
Jan Gordon
Creighton Greene
Gary M. Hall
Patrick ''PT'' Henry
Larry J. Hoag
Andrew W. Johnson
Melinda M. Koutsoumpas

Lawrence J. Lanzillotta
Henry C. Leventis
Paul M. Longsworth
Stephen L. Madey, Jr.
Michael J. McCord
J. Reaves McLeod
John H. Miller
Ann M. Mittermeyer
Bert K. Mizusawa
Cindy Pearson
Sharen E. Reaves
Sarah J. Ritch
Moultrie D. Roberts
Cord A. Sterling
Eric H. Thoemmes
Roslyne D. Turner

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I am pleased to join the chairman of our committee in bringing the defense authorization bill for fiscal year 1999 to the floor. As we all know, as Senator THURMOND has so eloquently reminded us, this is the last year that he will be chairman of the Senate Armed Services Committee, through his choice. Therefore, it is the last year that he will be bringing an authorization bill to the floor. I just want to thank him and commend him for the commitment that he has made to our Nation's defense. It has been longstanding, it has been a matter of keen devotion. It is really a significant moment for me to be here with him as this defense authorization bill comes to the floor. I know I am thanking him on behalf of all of the members of our committee and the Senate for the energy he has placed into this issue of defense, security, and this bill itself.

Mr. THURMOND. Thank you very much.

Mr. LEVIN. Mr. President, this is also the final defense authorization bill for three other members of our committee—Senators GLENN, COATS and KEMPTHORNE. They will be leaving us this year, also through their choice. We will miss them keenly. They have all made tremendous contributions to the work of the Armed Services Committee and to the national security of our country. Sometimes their ways were similar and sometimes they were different, but we are grateful for their contributions. I wanted to note that as we get to work on the defense authorization bill.

The bill that we bring to the floor this morning is the product of several months of hard work by the Armed Services Committee. It is a large and complicated bill that could not have been produced without the dedicated effort of our chairman, the other members of our committee and our staffs. I join Senator THURMOND in thanking our staffs for their work.

While I don't agree with everything in this bill—none of us do or ever can in a bill this big and complicated—I think it will improve the quality of life for the men and women in uniform and for their families. It will continue the process of modernization of our Armed Forces to meet the threats of the future.

Senator THURMOND has already summarized the provisions of the bill. I will just highlight a few provisions that will make a significant contribution to the national defense and to our men and women in uniform.

The bill contains a 3.1 percent pay raise for military personnel and authorizes a number of bonuses to enhance our ability to recruit and retain quality men and women for our armed services.

The bill would authorize three health care demonstration projects that would address concerns about gaps in the military health care system by requiring the Department of Defense to provide health care to retired military personnel and their families who are over 65 and Medicare-eligible.

The bill contains a bipartisan Defense Commercial Pricing Management Improvement Act, which would require the Department to address management problems in sole-source buying practices.

The bill would provide funding for the U.S.-Canada environmental cleanup agreement, and for a new $24 million initiative for the development of pollution prevention technology.

Finally, the bill includes a series of other provisions that are designed to assist the Secretary of Defense in his effort to streamline our defense infrastructure and improve the Department's so-called ''tooth-to-tail'' ratio. These provisions would require reductions in DOD headquarters staff; extend current personnel authorities available to the Department to assist in downsizing; encourage public-private competition in the provision of support services; require improvements in the Department's inventory management and financial management systems; enable the Department to undertake needed reforms in travel management and the movement of household goods; and require the Department to streamline its test and evaluation infrastructure.

Mr. President, the committee was presented with a dilemma on the Air Force's F–22 fighter program. Although there is broad support for achieving the revolutionary capability the F–22 program promises, a number of us remain concerned about the degree of overlap between development, testing, and production in the program. Four years ago, we expected that 27 percent of the flight testing hours would have been completed before the Air Force signed a contract for the first production aircraft. Last year, that number had fallen to 14 percent. This year, the committee was faced with the Air Force's plan of signing a production contract with only four percent of the flight testing completed.

The bill would address this problem by making the long-lead funding for the six F–22 aircraft in FY 2000 contingent upon certifications by the Secretary of the Air Force that: (1) adequate flight testing has been conducted to address technical risk in the program; and (2) the financial benefits of going forward with the program exceed the financial risks.

I am also pleased that the bill contains a provision to encourage and facilitate organ donation by service men and women. Organ donation represents, in my view, one of the most remarkable success stories in the history of medicine. Over the past several years, the Department of Defense has made some strides in increasing the awareness among service members of the importance of organ donation. With our encouragement, DOD has included organ donation decisions in their automated medical databases, and established policies that give service members regular opportunities to state a desire to become organ donors upon their deaths.

In an effort to enhance the value of these initiatives, the bill provides the framework in which DOD will provide each new recruit and officer candidate information about organ donation during their initial weeks of training, and will include organ donation procedures in the training of medical personnel and in the development of medical equipment and logistical systems. This initiative is likely to have a vital impact on the survival of countless individuals who will, one day, benefit from organs donated by service men and women.

From the beginning of the year, Secretary Cohen and the Joints Chiefs of Staff have stressed three things that they would like to achieve in this bill:

First, they have requested authority to close excess military bases in order to fund their modernization priorities in the next decade;

Second, they have urged us not to undermine military training and readiness by reducing operations and maintenance budgets; and

Third, they have urged us to provide the necessary funding to support U.S. military operations in Bosnia during FY 1999 in a manner that does not cut into current levels of DOD funding.

I would say that the committee has achieved roughly one and a half of these three goals.

First, the bill before us would authorize $1.9 billion for continued U.S. military operations in Bosnia, in the manner requested by the Department. I am sure that many Members will want to be heard on this subject as we debate this bill. At the appropriate time I intend to offer my own amendment, which would ensure that the President reports to the Congress on progress toward achieving benchmarks toward implementation of the Dayton Accord with an exit strategy and that the Congress has an opportunity to vote on the continued presence of U.S. ground combat forces in Bosnia beyond June 30, 1999.

Second, the Armed Services Committee did a reasonable job of funding training and readiness, given the budgetary constraints under which we were

operating. Overall, the bill would reduce operations and maintenance funding by roughly $300 million, but these cuts would be achieved through reductions for fuel savings, foreign currency fluctuations, and civilian underexecution—which, if DOD's and CBO's predictions prove right, should not have a significant negative impact on military training and readiness.

On the other hand, the Secretary has asked us not to cut operations and maintenance accounts at all, because any cuts to these accounts pose some risk of a negative impact on training and readiness. We have been hearing complaints for several years now that the Administration has not provided adequate funding for military training and readiness. If we are not able to increase the level of O&M funding in conference, the cuts in this bill mean that Congress must share responsibility with the Department of Defense for any training and readiness problems resulting from O&M funding shortfalls that DOD may experience in the next year.

On the third point, I am deeply disappointed that the Armed Services Committee has again filed to authorize a new base closure round, as requested by the Secretary of Defense, the Joint Chiefs of Staff, the Quadrennial Defense Review, and the Joint Chiefs of Staff. The Secretary's Report on Base Closures from Secretary Cohen contains almost 1,800 pages of backup material. It is responsive to those who said last year that we need a thorough analysis before we can reach a decision on the need for more base closures.

The Report reaffirms that DOD still has more bases than it needs. From 1989 to 1997, DOD reduced total active duty military endstrength by 32 percent, a figure that will grow to 36 percent by 2003. Even after 4 base closure rounds, the reduction in DOD's base structure in the United States has been reduced only 21 percent.

DOD's analysis concluded that DOD has about 23 percent excess capacity in its current base structure. For example, by 2003:

The Army will have reduced the personnel at its classroom training commands by 43 percent, while classroom space will have been reduced by only 7 percent.

The Air Force will have reduced the number of fighters and other small aircraft by 53 percent since 1989, while the base structure for those aircraft will be only 35 percent smaller.

The Navy will have 33 percent more hangars for its aircraft than it requires.

Secretary Cohen's report also documents the substantial savings that have been achieved from past base closure rounds. Between 1990 and 2001, DOD estimates that BRAC actions will produce a total of $13.5 billion in net savings. After 2001, when all of the BRAC actions must be completed, steady state savings will be $5.6 billion per year.

Based on the savings from the first four BRAC rounds, every year we delay another base closure round, we deny the Defense Department, and the taxpayers, about $1.5 billion in annual savings that we can never recoup by studying to death the question of savings from previous rounds. In his report on base closures last month, Secretary Cohen stated: ''More than any other initiative we can take today, BRAC will shape the quality and strength of the forces protecting America in the 21st century.'' General Shelton told our committee: ''I strongly support additional base closures. Without them we will not leave our successors the warfighting dominance of today's force.''

Admiral Jay Johnson, the Chief of Naval Operations, stated:

> This is more than about budgeting. It's about protecting American interests, American citizens, American soldiers, sailors, airmen, and Marines. We owe them the best force we can achieve. Reducing excess infrastructure will help take us there and is clearly a military necessity.

Mr. President, closing bases is a painful process. I know that as well as anyone. All three Air Force bases in my state have been closed, and we are still working to overcome the economic blow to those communities. We have heard a lot of complaints in the last year about inadequate funds for modernization or for readiness. I am sure that we will hear more such complaints in the next year. But we don't have much standing to be critical of DOD for underfunding important defense needs if we don't allow them to do what Secretary Cohen and the Chiefs have repeatedly said they need to do—close unneeded bases.

There are several other issues in the bill that concern me. I am disappointed by the committee's cuts in the Department of Energy's stockpile stewardship program, which Secretary Peña says will have a real and dramatic impact on our ability to maintain the safety and reliability of our nuclear weapons stockpile and undermine confidence in our nuclear deterrent. I am disappointed by the cuts we have made in the chemical demilitarization program, which may make it impossible for the United States to comply with our obligations under the Chemical Weapons Convention. And I am disappointed that we have funded several weapons systems for which the Department of Defense says that it has no current need. I look forward to amendments that will improve the bill in these and other areas in the course of our debate.

Mr. President, I know that there will be some vigorous debate on this bill, and I hope Senators will come to the floor and offer their amendments so that we can complete Senate action on the bill in a timely manner then go to conference with the House.

I must leave here for perhaps a half hour to an hour. I note that Senator CLELAND will be floor managing the bill for this side of the aisle. This is an important day for us. I know it is meaningful for him, but it is an important day for us and for this institution, and for this country to note that Senator CLELAND, who is truly a hero for all of us, is now managing this bill. I can't think of anyone I would rather have do that, anyone in whom I have greater confidence to protect this Nation's interest, as he always has, than Senator CLELAND.

I yield the floor.

AMENDMENT NO. 2399

(Purpose: To increase the amount for classified programs by $275,000,000, and to offset the increase by reducing the amount for Air Force procurement for the Advance Medium Air-to-Air Missile System program by $21,058,000, and by reducing the amount for Defense-wide research, development, test, and evaluation for engineering and manufacturing development under the Theater High Area Defense program by $253,942,000)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from South Carolina [Mr. THURMOND], for himself and Mr. LEVIN, proposes an amendment numbered 2399.

Mr. THURMOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

> In section 103(2), strike out ''$2,375,803,000'' and insert in lieu thereof ''$2,354,745,000''.
>
> In section 201(3), strike out ''$13,398,993,000'' and insert in lieu thereof ''$13,673,993,000''.
>
> In section 201(4), strike out ''$9,837,764,000'' and insert in lieu thereof ''$9,583,822,000''.

Mr. THURMOND. Mr. President, I rise to offer an amendment on behalf of the Armed Services Committee.

This amendment implements an agreement between the Armed Services Committee and the Intelligence Committee. Pursuant to this agreement, the Armed Services Committee has agreed to reduce by $275 million funds in the pending bill for nonintelligence programs and to increase by $275 million funds for the next Foreign Intelligence Program, which is also part of this bill.

The Armed Services Committee has considered the range and options for implementing this agreement, all of which involve making difficult choices to cut defense programs. After considerable deliberation, the committee has decided to reduce funding for the Theater High Altitude Area Defense Program by $250 million and the Advanced Medium Range Air-To-Air Missile System by $21 million. These funds are now assigned to these two programs.

Mr. LEVIN. Mr. President, the DoD authorization bill, as reported, includes a cut of some $550 million in classified intelligence programs. I serve on both the Armed Services and the Intelligence Committees. I am very aware of the tough choices that members of both committees have to make in discharging our respective responsibilities. However, I must say that the

magnitude of this cut to intelligence programs disturbed me, as it did other members of the Committee.

Based on these concerns, the Committee agreed during the markup of the Defense Authorization Bill to try to come to some compromise with the Intelligence Committee that would reduce the magnitude of this reduction. This amendment restores $275 million of the original reduction made by the Committee. I am glad that we have worked together to achieve this outcome.

The bulk of the funds to increase the level of intelligence programs in this amendment comes from one particular program, the Theater High Altitude Area Defense, or THAAD program. The THAAD program is designed to meet a theater missile defense requirement. I have supported theater missile defense programs like THAAD because we have a clear requirement for theater missile defense systems.

The THAAD program has had a number of testing failures, and two days ago, there was another unfortunate test failure in the program. Mr. President, this failure led the Committee to the conclusion that it would be appropriate to adjust the fiscal year 1999 funding for the THAAD system. While we do not know the full implications of this test failure, it is clear that it would now be premature for the THAAD program to move from the demonstration/validation phase of the program to engineering and manufacturing development (EMD) next year as proposed in the fiscal year 1999 budget. The Committee amendment to the bill implementing the agreement with the Intelligence Committee eliminates EMD funding for THAAD in fiscal year 1999, since it is unrealistic to expect THAAD to enter EMD during that period.

I must point out that the Committee is proposing that the Senate make this adjustment without prejudice to the THAAD program. I believe that the Committee will need to follow this program as we proceed to conference with the House on this bill. If it turns out that we need to adjust this position to one that is better for the underlying THAAD program, I will work with Chairman THURMOND to do just that.

Mr. SMITH of New Hampshire. Mr. President, I rise to address the committee amendment offered by the Senator from South Carolina and the Senator from Michigan. This amendment implements agreements made between the Armed Services Committee and the Intelligence Committee. Pursuant to this agreement, the Armed Services Committee has agreed to reduce by $275 million funds in the pending bill for non-intelligence programs, and to increase by $275 million funds for the National Foreign Intelligence Program, which is also part of this bill.

The Armed Services Committee has considered a range of options for implementing this agreement, all of which involve making difficult choices to cut defense programs. After consideration deliberation, the committee has decided to reduce funding for the Theater High Altitude Area Defense (THAAD) program by $254 million and the Advanced Medium Range Air-to-Air Missile system by $21 million. The $21 million in AMRAAM is now excess to program requirements as a result of contract negotiations between the Air Force and the contractor. The funding issue related to THAAD is more complex.

We have all heard the news of Tuesday's THAAD test failure. This was the fifth time in a row that THAAD has filed to intercept a target. Although we don't have the details, we know that there was an electrical failure in the booster which caused the missile to self-destruct early in flight. Whatever impact this may have on the long-term prospects for THAAD, judging by what we now know it appears that the THAAD program will not be able to enter engineering and manufacturing development (EMD) during fiscal year 1999.

In its markup of the Defense Authorization Bill, the committee expressed concern that THAAD might not be able to spend all of its EMD budget during fiscal year 1999 even if the recent flight test was a success. Therefore, the markup included a reduction of $70 million in THAAD EMD. This left $254 million in the THAAD EMD budget, $498 million in the THAAD Demonstration and Validation (Dem/Val) budget, for a total of $752 in fiscal year 1999 for THAAD.

With the recent test failure, however, it will be virtually impossible for THAAD to enter EMD during fiscal year 1999, which means that the remaining $254 million of THAAD EMD money cannot be spent.

I am very disappointed by the results of the THAAD test, but I continue to believe that this program is important and must be permitted to proceed. Therefore I believe that the Senate should support the full budget request of $497 million for THAAD demonstration and validation. Nonetheless, due to the circumstances that the THAAD program is now in, I believe the best course of action to take now is to disapprove funding for THAAD to enter EMD during FY99. I would remind the Senate that this would leave almost $500 million in the THAAD program overall.

I would like to emphasize that I fully support the THAAD program and I would not have supported this reduction if I felt it would in any way hinder current progress on the program. The THAAD program is a critical upper-tier theater missile defense program that has encountered a setback, but I have full confidence these programs can be corrected and the program can move forward to its next test.

Mr. THURMOND. Mr. President, this amendment has been agreed to on both sides of the aisle. I now ask for a vote on this amendment.

The PRESIDING OFFICER (Mr. ENZI). Is there further debate on the amendment?

Mr. CLELAND. Mr. President, our side supports the amendment. We think it is a good compromise. We think the staff and the committee did an excellent job of putting this together. It was a difficult choice. But we support the amendment.

I urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from South Carolina.

The amendment (No. 2399) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CLELAND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I now turn to Senator COATS for recognition.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. COATS. Mr. President, I thank the chairman for his recognition.

I want to also thank Senator LEVIN for the kind remarks he made about my service on the committee. It has truly been an honor for me and a privilege to serve for 10 years on the Armed Services Committee. I say without reservation that my service on that committee is the most enjoyable aspect of anything I have done in the U.S. Senate. It is a truly bipartisan committee working for one purpose: To strengthen our Armed Forces, and to strengthen our national security, and to provide our men and women in uniform with the very best that we can under obviously difficult budget conditions.

It is the first responsibility of government to provide for the common defense. We are proud of the work that our men and women in uniform have done—their dedication, their commitment, their sacrifice, their loyalty, their duty, their honor—all virtues which are in short supply in this country today. There are few institutions left that honor those virtues. The military is one of them.

It has been a great pleasure for me over the past 10 years to be a part of that, to help shape those forces to address the needs and concerns, to look to the future to see what is needed, and to hopefully put in place those programs and policies that will address those needs in the future. It has not been easy.

The decade of the 1980s was clearly a great time to be serving on that committee. We had a challenging and important time. We had a demonstrated need. We had a demonstrated bipartisan commitment to address that need, and we had the resources to accomplish that. It all culminated in the most extraordinary and outstanding victory in the history of warfare. The United

States' and the allies' performance in Desert Shield and Desert Storm was revolutionary in terms of the way warfare is dictated.

I will never forget the debate that we had both in committee and on the floor regarding what our participation should be in that situation, and the authorization for use of force, if necessary. Those were difficult times. We feared significant loss of life. And yet, the magnificent synergy of quality personnel, quality leadership, quality weapons, quality training, doctrine and command resulted in something that was truly extraordinary: A decisive victory in a very short period of time with minimal loss of life and injury—creating a dominant military the world has seldom witnessed in its history.

However, that was the culmination of the decade of the 1980s. Those were decisions that were made during the 1980s in terms of how we structure our forces, what kind of training and equipment we provide them, how we develop our leadership, and how we bring all of that together. The 1990s have been a different story. It has been a time of budget constraints. It has been a time of very significant cutbacks, a time of rejoicing over the fall of the Berlin Wall, over the fall of the Iron Curtain, the demise of a nuclear superpower that was challenging us for world superiority, not that we were looking for that, but that it was a triumph of an idea, a triumph of an idea of freedom, the concept of freedom, and an economic concept of free enterprise over totalitarianism and Marxism. That, obviously, led to major changes in the way we structured our defense.

The decade of the 1990s has been a transition period, a period in which budget limitations have driven very significant changes, a period in which the Department of Defense has contributed more to the elimination of deficit spending than perhaps all of the other aspects of Government combined. The little-told story about why we now have a surplus with our budget, why we have been able to control Government spending, is the contribution of the Department of Defense to that achievement. That contribution has overwhelmed all other contributions put together. The roughly 30-percent to 40-percent declines in spending in real dollars, the substantial downsizing of the military, the substantial downsizing in procurement, the substantial savings that have been achieved over what we would have had to spend had we maintained our military defense spending at the level of the 1980s, has made the most significant contribution to deficit reduction. And we shouldn't forget that fact. That has happened with a truly bipartisan effort.

So it has been a joy for me to work with my colleagues, Republican and Democrat, on these issues. Have we had differences of opinion? Yes. Have we had difficult debates? Closed-door debates? Yes. But in the end we have always forged a consensus, and we have done so because foremost in our minds was providing for the common defense in an effective way and looking out for the needs and the interests of our service personnel.

Mr. President, let me just briefly comment on the fiscal year 1999 defense authorization bill that has just come out of committee and that we are addressing here on the floor. First of all, I want to start with quality of life and briefly touch on that.

I served for 4 years as ranking member and 2 years as chairman of the Personnel Subcommittee.

While I still serve on that committee, I no longer am chairman. I will leave much of the details of what that committee has done to Senator KEMPTHORNE and the ranking member. However, I view this as the No. 1 priority of the committee in establishing our budget because no weapon, no doctrine, no training manual, nothing can take the place of quality personnel. And so our goal has been to attract the very best we can, to retain those personnel, and to provide them with the essentials of what they need, and to provide for them a standard of living that is commensurate with their sacrifice.

Let me say that no standard of living that we can provide is commensurate with the kind of hours and the kind of sacrifice and the kind of commitments that are made by our military personnel, but we try to do the best we can. Over the years they have been shortchanged in terms of housing. They have been shortchanged in terms of pay. And they have been shortchanged in terms of benefits. We have tried to make up for some of that. It is certainly better than it was but nowhere equal to the kind of commitment and the demands that we ask of our military personnel. Yet, day after day, year after year, they continue to provide the kind of effort and the kind of service that is unheard of in the private sector, and we owe them a great debt of gratitude as a Nation. It means that we need to keep their pay consistent with pay on the outside.

Today, we are attempting to attract people who are skilled in technical areas, who have the capacity and the capability and the training and the experience to employ today's modern military equipment using today's advanced operational concepts. It is not just simply foot soldiers carrying heavy loads, walking through the mud, although that will always be an essential part of our military as it needs to be. But it is that foot soldiers and everyone else involved in our military are today operating very sophisticated, modern equipment. They need to think on their feet. They need to have capabilities in terms of information processing, in terms of utilizing the latest in technologies, in weapons and computers and information sources that are commensurate with what is needed in the private sector.

And so we have to have the incentives in place, and pay in place to allow us to compete, and to attract and to retain these personnel.

In that regard, we have provided in this bill a 3.1-percent pay raise for military personnel. We also provide an increase of $500 million in military construction projects, $164 million of which will fund barracks, dining facilities, and military housing. If there is a shortfall in terms of what we have done for our troops over the years, it is military housing. Much of it, nearly two-thirds of military housing is substandard, substandard by military code, military, not commercial standards —and the military standards in many cases are not up to the same level as private standards—and yet year after year we ask our military families to live in this housing. It is inadequate housing, it is substandard housing, and they do so without complaint. We owe it to them, to the single soldiers and airmen and marines, men and women, and to their families. We owe it to them to give them affordable, decent housing.

We are underway with an initiative that was started by Secretary Perry to, in many cases, privatize or leverage the ability of the Department of Defense to utilize private contractors to provide military housing in arrangements which allow us to make maximum use of the funds we have, to leverage those funds in the way that the private sector leverages their money to address this housing shortfall, and so we are underway with that.

Health care is another major issue. I won't go into that. I will let Senator KEMPTHORNE address that. This is a major concern of our military personnel, something that needs to be addressed. We are in the transition period with that also, and there are many questions that need to be answered. We attempt to do some of that in this bill including the direction of three health care demonstrations for our military retirees who are Medicare eligible: one related to FEHBP; one related to TRICARE; and one related to mail order pharmacy benefits. I support these initiatives, but more needs to be done.

Let me now talk about readiness. The bill also adds over $400 million to the readiness account levels requested in the President s budget for our Active and Reserve Forces. We are all aware of the demand on readiness with our commitments overseas—Bosnia and the Persian Gulf, to name just two, and there are many, many more. These are stretching our capacity. These are costly. They affect our readiness and our ability to sustain the preparedness of the force. And we need to understand that this is a major concern which should be continually monitored and addressed by the Congress.

I want to focus most of my comments, though, Mr. President, on the modernization question. For years we have deferred modernization of our

weapons systems and of our equipment—trucks, radios, and basic equipment. We have deferred that modernization because we have not had the resources available to fund quality of life, readiness, all other aspects of our national defense such as research and development, as well as the modernization of weapon platforms and systems.

Now, this underfunding of modernization was done with the understanding that by fiscal year 1998, which we are now in, and we are dealing with the 1999 fiscal year with this budget, we will have ended this pause where we have downsized our modernization spending by as much as 70 percent over previous levels. And the understanding, the promise, was that this administration would bring procurement back to at least a $60 billion a year procurement level in fiscal year 1998 in order to replace aging tanks, aging planes, and aging equipment. This is what was originally programmed and projected. Not all of us thought that was attainable. We thought that we were doing less than we should. We were able to secure some funds to plus-up some of that modernization in the past but at levels far below what was recommended to us by experts outside the military and by military personnel who were looking at this question.

Well, here we are with an increased modernization budget but still at a $50 billion level, not the $60 billion level we were supposed to have achieved last year. So, again, modernization accounts remain on the margin. We are unable to modernize in a way that we believe is most effective from a cost standpoint and from a requirements standpoint. We have increased procurement in some areas. And I think we appreciate the ability to gain some extra funds for that, but I just want our colleagues to know there is no basis on which to come to this floor and criticize the Armed Services Committee for spending too much on new systems. We are still spending too little on the modernization of our military forces. We are below what the Department of Defense has told us, well below what they have told us is required to replace the aging weapons systems that we currently use, and recapitalize our joint warfighting capabilities.

Several of these modernization issues come through my committee. I am privileged to chair the Airland Committee. Let me just talk about some of these major procurement items.

First, the land portion of this—land power. The committee has held hearings on land power, and we are pleased to note that the Marine Corps advances in urban warfare experiments and revolutionary expeditionary capabilities with the MV22 and the AAAV seem to be on schedule. They are important in the future.

We are also pleased that the Army is moving forward to consolidate gains it has learned from its Force XXI process. And that the Army says it is investigating the transformation to the faster, smaller, more lethal and more deployable force structure it will need in the 21st Century. But the Army's modernization strategy to pursue this modernization is short particularly in some of the less glamorous areas of aviation, armored vehicles, and trucks. The committee has added provisions which address these issues. Again, there is not as much procurement for landpower as we would like, but at least we are moving in the right direction.

I want to say, Mr. President, that we have also made some very significant progress in this whole question of addressing Reserve component modernization. Thanks to the fine work of Senator GLENN in particular, and committee and staff, we have for the very first time structured what I believe is a coherent process in determining Guard and Reserve procurement. For the first time, the budget request by the Department has included a substantial amount of funds for National Guard and Reserve procurement—a $1.4 billion level, which is a 50-percent increase over last year. Our mark adds to this another $700 million.

But the important point to note here is that all of the additions that we have added for the Army Guard were requested by the Army Chief of Staff, including Blackhawk helicopters to enhance tactical airlift, new and remanufactured trucks that improve our transportation capabilities and reduce operating costs, and radios that enable the Guard to integrate with the Active Army's tactical internet. Clearly, the Senate's bipartisan efforts in this regard have had a very positive effect on the whole concept of total force integration.

As we look at limited defense budgets on and over the horizon, and as we look at ways in which we assess the threats of the future, and at our ability to deploy, and at the cost of those overseas deployments, and at our ability to preposition equipment, and at, perhaps, the denial of access to facilities overseas—to landing strips, sea ports, and bases—we need total force integration across our Active Army, and our Army Reserves, and our Army National Guard. And in order to accomplish that, we need to dispense with the former practice of making the Guard and Reserve budget requests a secondary priority to that of the Active Army, but to make them an integral part of the budget request sent over from the Department of Defense. The Department needs to assess what the Reserve components need, and they need to tell us that in the budget request, and then we need to look at that as an integrated requirement, rather than as two separate entities.

We have begun, under the prodding of the SASC, that process of total force integration and taken a significant step forward this year. I commend the Department for doing that and we need to do more for total force integration in the future.

Let me talk about TACAIR, tactical aircraft. We have held a number of hearings on TACAIR to assess the status of the F/A18–E/F, Super Hornet and the F–22 Raptor. The Navy and the Director for Operational Test and Evaluation provided their assessment that the Super Hornet's, the F/A18–E/F, the wing-drop and buffeting issues have been fixed, and that the program should proceed with production as planned. This authorization supports those funds requested for the F/A18–E/F.

These issues with the Super Hornet were not as serious as many had thought. They were, really, reported as being more serious than they were. However, they were issues that needed to be addressed. The Department of the Navy and the contractors have successfully addressed these issues, and I am pleased that the F/A18–E/F program will proceed as planned.

Now, let me speak about the F–22. Last year I spoke on the floor at length about my concerns with F–22 cost overruns and demonstrated performance. And I want to state for the record here, up front, I address these issues as a supporter of F–22 development, not as a critic of the F–22. And I spoke last year because was concerned that if we don't keep our arms around this issue and keep a good, clear oversight of the issue, the F–22 may run into very serious problems in terms of funding and in terms of support for that funding. And I don't want to jeopardize that. Based on the testimony of the Air Force and the assessment of the General Accounting Office and other entities, there are many who share a deep concern over whether or not we can maintain support for the F–22 if costs continue to escalate toward $200 million per aircraft. So we need, and we ask for, adequate demonstration of performance and cost control.

The bill that is before us authorizes the requested F–22 funding levels. I want to repeat that. The bill before us, for those who are supporters of F–22—and there are many here, because it is a marvelous new leap-ahead technology that is important for our national security and our national defense in the future—many support this marvelous new development in technology that is going to provide the basis for Air Force air dominance capabilities in TACAIR for many, many years in the future. We have authorized every penny that has been requested for next year's budget in order to continue developing the F–22. But we have put some key oversight provisions in place that will help the Congress and help the administration keep the program on track. And the reason we have done this is because there is a great deal in jeopardy if we don't do that.

Several things could happen if we cannot control F–22 costs, none of which are good. One, we could end up treating F–22 as we ended up treating B–2, another leap-ahead technology that provided us with one of the most

amazing developments in long-range strategic aircraft that any nation has ever enjoyed. But we ended up producing far fewer than what we had planned because the cost per copy had escalated so high we just simply couldn't afford to produce more. While the threat today doesn't necessarily justify additional B–2s, the threat of tomorrow could and we won't have those planes. We don't want that to happen to the F–22.

Second, we could lose support for other key systems that are necessary to provide for our future defense needs, such as carriers, Comanche, V–22. We could jeopardize those systems if the cost overruns for F–22 escalate to the point where we are spending more money on that program, and we have to take it from somewhere else. And I am afraid we would have to take it from these key and necessary weapons platforms that we require in the future.

Or third, we could lose the ability to produce what we need of the Joint Strike Fighter. The Joint Strike Fighter is the complement to the F–22 that is coming on at a later date. It is currently in its early stages of its engineering and manufacturing development, and we could jeopardize this program if F–22 costs grow. The reason why we cannot allow that to happen is that the Navy and the Marines are absolutely depending on the Joint Strike Fighter to provide stealth and to address their other TACAIR needs for the future, just as the Air Force is depending on F–22 to address their needs.

In fact, the Marine Corps has staked their entire TACAIR future on Joint Strike Fighter. So we have to be careful that we preserve our ability to go forward with the conventional variant, the carrier variant, and the short takeoff / vertical land (STO/VL) variant of the JSF. And that is why we have placed some prudent oversight provisions on F–22.

Here is what we have done and here is why we did it. When we reviewed the F–22 program, the Air Force planned F–22 flight tests beginning in May of 1997 with a contract award for the Lot I production scheduled in June 1999. Lot 1 is the first two production planes, which are followed by a Lot 2 of six aircraft. And this gets a little esoteric here—they planned for that contract award for June of 1999 when there would be 601 hours of flight testing complete, which is 14 percent of the total flight-test program.

The 14 percent is an important threshold because the Defense Science Board Report of 1995 on the F–22 production noted that most of the ''program killer''—how they describe it, ''program killer'' problems are usually discovered in the first 10 to 20 percent of developmental flight tests.

Our experience in the past has demonstrated that somewhere in that 10- to 20-percent range we find the kind of problems that can potentially terminate or cause major modifications to the technical specifications of the program that are so significant they don't justify the expense to go forward and fix the problem. You almost have to go back to page 1 of the program, and obviously that puts it in great jeopardy. So we were concerned that before we execute a contract for production, we reach a threshold level of testing, flight testing that would give us some assurance that executing that contract would be wise—a wise business decision, and a decision in the best interests of our taxpayers, but also in line with our defense needs before we executed that contract.

Unfortunately, this F–22 flight testing program has had to slip. The first flight was nearly 4 months late. Instead of May of 1997, it was in September 1997. Another test flight had to be canceled. To date, only 3 hours of flight time have been accumulated. In addition, the program is experiencing manufacturing delays of up to five months. And we have already had the previous assessment of a Joint Evaluation Team of Air Force and industry experts that concluded the F–22 program would significantly exceed its cost estimates and that it should be restructured to reduce risk. This caused us to reallocate a very significant amount of funds, $2.2 billion, to get the program back on sound footing.

Yet, despite all these problems, the Air Force wants to move the contract award not back, not to keep it at the same level, but to move it forward 6 months when the program hopes to have only 4 percent of its flight testing

We have had a lot of debate about this. We have had hearings. We have heard from the contractors. We have heard from the Air Force. We have heard from outside witnesses. We have heard from experts. We have debated among ourselves. And I believe we have reached an acceptable consensus as to how we ought to address this particular problem.

We need to address it because the obvious answer, the first answer that comes to mind, is, ''Well, let's just delay; let's just delay until they get to 14 percent.'' I wish it were that easy. Delay means that the prime contractors have to cease a schedule of lining up subcontractors, of establishing production lines, of hiring workers—a myriad of tasks that have to be accomplished, people who have to be hired, procedures that have to be put in place—and that delay costs a great deal of money and can break the production base of the program.

We have had this very complicated schedule to put together. We are talking about one of the most complex and difficult development processes and production processes that anybody can imagine. This involves a great deal of effort, time, and cost. To delay that incurs considerable risk and considerable cost.

By the same token, going forward without adequate testing produces a great deal of risk—risk that the F–22 will not turn out as we hope it turns out, risk that the flight testing between the current level, the 4-percent level, or the 14-percent level will turn up something that is a showstopper, that is a ''program killer.'' So we are trying to balance this risk against the cost of delay.

In addition to this, there has been a very complex set of negotiations that have taken place with the Air Force and the contractor, in particular, that imposes a fixed-price contract for these initial production aircraft. The Air Force states: ''This is all the money you are going to get. No matter what problems come up, we're not going to give you more, so you have to operate under the fixed-price contract.''

The contractor comes back and says: ''Well, if we have to operate under the fixed-price contract, you can't delay the contract, because there is no way we can meet the goal of producing what you want us to produce at the time you want us to produce it under the cost cap that you have imposed on us if you delay the contract and production process.''

So all of this has to be put into the mix and a decision must be made in terms of how we proceed.

This is what we decided to do: No. 1, we are going to approve the budget request for the full funding of continued development for the F–22. However, we are going to put what we call a fence—that is, we are going to put some of the what we call long lead money, money that is going to be spent in the future on items that allow us to prepare for production—we are going to put that money in a category which says it will not be released for expenditure until a couple of things happen.

First of all, I need to point out, we are going to go ahead and produce and buy the Lot I series of F–22 which consists of two aircraft. We are going to keep that on schedule. There are no restraints on that, no holds, no fences, no conditions. This is underway. We need to proceed. We are going to buy those first two planes.

Lot II consists of the next six planes. What we are going to do is say that advance procurement of lot II F–22s, the next six aircraft, cannot commence until we reach a threshold level of 10 percent of testing, which is the minimum that was specified by the Defense Science Board back in 1995—not the 14 percent, but the 10 percent. Remember, they gave us the range of 10 to 20 percent. We thought 14 percent was an adequate number. We are going to drop that down to 10 percent. That is the minimum. So there is still risk, and we are trying to minimize risk and balance risk against cost.

We are going to fence that money until 10 percent of testing is complete or until the Secretary of Defense certifies to us that a lesser amount of flight testing is sufficient and provides his rationale and analysis for that certification. And we are also requiring the Secretary to certify that it is financially advantageous to proceed to

Lot II production, aircraft three through eight, rather than wait for completion of the 10 percent of the currently planned test schedule.

That last portion is something Senator LEVIN suggested. The first portion is what I suggested. The two together, I believe, form a good basis for us to impose upon the Secretary of Defense a certification and verification process that provides us the necessary assurance that they have kept their eyes on the program, have determined through testing that if that level is 8, 8½, 9 or 9½, that is sufficient. There is no magic to the 10-percent number. Again, it was selected because the Defense Science Board set it as its minimum. However, we have new production techniques, we have new manufacturing processes in place for this plane, which have never been done before. And if we can, through simulation, if we can, through other procedures, determine that we have adequate information relative to the performance and capabilities of this plane to go into production at a lower level of demonstrated performance, then the Secretary can certify that for us.

He can't do that if the flight testing is less than 4 percent. We have to get to at least that level. Of course, that is the level suggested to us by the Air Force as necessary, and that is the level they currently plan to achieve before contract award. Those are the necessary flight test hours that are required to move up the contract award 6 months.

Those are the committee's efforts to try to balance risk with excess cost for delay and put in place a process that will give us the opportunity to have the oversight and to force the Secretary of Defense to keep his focus on the F–22 program and on any kind of cost escalation that might jeopardize the program.

We have reached this accord with the significant help of members on both sides of the committee. The committee was unanimous, Republicans and Democrats—unanimous—that this is the procedure that we ought to put in place. So there is complete bipartisan support for this effort.

I am urging my colleagues, and I have already had discussions with some of our House colleagues about why this is important. This should not be an item for compromise. We have made some very, very tough decisions here.

Mr. President, in moving away from TACAIR, let me talk for a moment about defense transformation, something Senator LIEBERMAN and I have worked on diligently in the past several years. I am pleased he has joined me on the floor, and I know we will hear from him about this when I am finished.

Defense transformation is, I think, a necessary process to address the threats of the future and to have the capability to deal with those threats. What happens under defense transformation will bear fruit 10 or 15 or 20 or more years from now. Just as the astounding success of Desert Storm was the result of decisions made in the late seventies and throughout the eighties, the successes that we can achieve in addressing threats of the future in the year 2014 or the year 2020 or beyond will be determined by the decisions that are made today, and in 2001, and 2003, and 2007.

Those decisions—in terms of the kind of platforms and equipment that we purchase, in terms of the kind of doctrine that we develop to address those new threats, in terms of the kind of forces that we structure, in terms of the kind of assessments that we make of those threats and the response to those threats —those decisions will be made now and in the next several years. And we will understand the significance of that well beyond the time that most of us will still be in the U.S. Senate.

But we owe it to the future—just as those who made the decisions in the late 1970s and in the 1980s provided for the future success of our national defense strategy in the late 1980s and 1990s—we owe it to the future and future generations to make the right decisions now.

We know that the threats of the future will be different than the threats of the past. Few, if any, tyrants or dictators or world leaders will ever again amass forces in a desert situation and line them up in traditional warfare and take on the capabilities that the United States demonstrated during the Gulf War.

No dictator is going to pour tens and hundreds of billions of dollars into building the kind of defense structure that the United States annihilated in Desert Storm. They are going to be looking at different types of threats, threats that we call asymmetric, not what is typical, not what we expect, not the war of the past, but the war of the future.

Historians will tell you that those who fight wars based on the last war lose the next war—because their adversaries are always adjusting, always evaluating and transforming. We saw that with Blitzkrieg; we saw that in naval aviation and a number of ways throughout history. The last thing we want to do is maintain the status quo, because the status quo will not be adequate to address threats of the future. So defense transformation is necessary. It is necessary to prepare us for the future. But how do we transform our military capabilities?

The Armed Services Committee has focused on this issue. A couple of years ago we authorized what we call the Quadrennial Defense Review (QDR). It simply means once every 4 years there is a review of the threats, and the processes and capabilities we have put in place as the means by which we address those threats. This QDR was an internal process. It was a process that takes place within the Department of Defense.

We believe there needs to be an ongoing, continuing process, a continual update and assessment of the threat, and how we address that threat, and what changes need to be made, and what structures need to be imposed in order to successfully address those threats in the future.

With that, we combined the QDR with a process which we labeled the National Defense Panel (NDP). It was a selection of outside experts who took a look at the same situation, a second opinion, if you will. Faced with a serious disease, people should—and I think in most cases do—get a second opinion. We don't just go to the very first doctor and say, ''Well, that sounds good. Let's go ahead.'' And we should treat our national security the same way. ''This is so serious, potentially life threatening, I want a second opinion before I make a decision.'' The NDP was our second opinion, but it was an outside opinion.

We worked closely with Secretary Perry, Deputy Secretary White, and others to fashion how we select these individuals for the NDP, and how we put this process together. It was led by Phil Odeen, chairman of the National Defense Panel, and with distinguished and recognized outside thinkers, experts, and experienced people with military background and training.

That panel produced an extraordinary report which ought to be one of the blueprints for the future. We have combined this external NDP process with the internal QDR process to try to lay out an assessments of where we are, where we are going, and how we will get there. Our defense authorization bill this year includes a sense of the Congress on a key process at the foundation of fulfilling some of these requirements—the designation of a combatant commander who has the mission of developing, preparing, conducting, and assessing a process of joint warfare experimentation.

This joint warfighting experimentation is at the foundation of this whole defense transformation. Basically, what this process says is that before we rush into what Senator COATS or Senator LIEBERMAN or the Armed Services Committee, or even the Chairman of the Joint Chiefs or the Secretary of Defense, thinks is the direction we ought to go, let us test it, let us test some ideas, let us experiment, let us look at how we develop all of this, let us take the good ideas and throw out the bad, let us not just commit to something that turns out 4 or 5 years from now to be the wrong item or the wrong direction.

Secretary Cohen is reviewing currently, for his signature, a charter which would assign the mission of joint warfighting experimentation to a combatant commander, the Commander in Chief of US Atlantic Command (USACOM) in Norfolk. We have met with Secretary Cohen. And we met with General Shelton and Admiral Gehman, the CINC of USACOM. They

have worked with us to craft this language. We have their full support.

We are not going forward here thinking that we know all the answers to these issues. We are not the experts. We have some ideas and we would like to move them forward. And we have bounced them off the Department. And we have worked together. And we have structured something which we agree on. I visited USACOM. I visited their joint training and simulation center, and their joint battle lab. And I can report, Mr. President, that progress is being made to develop the foundation for this joint experimentation process.

The Senate, I believe, has been keenly aware of the need to transform our military capabilities to address the potentially very different challenges we are going to face in the future. The National Defense Panel report argues that these challenges—which include things such as challenges in power projection, information operations, and weapons of mass destruction—can place our security at far greater risk than what we face today.

Correspondingly, the NDP recommended establishing this combatant command which will drive the transformation of our military capabilities through this process of joint experimentation. The NDP testified that the need for this joint experimentation process is ''absolutely critical'' and ''urgent.'' I am pleased that the Department of Defense has been so cooperative in working with us in helping to establish this new mission for a command and this new process. The resounding consensus from several hearings on defense transformation that we have held in the committee support the combination of joint and service experimentation as the foundation for the transformation of military capabilities to address the operational challenges of the future.

So we are taking joint and service experimentation, and combining our efforts, those best efforts and forces of our services and of our unified commanders, along with individual service experimentation initiatives—Force XXI, Sea Dragon—and a whole number of other joint and individual service processes, and looking at ways in which we take the very best insights as the basis for developing our capabilities for the future.

This process of experimentation is designed to investigate the co-evolution of advances in technology, with changes in the organizational structure of our forces, and with the development of new operational concepts. The purpose of joint experimentation is to determine those technologies, those organizations, and those concepts which will provide a leap-ahead in joint warfighting capability. Just as we are looking to leap-ahead technologies in platforms, aircraft carriers, joint strike fighters, et cetera, we are looking for leap-ahead development in concepts, and in doctrine, and in force structure.

As I said earlier, it is just as important to select winners as it is to determine losers. Under joint experimentation, failure can be a virtue. We know everything will not be a success. We do not want to reward failure, but we want to recognize failure as important to determining what works and what does not. The worst thing we could do is make a commitment to a major change in doctrine, operational concepts, weapon systems, or force structure only to find out that it does not address the relevant threats of the future. It is through experimentation that we can distinguish the true leap-aheads in capability, from those that fall short.

Identifying these failures will be just as important to our achieving success in transformation, as identifying the leap-aheads themselves because it will allow us, in a time of limited budget, to deploy and to utilize our resources in the most effective way.

We cannot afford to do what we did in the 1980s. The threat was so great, the work that we had to do was so needed, the status of our defense forces and our national security was so at risk, that we had to risk failure to determine success. But we had the budget to accommodate this failure if we had to. We had the budget to experiment and still develop all the potential systems. We don't have that luxury anymore. We don't have the kind of funds that were available in the 1980s. Therefore, we must be selective. And therefore we must have a process which allows us to determine what is the wisest course of action to take.

Mr. President, previously in our history this country has found itself unprepared for the threats we have faced at the outset of war. With God's grace and with the magnificent commitment and response of the American people, we have always rallied to eventually overcome these threats to our freedom.

That was always done at a cost, not only the fiscal cost to the taxpayer, but the cost in terms of the lives of young people who made the ultimate sacrifice for our country. We are currently contemplating the construction of a World War II memorial down on The Mall. It will join the Vietnam memorial. It will join a tribute to the Korean war. It will join other monuments to wars that this country has fought which ought to sober all of us and remind us of the tremendous cost we had to pay in order to secure and maintain our freedom, and to provide freedom for millions of people around the world.

Previously in this nation's history, we have found ourselves unprepared for the threats we faced at the outset of war. Because we were unprepared, we were vulnerable. Because we were vulnerable, we were exploited. And we had no choice but to respond. We did so, but we did so often at a terrible cost. It was worth the cost because we have maintained our freedom and we enjoy that freedom today. But we desperately want to learn from our history how to avoid those circumstances. And the tragedy that we should have learned is that being unprepared for the threats we face at the outset of conflict results in the need to build significant memorials to those who sacrifice their lives, and to those whose lives were correspondingly changed forever—those families, those relatives, those friends. All this because we failed to prepare for the relevant threats that confront us.

We desperately want to avoid this situation. We know we will be facing different threats in the future. We know that the way we are currently constituted doesn't necessarily prepare us to address those threats successfully. Obviously, the most successful thing we can do is ensure we are never vulnerable to be exploited in the first place—to be so prepared and to be so strong that no adversary desires to take us on. For us to achieve this preparedness, it is going to take a transformation in thinking. And it is going to take a transformation in structuring our military forces and in our operational concepts for us to be prepared to address the threats of the future. The joint experimentation program is one piece of the puzzle in terms of how we transform our capabilities to do that, and this bill supports that effort. In short, joint experimentation is essential to ensuring that our Armed Forces are prepared to address the security challenges of the 21st century.

In conclusion—I have taken a long time—the bill makes great strides in improving quality of life, readiness, and modernization of the force. And this bill also lays the framework for the transformation of defense capabilities to address the operational challenges envisioned in the 21st century.

I want to acknowledge and thank the distinguished service of our chairman, Senator THURMOND, who has provided such diligence and tremendous effort as chairman of this committee. He has been a member of the Senate Armed Services Committee for nearly 40 years. This will mark his last defense authorization bill as chairman of the committee. He will always be chairman in our hearts, and chairman emeritus of that committee, and will continue to make significant contributions. What a privilege it has been for this Senator to serve under this distinguished leadership of this distinguished member who has given so much to this committee!

I also thank Senator GLENN for his support and stewardship of defense issues in this, our last defense authorization bill. People have said, ''What has happened to our heroes in this country?'' JOHN GLENN is a genuine American hero—first to orbit the Earth, and now, at the age of 77, at the termination of a distinguished Senate career, he will climb back in the shuttle and orbit the Earth once again. I think that is one of the most remarkable achievements of this century. And we recognize him for that.

Senator LEVIN, as ranking member, has made an outstanding contribution

to our efforts. Many others, up and down the committee, have also played very significant roles in this. Again, I say this is a truly bipartisan effort.

Finally, without the support of our staff, this could not have been accomplished: Les Brownlee, staff director; and his counterpart David Lyles as minority staff director; our committee staff, Steve Madey and John Barnes who have been so helpful to me on the Airland Subcommittee; Charlie Abell, who I think is on the floor here, was so helpful to me during my time as Personnel Subcommittee chairman.

My personal staff—Frank Finelli, Pam Sellars, Bruce Landis, Sharon Soderstrom, and others—has been so helpful. I couldn't do it without their help.

And in closing, I wish to state that this defense bill has my full support, and I strongly encourage all members to support it.

PRIVILEGE OF THE FLOOR

Mr. COATS. Mr. President, in that regard, I ask unanimous consent Bruce Landis, a fellow in my office, be granted floor privileges throughout the consideration of this bill.

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

The Chair recognizes the Senator from South Carolina.

Mr. THURMOND. Mr. President, I wish to commend the able Senator from Indiana. First, he has delivered a magnificent address on the importance of the Armed Services Committee work and defense in general.

Next, I want to commend him for the long, faithful service he has rendered to this committee. I don't know of any member of the committee that has worked harder and has stood stronger for defense and has been more knowledgeable in accomplishing what we have been able to do than the able Senator from Indiana. He is truly an expert on armed services matters. I wish him well in all that he does in the future.

I regret that he has seen fit not to run again. We will miss him here. A vacuum will be created. It will be hard to fill. He is such a fine man, such a knowledgeable man, and such a dedicated man. I want him to know that our country appreciates what he has done.

I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. BINGAMAN. Mr. President, I ask unanimous consent floor privileges be granted to John Jennings, a fellow in my office, during the pendency of this defense bill.

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

The Chair recognizes the Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I rise today in support of the fiscal year 1999 defense authorization bill.

I do want to add my own voice to those who have offered thanks and praise to the leadership of our committee, the distinguished chairman, the Senator from South Carolina, the Senator from Michigan, who have worked together as chairman and ranking member to do exactly what Senator COATS said earlier, which is to build a strong, bipartisan—in many ways, nonpartisan—effort to meet the defense national security needs of our country.

We used to say, and sometimes we are still able to, that partisanship stops at the Nation's borders, at the water's edge, when we enter foreign policy, defense policy. It could also be said in good measure that partisanship stops when we enter the rooms of the Senate Armed Services Committee. I thank the leadership of this committee for making that possible.

I want to pay particular tribute to Senator THURMOND, who is an American institution, a figure that looms large in our history, who, as we all know from personal service with him, manages to do what they used to say only about wine, which is that he gets better as he adds years. He is not only informed and experienced and committed; the truth is, he is a great patriot. In so many ways that will never be visible, his leadership has strengthened the security of the United States of America in the world. It has been a great honor to get to know him at this stage of his career, to work with him, particularly on the Armed Services Committee, to thank him on this historic occasion as he manages the last of these armed services bills through the Senate. The nation is in his debt, deep debt. I think all of us who have served with him are very proud that we have.

This is a person who, in the hurly-burly and sometimes mean-spirited world of politics, never seems to have anything but a positive word to say—certainly, toward his colleagues. In addition to all of the substance that I have talked about, that notion of spirit is one that I deeply appreciate.

Mr. President, while we are talking about members of the committee, I do want to thank Senator COATS, the Senator from Indiana, for the remarkable statement he has just made—eloquent, thoughtful, informed. He has made a tremendous contribution on this committee. It has been a real pleasure to work with him on a host of issues. In our case, it almost seems that I don't have to say ''across party lines,'' because we never thought about that; we were focused on common interests.

We got interested in this business of the military transformation when we were both invited, on the same day, to a day-long seminar that a think tank in town was holding on national security. We spoke at different times during the day. We had not talked to each other about the fact that we were on the same program, and we both essentially gave the same speech about the challenges facing our military—that in a world where we have faced a remarkable range of challenges, post-cold war revolution, technology, and fiscal resources constraint we had to begin to think about how to stay with it and produce the most cost-effective defense we could. From that coincidence, we began to work together on some of the elements of this authorization bill that Senator COATS has spoken of and which I will get back to in a moment. I wanted to thank him, while he was on the floor, for his tremendous contributions, and in a personal way, thank him for the partnership that we have had, which has also become a friendship. I hate to see him leave; I am going to miss him, and the Senate will miss him. I know that wherever he is, by his nature, he will be involved in public service. I wish him Godspeed in that work.

Mr. President, I rise to support the bill before us because I believe it is a very responsible bill. It is a bill that adequately provides for our Armed Forces, which is our constitutional responsibility, fully in accord with our duty of raising Armed Forces to protect our Nation. After all, it is one of the primary responsibilities that motivates people to form governments, and I think this bill continues to carry out that responsibility, uphold that duty in a way that is measured and as best we could do under the circumstances. It has never been easy to make the choices that are necessary to make when one deals with national security. I would say, having been honored to be part of this process on the committee, that it has been even harder than normal this time, because we have been working with very severe fiscal constraints.

Senator COATS made the important point—one that I think is little appreciated here in Congress and, more broadly, around the country—that as we have worked very hard to bring our Federal Government books into balance, the real contributor to that balance in reduced spending has been the defense side of the budget. That is the fact. Sometimes people look at the amount of money we are authorizing and appropriating for national security and say, ''You folks don't understand that the cold war is over.'' Believe me, we understand, and the programs have been constricted, have been in some ways squeezed, and even strangled occasionally to live within the constraints, to give what we have been asked to give to help in this great effort that is now successfully achieved—to balance our budget.

Lets talk specifically. By my reckoning, this is the 14th straight year in which our defense authorization and the spending to follow has declined in real dollars. We are spending a smaller percentage of our gross domestic product on defense today than at any time since prior to the beginning of the Second World War. I know the cold war is over, but the reality is that the world not only remains an unsettled and dangerous place—as we have seen in the last few days with the nuclear explosions in India—but that our military, in many ways, is operating at a more

intense and faster up-tempo than it did during the cold war. And the limitation on funding that we have imposed on ourselves has made it difficult to do all that we need to do, has made it difficult to provide for our personnel as we want to provide for them, and has put us in a position to push them at a very intense level, leading some to leave.

As is well known, Mr. President, the Air Force particularly is seeing a significant departure of pilots. They have invested a lot of money in training, pushing them at a very hard pace, and more and more of them are just reaching the conclusion that, well, I love my country, I love to serve, I have been trained to do this, I love being a pilot for the U.S. military, but my family can only take so much; it is time to leave and get a much higher-paying job in commercial airlines and have more time with my family.

So this steady constriction of our spending on the military has had an affect on us. This budget is 1.1 percent below the rate of inflation. The budget that we put before you, the authorization bill, S. 2057, is 1.1 percent below the rate of inflation. That means more pressure to get more out of what is being provided. It is having an affect.

Let me describe one area I am particularly interested in, because I have had the privilege of serving as the ranking Democrat on the Subcommittee of Armed Services on Acquisition and Technology. It is a pleasure to serve with the Senator from Pennsylvania, Mr. SANTORUM, who has done a superb job as chairman of the subcommittee. There are no partisan differences here. We both agree that there is a dangerous trend in our investment in science and technology. It has often been said, but it bears repeating, that we are some distance from the great victory we achieved in Desert Storm and the Gulf war. The remarkable technologically and sophisticated weapons system that so dominated the enemy in that war didn't just spring out of nowhere a year or two before the war; they are the result of investments in science and technology that occurred in the 1970s, which came to maturation in the 1980s, which produced the systems and the equipment that we used so successfully in the early 1990s in Operation Desert Storm.

The Department of Defense's science and technology budget has three basic elements: basic research, applied research, and advanced technology development. The total science and technology budget, comprised of these components just mentioned, has declined from $9.5 billion in fiscal year 1993 to $7.7 billion last year, and to somewhat over $7.1 billion this year. These are the investments we are making in the brilliant ideas that lead to the remarkable weapons systems that we are going to need in the future to defend ourselves.

No business would do this. Today, in fact, private business, understanding how important innovation and knowledge are, are investing more and more. The best businesses constantly reinvest in basic research technology and creative development. This is an alarming trend, and I point it out on the floor here this morning with the hope that we will see it, come to understand, and turn it around. I am encouraged to believe that my colleague from New Mexico, Senator BINGAMAN, will, at some point, be offering an amendment to this bill, if not a freestanding bill, which would set some higher standards and goals for increasing our support of the science and technology aspect of the defense budget.

Incidentally, Mr. President, there is a bright story to be told here. The investments we make in defense technologies have produced enormous benefits for civilian and commercial technology, and for our world, our economy. Most people, if you ask them what the most exciting technological development of recent years is, would say personal computers, the Internet—the unprecedented ability we have to communicate with each other and the people around the world to gain knowledge rapidly.

The Internet is the result of investments that the Defense Department—DARPA, the research agency—made years ago for its own original military uses. Then it spun off and become the Internet. You could mention one after another of the remarkable developments that make our lives more exciting and make it easier to be educated but in effect make us safer but healthier. They came from science and technology budgets of the DOD. We cut that. We are again down from $9.5 billion in 1993 to almost $7.2 billion in 1999, the next fiscal year. That is a problem. We are all going to pay for it.

Mr. President, overall when we look at the various factors that create the environment for security and international security, when we look at the effect that these technological changes are having in creating what the experts call a revolution in military affairs, we can do things we could never do before. Commanders are able to see the entire battlefield before them in real time, not only on the battlefield. We have the ability now to send a picture of real time back to somebody at a base, or even at the Pentagon thousands of miles away from the battlefield, to see what is happening and sight the enemy. We have the ability to strike an enemy from standoff positions, exposing our own personnel to no danger, with remarkable accuracy. And it is changing constantly.

So we have the revolution in military affairs. We have the global changes that are occurring: The end of the cold war; breakouts in some places of nationalistic and ethnic rivalries; and the spread of technology so that nations that are less wealthy than we are can focus their energy into, unfortunately, lower priced means of not only defense but offense—weapons of mass destruction, chemical, biological, and nuclear; the means to deliver those weapons with the unprecedented ability from standoff positions and with great accuracy.

Ballistic missiles: I voted yesterday for cloture on the measure introduced by the Senator from Mississippi, Senator COCHRAN, and the Senator from Hawaii, Senator INOUYE, on the policy of creating a national missile defense and stating that clearly here in the Senate. I didn't agree with every provision of the bill. To me, it is an urgent national problem that deserved our debate. When we got to it, I was going to prepare some amendments. I hope eventually we do get to it and we can have an agreement across not only the aisles here but between the Congress and the administration to state clearly that the development of a national missile defense is a national priority and here is the way we ought to go at it.

Incidentally, when we go at it, we ought to begin to negotiate it with our friends in Russia about how it affects the Anti-Ballistic Missile Treaty, not to do it by way of surprise or antagonism. But the Anti-Ballistic Missile Treaty was negotiated and signed more than a quarter of a century ago. The world is a very different place. In many ways, the strategic interests of Russia and the United States are comparable certainly on this ground: Common concerns about being affected by the spread of technology and ballistic missiles delivering weapons of mass destruction.

So put that together—revolution of military affairs, global changes—and add to that the fiscal restraints that I have described, and you have a tough situation, one that falls on us here in Congress and on those who serve our Nation in uniform and as civilian leaders in the Pentagon, to not accept the status quo, to stick with it. Everything is changing. You can't succeed and stay static, stay the way you have been doing. You have to keep moving. You have to keep looking for better ways for doing what you are doing. You have to keep looking for efficiencies and finding ways to save money so you can use that money to invest in other areas that help you with your future defense.

There is a great company headquartered in the State of Connecticut. Awhile back, I was reading in one of our newspapers that they were about to achieve record profits in a quarter, that they were going to go well over a couple of billion dollars on an annual basis, I believe, in profits. What is the story? The CEO of the company is calling in all of the division heads and pushing them for how they are going to find new efficiencies in the company—What are the market opportunities of the future? What are their competitors going to be doing?—knowing that, as great as things are now, unless they keep asking those questions, they are not going to stay on top 5 years from now or 10 years from now.

That is exactly the way I think we have to approach our national security. We are the strongest nation in the world; unrivaled. Yet the world is changing. We have to keep focusing on those changes.

General Shalikashvili a while ago, when he was Chairman of the Joint Chiefs of Staff, informed us and warned us about what we call—as Senator COATS mentioned today—''asymmetric warfare.'' Yes, we are the superpower, but a much lesser power, much less wealthy, less technically developed, smaller military can focus its investment of funds into an area where they see some vulnerability in us, asymmetric, and strike at that vulnerability—perhaps our capacity to forward deploy our troops, perhaps using weapons of mass destruction, chemical warfare; or, noting how dependent we are now on space-based assets for navigation, for surveillance, targeting, for communications, perhaps to try to develop systems that would focus on that dependence and try to incapacitate some of those systems, hurting us in a conflict.

So we have to look at that wide range of threats and protecting our assets in space, developing our ability to defend against weapons of mass destruction delivered by ballistic missiles.

That is why we have to continue to find within a budget that is going to be constrained—I don't see in the near future, certainly barring the kind of international crisis that none of us wants, hope and pray never occurs, a great public support, a support here in Congress, for the kinds of increases in our military spending that we truly need.

So we are going to have to squeeze more out of the rock. That means tough questions. It means, in my opinion, that we are going to have to go back and do another look at our infrastructure. It is controversial; I understand. But all of the statistics tell us that we have more infrastructure than we need, that we have reduced our personnel and other expenditures much more than we have reduced the spending we are doing on our bases. We have to come back to that and acknowledge that maybe we have to find a better way to do it, but somehow we have to do it because we need that money. As I say, we have to continue the work we have done on acquisition reform as a way to find more funds for these programs that we need to support.

It is in this context that I come to two amendments that are in this bill, in which I think we have, as a committee and hopefully now as a full Senate, stepped up to our responsibility to oversee the transformation of our military to the future course that will not only protect our security better in the 21st century but will do it in a more cost-effective fashion.

There are two provisions in this bill that I think are very important for our execution of this oversight responsibility. I want to speak about them. The first supports the Chairman of the Joint Chiefs of Staff, our current chairman, General Shelton—doing a superb job—in his decision to establish a joint experimentation process. The second requires on a regular basis a Quadrennial Defense Review and a National Defense Panel assessment be done every 4 years—the experience we have been through in the last couple of years not to be a one-time experience but it continue on.

Let me talk about the first. And, again, I see this not only as a move to jointness, not only as a way to better take advantage of the revolution of military affairs, but to be more efficient. We have developed a force service. They are remarkable centers of excellence and purpose, patriotism, but no one would want to diminish the unique contributions each one of them makes; and yet there are redundancies and we have to find ways while preserving the uniqueness of each service—and the special edge that some of that competition among them brings—to also bring them together more in joint requirements, joint experimentation because our premise is—and the experts tell us this, the National Defense Panel told us this—that more and more war fighting of the future will be joint war fighting.

During the 1980s it became clear that we needed to change the way our military was organized, with more joint planning, more joint conduct of military operations. The Congress of the United States in that period of time stepped up to the responsibility when, frankly, the Pentagon would not and responded with the Goldwater-Nichols act, which I would say that most everybody today in Congress and outside says was right and necessary.

The collapse of the Soviet Union and the unprecedented explosion of technological advances that could fundamentally redefine military threats and military capabilities in the future, once again, have generated the need this bill responds to to examine the suitability of our defense policies, our strategy, and our force structure to meet future American defense requirements. Several assessments have been done but the rapid pace of change, I think, outstripped the ability of these assessments to give us durable and continuing relevant answers.

General Shalikashvili, the former Chairman of the Joint Chiefs of Staff, reacted to this changing environment and published Joint Vision 2010 in May of 1996 as a basis for the transformation of our military capabilities. I think this was a brilliant and farsighted document which embraced the improved intelligence and command and control available in the information age, and also developed the operational concepts of dominant maneuver, precision engagement, full-dimensional protection, and focused logistics to achieve the objective of the widest spectrum, full spectrum dominance in war fighting—a very important step forward.

We in Congress have also been concerned about the shortcomings in defense policies and programs derived from some of the earlier assessments. In 1996, we passed the Military Force Structure Review Act. That act required the Secretary of Defense to complete in 1997 a Quadrennial Defense Review of our programs to include a comprehensive examination of our defense strategy, force structure, force modernization plans, infrastructure, and other elements of the defense program and policies with a view toward determining and expressing the defense strategy of the United States and establishing a revised defense program through the year 2005.

That Military Force Structure Review Act of 1996 also established a National Defense Panel, a team B, a group of outside experts, many of them with active military experience, to assess the Quadrennial Defense Review and to conduct their own independent, nonpartisan review of the strategy force structure and funding required to meet anticipated threats to our security through the year 2010 and beyond—an attempt to force the process to do what our colleagues in the private sector do, try to look out beyond the horizon, make some reasoned and informed judgments as best we could about what threats we face, what competition we face, and then come back and decide where should we be investing, how should we be restructuring and reorganizing to be in the best possible position to meet those threats of the future.

I appreciate the bipartisan, unanimous support that was given to that Military Force Structure Review Act of 1996, and I believe it resulted in two reports that have had a very important effect on our military and how we view our future needs.

The QDR, as it is called, the Quadrenniel Defense Review, completed by the Secretary in May 1997, defined the defense strategy in terms of shape, respond and prepare now—three cardinal principles. The QDR placed greater emphasis on the need to prepare now for an uncertain future by exploiting the revolution in technology and transforming our forces toward Joint Vision 2010. It concluded that our future force will be different in character than our current force.

Then came the National Defense Panel. Its report, published in December of 1997, concluded that ''the Department of Defense should accord the highest priority to executing a transformation strategy for the U.S. military starting now.''

Let me just repeat those words. A transformation strategy, broad, bold transformation strategy to the next era of threat and opportunity, offense and defense, and the final words ''starting now.'' It is timely. It is important. It recommended the establishment of a joint forces command with responsibility as the joint force integrator and

provider, a center of activity to meld the services together in some joint experimentation, investments, requirements, training.

Also, the NDP recommended that this joint forces command have the responsibility and budget for driving the transformation process of U.S. forces, including the conduct of joint experimentation. If we are not experimenting together, how are we going to really be prepared for the joint war fighting that the experts tell us will dominate the future?

Admiral Owens, former Vice Chairman of the Joint Chiefs of Staff, said to us on many occasions to look around and note that we don't have joint bases, and that is something to think about. That may be one.

Both of these assessments, the QDR and the NDP, provide Congress with a compelling argument that the future security environment and the military challenges we will face will be fundamentally different from today's. They also reinforce the fundamental principle, the underpinning of the Department of Defense Reorganization Act of 1986, the so-called Goldwater-Nichols act, and that fundamental principle was that warfare in all its varieties will be joint warfare requiring the execution of joint operational concepts.

As a result of these two assessments, the Chairman of the Joint Chiefs of Staff, General Shelton, and the Senate Armed Services Committee certainly have concluded that a process of joint experimentation is required to integrate advances in technology with changes in the organizational structure of the Armed Forces and the development of joint operational concepts which will be effective against the wide range of anticipated threats, and will not just be effective, but will be cost effective because they will achieve efficiencies of scale; they will eliminate redundancies; they will pool resources for maximum results.

It is necessary to identify and assess independent areas of joint warfare which will be key to transforming the conduct of future U.S. military operations. To do this, U.S. Armed Forces must innovatively investigate and test technologies, forces and joint operational concepts in simulation, war game and virtual settings, as well as in field environments under realistic conditions against the full range of future challenges. The Department of Defense, I am pleased to note, is committed to conducting aggressive experimentation as a key component of its transformation strategy. Service experimentation and the resultant competition of ideas is vital in this pursuit. To complement the ongoing service experimentation, it is essential that an energetic and innovative organization be established within the military and empowered to design and conduct this process of joint experimentation to develop and validate new joint warfighting concepts aimed at transforming the Armed Forces of the United States to meet the anticipated threats of the 21st century.

Mr. President, in this regard I refer my colleagues to title XII of this defense authorization bill, S. 2057, which sets this out in the form of a sense of the Senate, in a quite detailed form and, in my opinion, quite progressively, as a result of very constructive discussion among the Senate Armed Services Committee, Secretary of Defense, and the Chairman of the Joint Chiefs of Staff. I think we have a blueprint here which expresses the transformation that our military is now undergoing, led by the Secretary and the Chairman of the Joint Chiefs of Staff, and sets down a mark that is an expression of the policy desires of the Congress in this regard, that we not only appreciate that the military move in this direction; dispatching our constitutional responsibility, we urge them to do just that. And we require, here, a series of reports to tell us how they are doing. The joint experimentation provision in the bill, title XII, is our statement of support to General Shelton, as he designs and executes his plans for joint experimentation, to select a command, the Atlantic Command, presumably, to carry out this important responsibility.

Title XII does not dictate either the method that the Chairman of the Joint Chiefs should choose nor the outcomes that he should arrive at. It is a sense of the Congress. It helps establish a framework for us to explore the options for our future security in the hard light of tests on the ground, the only place where these arguments can begin to be settled objectively and where these theories can be tested realistically. And this provision in title XII offers a mechanism for us to get a report about the process, about the results, that is detailed enough for us to provide the kind of oversight we should and must provide if we are going to make the right decisions about our national security in the coming years.

Finally, the provision that requires a quadrennial defense review and national defense plan to be conducted every 4 years is equally important. The assessments that were conducted and the debate they have engendered within the Congress, within the inner community of active defense thinkers, and hopefully increasingly within the country, has been very useful. But the valid criticism by some, of both of these studies, and the conflicting ideas that they have raised make it obvious that a one-time assessment is not going to provide us all the answers we need.

We also know that the world is not going to stop changing, and just as that CEO of that large private company headquartered in Connecticut that I described who, at the moment of greatest historic success, was pressing his managers to review where they were, look forward, decide what they had to do so they would stay on top, 5, 10, 15, 20 years from now—the repetition of these two reports, the QDR and the Inside the Pentagon Review, and the NDP, a nonpartisan, independent review, offer that same hope of constant reevaluation, sometimes provocation, and hopefully, some good, solid ideas. That kind of formal review of our national security posture every 4 years will permit the needed look at where we have been and what course corrections we need to make without the disruption of too frequent interference, with the certainty that we will not slide into destructive or unproductive or irrelevant paths because we simply haven't stopped to look at what we are doing and where it is taking us.

Mr. President, I thank the Chair, I thank my colleagues. Bottom line, this is a balanced bill, the best I think this committee could offer the Senate, Congress, and the Nation, to protect our national security in a time of restraint on resources that is greater than I think is really in our national interest. But we have done the best we could. Again, I thank the leadership of the committee for the purposive, cooperative and informed way they have led us through the exercise that has produced this bill.

I yield the floor.

If there is no one else on the floor seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ROBERTS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The distinguished Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I thank the able Senator from Connecticut for the kind remarks he made about me. I also wish to thank him for the great service he renders as a member of the Armed Services Committee. He is one of the most valuable members of our committee.

I also thank him for the great service he renders this Nation. He has taken sound positions and he has followed a course of action that our Nation would be well to follow. I appreciate all he does for his country and want him to know his colleagues hold him in high esteem.

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

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

The Senator is recognized.

AMENDMENT NO. 2387

(Purpose: Relating to commercial activities in the United States of the People's Liberation Army and other Communist Chinese military companies)

Mr. HUTCHINSON. Mr. President, I have an amendment No. 2387 which I call up at this time.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. HUTCHINSON), for himself and Mr. ABRAHAM, proposes an amendment numbered 2387.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Add at the end the following new title:

TITLE ____—COMMERCIAL ACTIVITIES OF PEOPLE'S LIBERATION ARMY

SEC. ___. FINDINGS.

Congress makes the following findings:

(1) The People's Liberation Army is the principal instrument of repression within the People's Republic of China, responsible for occupying Tibet since 1950, massacring hundreds of students and demonstrators for democracy in Tiananmen Square on June 4, 1989, and running the Laogai (''reform through labor'') slave labor camps.

(2) 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.

(3) The People's Liberation Army is engaging in a major ballistic missile modernization program which could undermine peace and stability in East Asia, including 2 new intercontinental missile programs, 1 submarine-launched missile program, a new class of compact but long-range cruise missiles, and an upgrading of medium- and short-range ballistic missiles.

(4) The People's Liberation Army is working to coproduce the SU–27 fighter with Russia, and is in the process of purchasing several substantial weapons systems from 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.

(5) The People's Liberation Army has carried out acts of aggression in the South China Sea, including the February 1995 seizure of the Mischief Reef in the Spratley Islands, which is claimed by the Philippines.

(6) In July 1995 and in March 1996, the People's Liberation Army conducted missile tests to intimidate Taiwan when Taiwan held historic free elections, and those tests effectively blockaded Taiwan's 2 principal ports of Keelung and Kaohsiung.

(7) The People's Liberation Army has contributed to the proliferation of technologies relevant to the refinement of weapons-grade nuclear material, including transferring ring magnets to Pakistan.

(8) The People's Liberation Army and associated defense companies have provided ballistic missile components, cruise missiles, and chemical weapons ingredients to Iran, a country that the executive branch has repeatedly reported to Congress is the greatest sponsor of terrorism in the world.

(9) In May 1996, United States authorities caught the People's Liberation Army enterprise Poly Technologies and the civilian defense industrial company Norinco attempting to smuggle 2,000 AK–47s into Oakland, California, and offering to sell urban gangs shoulder-held missile launchers capable of ''taking out a 747'' (which the affidavit of the United States Customs Service of May 21, 1996, indicated that the representative of Poly Technologies and Norinco claimed), and Communist Chinese authorities punished only 4 low-level arms merchants by sentencing them on May 17, 1997, to brief prison terms.

(10) The People's Liberation Army contributes to the People's Republic of China's failure to meet the standards of the 1995 Memorandum of Understanding with the United States on intellectual property rights by running factories which pirate videos, compact discs, and computer software that are products of the United States.

(11) The People's Liberation Army contributes to the People's Republic of China's failing to meet the standards of the February 1997 Memorandum of Understanding with the United States on textiles by operating enterprises engaged in the transshipment of textile products to the United States through third countries.

(12) The estimated $2,000,0000,000 to $3,000,000,000 in annual earnings of People's Liberation Army enterprises subsidize the expansion and activities of the People's Liberation Army described in this subsection.

(13) The commercial activities of the People's Liberation Army are frequently conducted on noncommercial terms, or for noncommercial purposes such as military or foreign policy considerations.

SEC. ___. APPLICATION OF AUTHORITIES UNDER THE INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT TO CHINESE MILITARY COMPANIES.

(a) DETERMINATION OF COMMUNIST CHINESE MILITARY COMPANIES.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), not later than 90 days after the date of the enactment of this Act, the Secretary of Defense, in consultation with the Attorney General, the Director of Central Intelligence, and the Director of the Federal Bureau of Investigation, shall compile a list of persons who are Communist Chinese military companies and who are operating directly or indirectly in the United States or any of its territories and possessions, and shall publish the list of such persons in the Federal Register. On an ongoing basis, the Secretary of Defense, in consultation with the Attorney General, the Director of Central Intelligence, and the Director of the Federal Bureau of Investigation, shall make additions or deletions to the list based on the latest information available.

(2) COMMUNIST CHINESE MILITARY COMPANY.—For purposes of making the determination required by paragraph (1), the term ''Communist Chinese military company''—

(A) means a person that is—

(i) engaged in providing commercial services, manufacturing, producing, or exporting, and

(ii) owned or controlled by the People's Liberation Army, and

(B) includes, but is not limited to, any person identified in the United States Defense Intelligence Agency publication numbered VP–1920–271–90, dated September 1990, or PC–1921–57–95, dated October 1995, and any update of such reports for the purposes of this title.

(b) PRESIDENTIAL AUTHORITY.—

(1) AUTHORITY.—The President may exercise the authorities set forth in section 203(a) of the International Emergency Economic Powers Act (50 U.S.C. 1702(a)) with respect to any commercial activity in the United States by a Communist Chinese military company (except with respect to authorities relating to importation), without regard to section 202 of that Act.

(2) PENALTIES.—The penalties set forth in section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to violations of any license, order, or regulation issued under paragraph (1).

SEC. ___. DEFINITION.

For purposes of this title, the term ''People's Liberation Army'' means the land, naval, and air military services, the police, and the intelligence services of the Communist Government of the People's Republic of China, and any member of any such service or of such police.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that my good friend and colleague, Senator ABRAHAM of Michigan, be added as an original cosponsor of the amendment.

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

Mr. HUTCHINSON. Mr. President, today's debate is about the security of the United States. The underlying question in the debate today on the Defense Department authorization bill concerns the safety and security of the citizens of the United States, and that is why I am offering an amendment that will give the President increased powers to confront America's greatest threat, or certainly America's greatest external threat, and that is the People's Liberation Army of the People's Republic of China.

My amendment mirrors exactly the language that passed overwhelmingly on the floor of the House of Representatives last November. This language, in bill form, in the House passed by a vote of 405 to 10.

The amendment would do two things: First, it would require the Secretary of Defense, in consultation with the Attorney General, the Director of the Central Intelligence and the Director of the FBI, to maintain a current list of Chinese military firms operating directly or indirectly in the United States. This list, consisting strictly of PLA-owned companies, would be updated regularly in the Federal Register.

Secondly, the amendment would give the President enhanced authority under the International Emergency Economic Powers Act to take action against Chinese military-owned firms if circumstances warrant, including the President would have the authority to freeze assets or otherwise regulate these firms' activities. Thus, if a PLA-owned firm is found to be shipping missile-guidance components to a rogue state like Iran, the President would have the authority to take immediate action against a United States subsidiary of that firm which might, for example, be selling sporting goods in the United States.

I should note that this amendment would not require the President to take any action whatsoever. It would simply enhance his ability to do so should he believe that the circumstances warrant that action.

Let me explain the reasoning behind this amendment and why it is so critical, I believe, that the Senate adopt this amendment.

Mr. President, last week I came to this floor to discuss the growing threat that the People's Republic of China poses to the citizens of the United States. I discussed the recent CIA report covered in the Washington Times on May 4, 1998, under the headline, ''China Targets Nukes At U.S.'' This article and this CIA report noted that 13 of China's 18 long-range strategic missiles, with ranges exceeding 8,000 miles, have single nuclear warheads aimed at the United States of America.

These missiles, which are under the control of the PLA, with PLA officers manning their nuclear buttons, are in addition to China's 25 CSS–3 missiles, with ranges of more than 3,400 miles; its 18 CSS–4 missiles, with ranges exceeding 8,000 miles; and its planned DF–31, with a range exceeding 7,000 miles.

Until last year, China lacked the military intelligence necessary to manufacturer boosters that could reliably strike at such long distances.

Unfortunately, the Pentagon has reported that two U.S. companies—Loral Space and Communications and Hughes Electronics—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. This issue is still under investigation. But while it was still under investigation, in February, Loral launched another satellite on a Chinese rocket and provided the Chinese with the same expertise that is at issue in the criminal case.

The chairman of the House Science Subcommittee on Space and Technology has received word from an unnamed official at Motorola that they, too, have been involved in ''upgrading'' China's missile capability. Interestingly, this executive claims that the work is being done under a waiver from this administration, thus circumventing all bans and restrictions on such technology transfers.

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 PRC. We do not know how much may be spent, how much investment there may be in their military establishment that is not released for official consumption, but the official public figures indicate a doubling of that expenditure since 1992.

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

So the question arises, Mr. President, how does the People's Liberation Army fund the ongoing arms race? By selling its technology to rogue states is one means by which they do it, selling arms, or at least attempting to sell arms, to U.S. gangs in our inner cities and selling CDs, socks, consumer electronics, and scores of other commercial items to U.S. consumers.

For example, the People's Liberation Army has contributed to the proliferation of technologies relevant to the refinement of weapons-grade nuclear material, including transferring ring magnets to Pakistan. Additionally, the PLA and its associated defense companies have provided ballistic missile components, cruise missiles, chemical weapons ingredients, to Iran, a country that the executive branch has repeatedly reported to this Congress is the greatest sponsor of terrorism in the world today.

I point to this chart. The source is the Office of Naval Intelligence, March of 1997. They reported:

> Discoveries after the Gulf War clearly indicate that Iraq maintained an aggressive (W)eapons of (M)ass (D)estruction procurement program.

And then they point out:

> A similar situation exists today in Iran with a steady flow of materials and technologies from China to Iran. This exchange is one of the most active weapons of mass destruction programs in the Third World, and is taking place in a region of great strategic interest to the United States.

So we have, I think, very clear, overwhelming evidence that China continues to export technology, nuclear technology as well, and in so doing places at risk the national security of the United States.

They also are funding the arms buildup in China, not only by selling weapons to rogue states like Iraq and Iran, but also there is evidence that they are trying to actually sell weapons produced in the People's Republic of China to gangs in the United States.

In May 1996, the U.S. authorities caught the People's Liberation Army enterprise entitled Poly Technologies—a PLA-owned and operated enterprise—they were caught by U.S. authorities, and the civilian defense industrial company, Norinco, that is also involved, the U.S. authorities caught these two companies attempting to smuggle 2,000 AK–47s into Oakland, CA, and offering to sell urban gangs shoulder-held missile launchers capable of taking out a 747.

Communist authorities, upon capture of these individuals, punished only four of them—four low-level arms merchants—and they did so, sentencing them May 17, 1997, to brief prison terms.

I would suggest and I suspect that the prison terms given to these merchants of arms to the young people of this country were far less than the prison terms that have been exacted upon those prisoners of conscience, those who dared to speak up against the oppressive regime that controls the largest nation in the world. Eight years was given to Wang Dan for his support of the demonstrations in Tiananmen Square almost 9 years ago in addition to the 12 years that he was recently serving for supporting democracy in China.

It is estimated that the PLA earns $2 billion to $4 billion a year in earnings through the many enterprises that it operates that deal in nonmilitary commodities and that these enterprises profit handsomely from their activities in the United States. A report released earlier this year indicated that vast quantities of goods, as varied as toys, skis, garlic, iron weight sets, men's pants, car radiators, glassware, swimming suits, and many more such commercial domestic items are being sold to U.S. consumers by PLA-owned firms.

This chart indicates—and I will quote from this chart regarding the PLA-affiliated companies and their operation in the United States. This comes from the Institutional Investor, July of 1996: ''And we find that military-affiliated companies can be found in virtually every part of the Chinese economy with the most rapid expansion occurring in the lucrative service industries. Though the PLA enterprises are scattered throughout the economy, they have carved out niches in the eight areas to the right''—including transportation, vehicle production, pharmaceuticals, hotels, real estate development, garment production, mining and communications.

Some of these products are being exported—which becomes a rich source of revenue for the People's Liberation Army. Even those products and those services that are sold domestically to the Chinese people become an unaccounted for subsidy, if you will, for the arms race, in the development of the PLA military strength and might. So I believe this should be of great concern to us as we continue to see the PLA fund the arms race.

I point out that the Chinese defense industrial trade organizations have a broad, broad interrelationship with the industries in China. This chart shows the web of PLA-owned enterprises that operate in the United States and around the world.

All of the companies on the left, in the peach color, are companies that have been documented by our Defense Intelligence Agency as being directly owned by the People's Liberation Army. The ones to the other side, in the yellow, are their defense industrial base. Some of them have indirect connections also, but they are not directly owned by the People's Liberation Army.

This next chart I believe shows the chain of command for companies like China Poly Group, China Carrie Corp., and other well-known Chinese companies and their interrelationship with the government and the PLA and the Communist Party. In fact, the Communist Party Central Military Commission is right at the top of the chain of command—going down to these various companies, including the China Poly Group, and the 999 Enterprise Group, and so forth. I think the American people would be shocked to see the companies listed on this chart. This, I

might add, is a very incomplete list, which is why I emphasize again the need for this amendment which would require a listing to be published of all PLA-owned enterprises that are buying and selling and doing business in the United States.

It is well documented that the PLA violates international intellectual property rights by running factories which pirate videos, compact discs, and computer software that are products of the United States. This is the main reason the People's Republic of China failed to meet the standards of the 1995 memorandum of understanding with the United States on the protection of intellectual property rights. During my trip to China in January, I saw firsthand the evidence of the pirating of videos and CDs and the selling of those pirated products on the market, on the streets of Shanghai and Beijing.

In violation of a February 1997 agreement with the United States, the People's Liberation Army continued to operate enterprises which engaged in the transshipment of textile products through third countries, thus thwarting tariffs and restrictions on illegally produced items from China.

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. My colleagues have said they would like China as an ally. We would all like to have China as an ally. But let us not fool ourselves. When our Central Intelligence Agency tells us their missiles—13 of 18 of their long-range nuclear missiles—are pointed at the citizens of the United States, it is clear they view us as an adversary. It is a sad paradox that U.S. consumers, American consumers, purchasers of products in retail stores across this country, are the unwitting supporters of and funders of the military that has their hand on the nuclear button that threatens cities in the United States.

Now, as we talk about the response of this amendment, of letting the American people know what companies are owned directly and indirectly by the military of the Chinese communist government, it seems to me to be a very basic freedom-of-information kind of issue, the right-to-know kind of issue.

We talk about the response of the President, having the enhanced authority to deal with those PLA-owned companies that might be subsidizing the military buildup in China. It is important for us to remember the ongoing human rights violations that are occurring in China. Not only are they increasing their threat internationally, but within their own borders they continue to oppress their own people. This is not some human rights watchdog group that I am going to cite. It is our own State Department which each year issues a report from various countries around the world on human rights conditions. The latest State Department report on human rights in China shows that China is still one of the major offenders of internationally recognized human rights standards. This report notes that China is continuing to engage in ''torture, extrajudicial killings, arbitrary arrest and detention, forced abortion and sterilization, crackdowns on independent Catholic and Protestant bishops and believers, brutal oppression of ethnic minorities and religions in Tibet and Xinjiang, and absolute intolerance of free political speech or free press.''

To visit Shanghai, to visit Beijing, some of the largest cities in the world, the most populous cities in the world, and to realize there is not one free newspaper in those cities—in northwest Arkansas, in a two-county area, population of 200,000, we have half a dozen competing newspapers. These are free voices—free to criticize me, free to criticize this U.S. Senate, free to criticize our President—and in the largest cities in the world in China, not one voice of freedom, not one voice to reflect the values of democracy.

So let us in this China debate, and as we look at amendments to the Department of Defense authorization bill, remember the ongoing human rights abuses that are taking place. Furthermore, that the current policy that we have pursued has so dismally failed.

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

So our President is preparing to go to China next month, negotiations going on. We would hope they would be positive in light of our so-called policy of constructive engagement, yet we find our policy is one of give and give and give. We are not seeing corresponding concessions on the part of the Chinese Government. In fact, we are continuing to see these horrible human rights abuses taking place.

We have provided key technology that puts our own country at risk. We have set up a hotline that reaches from the White House to China. We have begun assisting China on its efforts to gain membership in the World Trade Organization. We dropped, to the consternation of many Members of this body, we dropped our annual push for a resolution condemning China's human rights record at the United Nations, something this country has done year after year as part of our foreign policy. We dropped that resolution so as not to offend the Chinese Government. We continue to allow PLA-owned companies to operate unregulated in the United States, and we continue to provide China most-favored-nation status. In return, we have witnessed the release of four, in return for all of these concessions that we have granted, we have seen the Chinese Communist government release four prominent prisoners out of the thousands upon thousands of political and religious dissidents being held today in Chinese prisons.

So I say to my colleagues, the American people have a right to know they are funding the People's Liberation Army. I believe the American consumers ought to know whether the products they are buying—including things like toys, sweaters and porcelain that they might purchase for the upcoming holidays—are supporting the People's Liberation Army and the kind of activities that I have identified today. The American people have a right to know. It may not be possible for American consumers to go into a Wal-Mart or Kmart or Target store and to identify all of the Chinese-produced products and to decide voluntarily they are not going to support that. But at least they ought to know which of those companies are controlled, directly or indirectly, by a military establishment in China that has targeted American cities with its missiles.

This amendment will help to do just that. It is needed both to shed light on the PLA's activities in the United States and to ensure that the President has the latitude and has the authority he needs to take appropriate actions when the evidence of wrongdoing arises. I hope my colleagues will support this amendment.

Again, this amendment merely requires the Secretary of Defense to document and list PLA-owned companies operating in the United States and provides the President with the power, authority, and discretion to take action against these companies, should circumstances so warrant. It does not require the President to do anything. I believe it is a commonsense amendment that, once again, passed by an overwhelming margin in the U.S. House of Representatives. I ask for my colleagues' support.

I ask for the yeas and nays.

The PRESIDING OFFICER (Ms. SNOWE). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WARNER. Madam President, the Senator brings to the attention of the Senate through this amendment a very important subject, one which is currently before the Senate in a number of committees—Foreign Relations Committee, Banking Committee, and in all probability the Commerce Committee has an interest in it. I say to my colleague that the Armed Services Committee, indeed, would have an interest, of course, because it goes to the fundamental proposition of national security.

But I have to say in total candor that this amendment would require consideration by at least the three enumerated committees as well as ours. What I am asking of my colleague, and I

want to ask a few questions about it, is that I hope the Senator would be agreeable to laying this amendment aside so that the Senate would proceed with other amendments, and within that period of time it would be the pending amendment, within that period of time, we will get the expression and the views of colleagues serving on those other committees.

Mr. HUTCHINSON. I thank the chairman for his consideration, and I would not object to laying it aside so long as I will be assured there will be a rollcall vote if I so request it.

Mr. WARNER. Madam President, he has requested and gotten his rollcall vote.

Mr. HUTCHINSON. Madam President, I only point out that I think it would be very appropriate to consult with and visit with the appropriate chairman. I remind my distinguished colleague that this is the exact language that passed by a 405–10 vote in the House, and I would regard that as pretty bipartisan and noncontroversial. That language passed out of the House last November and has been referred to the appropriate committees, where it has—if I might use the word—''languished'' for several months without any action. So it is for that reason I think it is imperative that the Senate have an opportunity to express its will on something the House expressed its opinion on months ago.

Mr. WARNER. I thank my colleague.

At this time, Madam President, I ask unanimous consent that this amendment be laid aside but that it remain as the pending business on this bill.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. WARNER. Madam President, I see other colleagues here who may wish to continue with opening statements on the bill.

Mr. LEVIN. I wonder if my friend from Virginia would yield to me so I could ask the Senator from Arkansas a question?

Mr. WARNER. Yes, I yield the floor.

Mr. LEVIN. Madam President, on the matter that was set aside, I wonder if the Senator could tell us whether or not there have been any discussions between you and those committees that we have now asked their reaction from relative to holding hearings on that amendment. Could he give us a little background on that?

Mr. HUTCHINSON. I think there were 10 bills that passed out of the House regarding China policy as a block, separate bills, but that was last November. Two of those have passed, in various forms, in the Senate. Six of those bills were referred to the Foreign Relations Committee. The other two—the two I am now offering—one was referred to Banking and the other to Finance. I have had ongoing discussions with Senator HELMS of the Foreign Relations Committee. It is my understanding that they will address these bills this coming week. Therefore, I defer taking any action upon those because of the committee's anticipation of looking at these next week.

The ones in Banking and Finance I thought were important to move ahead on. This was the most appropriate vehicle before us. I am not aware that there were any plans for hearings. Since so much time had elapsed since they were referred to the Senate, it would seem to be the appropriate time to move them.

Mr. LEVIN. If I could ask the Senator an additional question. I am not familiar with his amendment. Is this particular amendment—has this been introduced as a bill in the Senate separately, or was it a House bill that came over and was referred? And, if so, was it referred to Banking or Foreign Relations?

Mr. HUTCHINSON. This particular bill was referred to Banking.

Mr. LEVIN. Has the Banking Committee indicated that they are likely to hold a hearing and have a markup on this bill?

Mr. HUTCHINSON. They have not indicated to me their intent to hold hearings or move on this bill.

Mr. LEVIN. Have there been discussions between you and the chairman?

Mr. HUTCHINSON. I have not talked to Senator D'AMATO about the bill.

Mr. LEVIN. I thank my friend.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Madam President, I rise to talk not so much about this bill but the bills that have been talked about here that passed in the House last year. Many of them were referred to the Foreign Relations Committee, of which I happen to be chairman of the Subcommittee on Asia and the Pacific Rim. These were not heard because the committee did not choose to hear them. Now we find ourselves having a hearing this morning on China. We find the President preparing to go to China.

So this bill, of course, as the Senator pointed out, was referred to Banking. I am not familiar with that one. I am here to tell you that I don't think this is the appropriate procedural place to deal with these bills. There are committees that have jurisdiction over them. They have been referred to those committees. They can be referred to those committees, and, in my view, they should be referred to those committees. So if we are going to extend the length of this debate by having each of 10 bills discussed here and voted on, then I think we need to prepare ourselves for a rather long time.

Furthermore, I think we talked at great length this morning about China and about these kinds of issues. The point of the matter is that nobody disagrees with some of the issues that are to be done here; the disagreement is how they should be handled. To send the President off to China with language of this kind doesn't seem to be a proper thing to do. They were talking about it when Jiang Zemin came here last time.

So I am prepared to talk about these bills if that is what we are going to do. But, procedurally, it doesn't seem to me that this is the appropriate place to deal with the bills. We can go on for a very long time if that is what is going to take place on this authorization bill.

I yield the floor.

Mr. ABRAHAM. Mr. President, I rise to support the amendment to the National Defense Authorization bill offered by the Senator from Arkansas to address what is clearly a national defense issue—the conduct of Chinese companies, owned and operated by the People's Liberation Army, in the United States. It is based on a provision in a comprehensive bill I introduced last year, the China Policy Act.

I believe that this bill is not only an appropriate place to consider this issue, it is the most appropriate, and is indeed an issue of supreme national security interest. Furthermore, Mr. President, if I thought the original bill that was passed by the House by a vote of 405–10 would actually be considered by the Banking Committee, it may be appropriate to wait. But it has been over six months, Mr. President, and no action has been taken. Given this is a national security issue, we need to discuss this here and now.

Therefore, Mr. President, I wish to outline some of my specific national security concerns regarding these People's Liberation Army companies. First, we are all familiar with the well publicized examples of Polytech and Norinco, two companies caught trying to smuggle fully automatic AK–47 assault rifles, along with 4,000 clips of ammunition, valued at over $4 million, to supply street gangs and drug runners in the United States. During the course of this undercover sting operation, U.S. agents were offered a slew of other heavy ordinance, including shoulder-fired surface-to-air missiles.

Now Mr. President, these two companies are effectively controlled by the People's Liberation Army. In fact, the head of the Polytech parent company, Poly Group, is Major General He Ping, the son-in-law of Deng Xiao-ping. He heads Poly Group, a company that reports directly to the Central Military Commission of the People's Liberation Army. At the same time, Norinco is the parent company of 150 businesses, including the largest motorcycle maker in China and one of the country's most successful automakers.

As state-owned enterprises, PLA companies frequently operate on noncommercial terms, conducting their affairs for such non-market reasons as military espionage and prestige considerations. Critics have also contended that the China Ocean Shipping Company, otherwise known as COSCO, have offered transoceanic shipping at well below market rates because of state subsidization and extremely low crew costs, in order to penetrate markets and further develop a strategic lift capability.

Last, Mr. President, the profits from these companies will end up financing

the Chinese military. Karl Schoenberger, writing in Fortune Magazine, estimated that the profits from these PLA activities is conservatively estimated at $2 to $3 billion. Based in part on this purchasing power and the Chinese military establishment's considerable use of off-budget financing, the Arms Control and Disarmament Agency estimated that Chinese military spending is nine times what it announced.

The question therefore becomes, Mr. President, do we want to know which companies in the United States are financing Chinese military expansion? Do we want to know which companies are financing the arm of repression in the PRC that has been extensively detailed on this floor over the past year? Do we want to give the American consumer the opportunity to know whether the product they are buying will help finance the oppression in Tibet? I believe that is our responsibility, Mr. President, and that this amendment will provide that vital information for our national security, by mandating that the Director of Central Intelligence and the Director of the FBI compile a list of these PLA companies operating in the United States.

Finally, Mr. President, the President of the United States needs the additional authority to take decisive action against those companies that do threaten our national security. This amendment provides that economic authority to stop the operation of these front companies, and provides the only effective tools in this economic warfare—the prohibition of economic activity.

Therefore, Mr. President, I urge my colleagues to support this amendment as necessary, germane to the Defense Authorization bill, and vital to our national security.

Mr. SMITH of New Hampshire addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. SMITH of New Hampshire. Madam President, I rise as chairman of the Strategic Subcommittee of the Armed Services Committee to focus on some areas that are very critical to our Nation's defense. Certainly, ''strategic'' takes on a new meaning as we hear news in the last few days of what is happening in India.

We tried, in our subcommittee, to continue initiatives that have been started in previous years. At the same time, because of overall funding reductions, we were forced to make some substantial cuts, cuts that I did not want to make. But as part of the overall budget, we felt we had to do it. So we do have a budget cap, and that issue, in and of itself, is somewhat controversial.

I think it is time, as we look at the reduction in defense spending, to begin to look at that cap and, in my opinion, remove the cap. We must recognize that the defense budget has been cut deeply, and these cuts are beginning now to affect the effectiveness of our military force.

The budgets of both DOD and DOE, which are in my Strategic Subcommittee, had to be reduced. I tried to do that as fairly as I possibly could. Let me just outline some of the tough choices that we had to make. Missile defense, of course, is an area that I care deeply about. But there is some redundancy in some of the programs that we have. We have to begin to set some priorities.

The budget, as it was presented to us by the President, had some areas in it that were funded in this budget but not in future years. So the question is, If a program such as MEADS—Medium Extended Air Defense System—is not funded beyond 1999, what is the purpose of providing funding for it in fiscal 1999? So I tried to look at this. If I could not get a commitment from the administration to fund beyond fiscal year 1999, then I, for the most part, reduced or eliminated the funds for next year. In the case of MEADS, our intent is to encourage DOD to find alternative approaches to meeting the requirement. But we cannot support the program if DOD has no budget for it in the future.

Another very controversial reduction, which I was not happy about, was our cut of $97 million from the Airborne Laser Program. Because this was a tough decision, I want to explain what happened.

There were a lot of news reports that said we ''slashed'' the Airborne Laser Program, that we ''ruined'' the program, that we ''killed'' the program, that we have made it impossible for the program to recover, and so on. This is unfair and inaccurate. I simply felt that we had an obligation to review the technical and operational viability of the program.

Two years ago, our Committee included report language which basically called on the Air Force and Airborne Laser Program advocates to come forward and justify the program. I do not believe that they have done so.

So we withheld funds for placing this very complex technology on an actual aircraft, a 747, until the capability is more fully tested and the operational concepts are better defined by the Air Force. I do not want to go into great detail; to some degree I cannot because it is classified. But let me be clear—we only cut the dollars intended for integrating this technology on an aircraft. This does not destroy the Airborne Laser Program, nor does it make any comment, subtle or otherwise, by anyone on the committee that somehow this program is not worthy. It does require the Secretary of Defense, with the help of outside experts, to review the program's technology and concept of operations, and show us how this technology will work when it is placed upon an aircraft. I don't think it destroys the program to delay the purchase of an airplane for a year or two while we find out whether the technology and the operational concept is valid. This is what congressional oversight is all about.

We have increased funding for Navy Upper Tier, another missile defense program, and the space-based laser readiness demonstrator, which is the ultimate step, I think, in missile defense—the space-based laser.

We tried to reduce as much of the risk as possible in the NMD Program by encouraging the Department to modify the program. Currently the so-called 3+3 program is extremely high risk. To deploy a complex system in 3 years is very, very difficult. It is an artificially compressed date and an artificially compressed program. It requires us to do everything at once instead of running a low-risk program to ensure everything fits together first. There is no margin for failure or problems. If one thing goes wrong, the whole program could collapse. It needs to be run like any other defense acquisition program, with the objective of reducing the program risk.

With the Administration's 3+3 program, we must first decide that there is a missile threat to the United States. Then we assume that in 3 years we can deploy a system to intercept that missile. I think that assumption just does not make sense.

Can we depend on our intelligence to give us that information? I draw my colleagues' attention to what happened in the last few days with India's nuclear tests. We didn't, frankly, know what was happening until it happened. We either did not have that information, or we did not heed it.

I am not trying to fault the intelligence community, other than to say that intelligence is not always objective. It is not always thorough. It is not always timely. It is not always heeded. The question we have to ask is, Are we willing to take the risk once we know that somebody has the capability and the intent to use a missile against us, and are we then prepared to say that in 3 years we will have the technology deployed to intercept that missile? I am not prepared to take that kind of chance, which is why I was very disappointed in the vote in the Senate yesterday on Senator COCHRAN's legislation, which would have established a policy to deploy a national missile defense system when it becomes technically feasible. That wise legislation was rejected; it did not get enough votes to bring it to cloture. So the current administration plan for NMD 3+3 means an NMD system will be developed in 3 years, and when a threat is acknowledged this system will be deployed in 3 years.

This just does not make a lot of sense. It naively assumes that we will see all emerging threats, and that if and when we see one, we can confidently deploy a complex system in just 3 years.

So I hope my colleagues in the Senate sometime sooner rather than later

will come to the realization of how dangerous this 3+3 approach really is. Perhaps a few more unforseen nuclear tests will convince them. If not, this extremely naive and extremely dangerous complacency could cost us dearly in years to come. We are seeing proliferation of missiles, and of the technology to develop missiles, all over the world—China, North Korea, India, Pakistan, Iran. And, yet, we were denied the opportunity yesterday on the Cochran proposal to get going on a national missile defense system.

It is extremely disturbing. As one who deals with these issues every day on the Armed Services Committee, and specifically as the chairman of the Strategic Subcommittee, I know full well that this is a naive policy. It is well intended—there is no question there—but naive.

Colin Powell, former National Security Adviser to President Reagan and the Chairman of the Joint Chiefs of Staff under Presidents Bush and Clinton, used to say we have to be concerned first and foremost about the capability of an enemy because we never know what his intent will be. The intent tomorrow might be good. It might be bad. But what is the capability? We all know that the Chinese, and the Russians, have the capability to fire a missile at the United States of America. Do they have the intent? Maybe not today. But what about tomorrow?

So we have to deal with capability. If we deny that, if we look the other way, we are really putting our heads in the sand.

In space programs, the committee increase funding for a range of activities: space control technology development; the enhanced global positioning system; the microsatellite program and the space maneuver vehicle. The budget for those programs were increased. These efforts are critical for the future exploitation and use of space by the United States.

Another area of the strategic forces subcommittee budget concerns weapons and other activities of the Department of Energy. We tried there to stabilize the core mission funding for weapons activities and environmental cleanup. As you know, we have a lot of environmental cleanup to do as a result of DOD and DOE activities over the past several decades, especially during the cold war.

So we tried in our budget to maintain the capability to remanufacture and certify enduring U.S. nuclear warheads. We tried to maintain the pace of cleanup at DOE facilities with our funding, and though the overall DOE budget was reduced, a number of funding increases were authorized for programs critical to achieving these goals.

Increases include additional funding for the four weapons production plants, tritium production, and environmental management technology development. Some will criticize these DOD cuts. But it is a matter of balance. If you look at the budget in real terms, since 1996, DOD funding has decreased by 5.2 percent, and DOE has increased by 7.7 percent.

We did the best we could. I hope that my colleagues will be supportive of the recommendations that we have made, not only in the Strategic Subcommittee but in other subcommittees as well. It is a tough job. I don't think there is a member of the committee who doesn't feel that we have gone probably too far, that we need to, perhaps, remove that budget firewall and begin to put more dollars into defense. But given the constraints of the budget agreement, we had to do with what we had.

In conclusion, I thank Senators THURMOND, LEVIN, and BINGAMAN for the cooperation that we have had together, especially Senator BINGAMAN on the subcommittee who has always been courteous to me.

I want to thank Eric Thoemmes, Paul Longsworth, and Monica Chavez of the Armed Services Committee staff, and John Luddy, Brad Lovelace, and Steve Hellyar of my own staff as well.

I would be happy to yield the floor, Madam President. I see others who wish to speak.

PRIVILEGE OF THE FLOOR

Mr. DORGAN. Madam President, I ask unanimous consent that privileges of the floor be granted to Adam Pawluk, Chrissie Timpe, and Meg Dimeling for today's session of the Senate.

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

Who seeks recognition?

Mr. SMITH of New Hampshire. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

Mr. HAGEL. Mr. President, I rise this afternoon to reflect on the business at hand today; that is, our Department of Defense authorization bill.

Three hours ago, I had the privilege of joining a couple of my colleagues at the Tomb of the Unknown Soldier during a very somber, serious ceremony to exhume the remains of the unknown Vietnam veteran from the Tomb of the Unknown Soldier. If you have followed this, as all of our colleagues in this body and most of America have, you are aware that through sophisticated, primarily DNA testing—and you, Mr. President, of all people understand this very well—we now are going to be able to identify almost all remains from the Vietnam war.

I begin my remarks this afternoon with that reflection because what we are about here today is serious business. It is about the business of national defense—defending America's interests in the world. It is costly, it is serious, and at some times it is devastating. It is devastating for the families who lose loved ones in crisis, in war, in conflict.

But when I say it is costly, Mr. President, I mean costly. As one who has spent some time in the Armed Forces, who is somewhat familiar with the sacrifices that we ask of our men and women and their families, I am as concerned today about the defense capabilities of our armed services as I have been since the late 1970s. Not that our men and women, our warriors, are not up to the task, but I fear what we are doing to our men and women who have committed their lives to the defense of freedom and the defense of this Nation is that we are not providing them, we are not making to them, the kind of commitment in the resources they need to do their job.

We are asking—and this has been the case over the last 10 years—our Armed Forces to do more with less—more deployments, longer deployments. And as you look at our Defense Department budgets, this fiscal year 1999 budget represents the 14th consecutive year of decline in defense spending. In real dollars, I think the American public should know that this budget represents $3 billion less than current levels and about a 40-percent drop from the spending levels of the mid to late 1980s.

I compliment my colleagues on the Armed Services Committee for dealing with a difficult issue. I especially compliment Chairman THURMOND, who, I understand, will lead this authorization bill fight for the last time. His commitment to his country is not only exemplary but it is truly unmatched in this Chamber. There is no one who understands this business better than Chairman THURMOND and who understands what I am talking about today.

I will jump to the conclusion of my remarks by saying this. It is time the Congress of the United States be direct and honest with the American public and say what needs to be said, and that is, we need to increase spending for our Defense Department. We need to increase spending. Any measurement you take of where we are in inflation-adjusted dollars, this year's defense budget represents the smallest, in real dollars, the smallest Defense Department budget since the beginning of the Korean war. We have the smallest military in nearly 50 years.

I am astounded that the President of the United States comes before the Congress and the American public and says we have the smallest Government ever. First of all, we don't have the smallest Government ever; a $1.7 trillion Government is rather significant. But he is half right; we have a military that we have continued to hollow out over the last 10 years. We will pay a severe price for what we are doing to our Armed Forces capability.

About 3 percent of our gross domestic product today, less than half of what we had in the 1980's, goes to defense

spending. By any measurement you take of this issue of research, acquisition, and deployment of new weapons systems, we are relying on aging and older equipment.

I had an interesting conversation over the weekend at the airport in Omaha, NE. It was with two DOD auditors who have been with the DOD, auditing systems equipment, for almost 30 years. Each of them told me independently that they have never seen such a situation since the late 1970s. When they are auditing military orders to cannibalize equipment in order to get spare parts off of our jets, off of our ships, off of our military vehicles, something is drastically wrong when that happens, drastically wrong.

I hear very interesting commentary from the Secretary of Defense, whom I admire greatly, about, if you would just close more bases, that would give us more money and free up the resources. Well, that may do some of that, but what is interesting is that it does not give you any more manpower, and in fact in the President's budget this year he calls for cutting 36,000 uniformed men and women from military service, 12,000 Reserve men and women. How can we, in fact, focus the resources and make the commitment we need to make to our men and women who defend this Nation?

Let's remember something. National defense is the guarantor of our foreign policy. Without a national defense, we have no foreign policy. Yet we continue to ask our men and women in uniform to do more. Since 1990, our Armed Forces have been used in 36 foreign missions compared to 22 from 1980 to 1989. The Army decreased its manpower by 36 percent while increasing the workload by over 300 percent. Since 1989, the Air Force personnel have been cut by one-third yet the number of missions has quadrupled. From October to January of last year, we lost over 600 Air Force jet pilots. The Army estimated in 1997 that its deployable units spent 180 to 190 days away from home each year. This was before—before—the recent escalation of our forces in the Persian Gulf.

The Army Chief of Staff, General Dennis Reimer recently said, ''Our requirements exceed our people to man those requirements.''

Let's look at the quality of life. Let's ask what we are doing for the men and women we are asking to commit, in some cases, their lives; what we are asking them to do and what we are giving in return—not only the increasing rate of deployment, longer deployment, cutting their time with families, impacting their quality of life, but what about housing? It is disgraceful. Last year, the outgoing Chairman of the Joint Chiefs of Staff, General John Shalikashvili, said that, ''* * * we have family housing that we ought not be asking our folks to live in.''

In the Air Force alone there are over 41,000 families on waiting lists for decent housing. In my State of Nebraska, at Offutt Air Force Base alone, there is a terrible need for decent housing. When I say decent housing, I don't mean villas, I mean running water, hot water, plaster not falling from the ceiling, windows not broken out. These people in our Armed Forces are not asking for palaces. How do we expect the men and women in our Armed Forces, as we send them, deploy them all over the world, to concentrate on the serious business before them if they are worried about their families at home because we in the Congress and the President are not paying attention to focusing on the resources that our men and women need?

Military pay lags 13 percent behind that of the private sector. By the Department of Defense's own estimates, more than 23,000 men and women in uniform, and their families, are eligible for food stamps. What does this do to retention, recruitment and readiness? That is the essence of a capable military. The Army has fallen short of its recruitment goal for the first time since 1979—the first time. And the percentage of recruits in the United States Army with high school diplomas is declining. Since Desert Storm, the percentage of Navy petty officers who say they intend to make the Navy a career has dropped by 10 percent.

Look at the world today. Is it getting safer? Need we really look beyond what happened earlier this week with the atomic testing done by India? We have major troop deployments around the world today: 37,000 troops in South Korea, major deployments of forces in the Middle East, Japan, Europe, Bosnia. And what about the flash points that are there today, the real possibilities of conflict south of Bosnia, Kosovo? What is yet to happen on the subcontinent of Asia with Pakistan and India? I will be in the Caspian Sea region in 2 weeks—a tinderbox. Are we prepared?

The end of the cold war has reduced some threat. But now is no time to not only withdraw American leadership but to withdraw the commitment to our Armed Forces. Our armed services are the capability that we are relying on to protect our national interests, our role in the world, to guarantee our foreign policy. That will not be done by hollowing out our military. Today we see a world that is shifting globally in its geopolitical, economic, and military power structures. We cannot allow America to become weaker, or withdraw from that world. Now is not the time. Now is the time for America to project its leadership and help form and help craft and help incentivize and lead the world to more freedom. You cannot accomplish that with an unprepared military.

I looked at the President's budget again this week, his fiscal year 1999 budget. The President proposes $123 billion in new domestic programs, but again proposes to cut our military budget. Surely now—surely America's national interests and our national security has some priority in this budget.

As we step back for a moment and survey the world as it is—not as we hope or wish it will be, but as it is—if we in fact are, and I believe we are, capable of taking advantage of the tremendous opportunities and hopes and the series of historical consequences and events that have come together in a rather magnificent way to make the world better, it is going to require American leadership. Not that we need to shoulder all the burden—of course not. But part of that American leadership is a national security worthy of who we are and a commitment to the people that we ask daily to defend our Nation—a commitment to give them the resources they need.

I would say finally, Mr. President, to me a part of that commitment is not to underfund our military but, in fact, it is to start rebuilding our military. I hope as this issue develops and debate develops, that the issue we are about today will extend far beyond the narrowness of the focus that we debate today, but interconnects with the future and our leadership, and much of that future resides at the core of our national defense capabilities.

I thank my colleagues who serve on the Armed Services Committee for their efforts, their leadership, and their lives that many have devoted to making this a more secure world and helping our military.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I thank my able colleague from Nebraska for his kind words about me. I also wish to thank him for the great service he has rendered this country here in the Senate. He is an expert on defense matters and his opinions are certainly worth the consideration of every Senator here.

Again, it is a pleasure to serve with him. I wish him continued success.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. LEVIN. Mr. President, I wonder if the Senator will yield just for one moment?

Mr. THOMAS. Certainly.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. I simply want to add my thanks to the Senator from Nebraska. Every year when this bill comes up, he is here. It is a very important contribution which he is making to the national defense. We on the Armed Services Committee do the best we can, but we have colleagues such as the Senator from Nebraska who add their immense expertise and passion and feeling about these issues, and it is significantly important to us and I thank the Senator for doing that.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the Hutchinson amendment.

AMENDMENT NO. 2401 TO AMENDMENT NO. 2387

Mr. THOMAS. Mr. President, I send an amendment to amendment No. 2387 to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wyoming [Mr. THOMAS] proposes an amendment numbered 2401 to amendment No. 2387.

Mr. THOMAS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

In the pending amendments, on page 1, strike lines 5 through page 5, line 4.

Mr. THOMAS. Mr. President, I simply send the amendment which will deal with the findings of this bill and eliminate them in a second-degree amendment.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Ed Fienga, a Department of the Air Force fellow in the office of Senator KAY BAILEY HUTCHISON be granted the privilege of the floor during the consideration of S. 2057.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. HAGEL). Without objection, it is so ordered.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the pending business be set aside so that I can offer a second amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 2388

(Purpose: Relating to the use of forced labor in the People's Republic of China)

Mr. HUTCHINSON. Mr. President, I call up amendment No. 2388 and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. HUTCHINSON), for himself and Mr. ABRAHAM, proposes an amendment numbered 2388.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Add at the end the following new sections:

SEC. ___. FINDINGS.

Congress makes the following findings:

(1) The United States Customs Service has identified goods, wares, articles, and merchandise mined, produced, or manufactured under conditions of convict labor, forced labor, and indentured labor in several countries.

(2) The United States Customs Service has actively pursued attempts to import products made with forced labor, resulting in seizures, detention orders, fines, and criminal prosecutions.

(3) The United States Customs Service has taken 21 formal administrative actions in the form of detention orders against different products destined for the United States market, found to have been made with forced labor, including products from the People's Republic of China.

(4) The United States Customs Service does not currently have the tools to obtain the timely and in-depth verification necessary to identify and interdict products made with forced labor that are destined for the United States market.

SEC. ___. AUTHORIZATION FOR ADDITIONAL CUSTOMS PERSONNEL TO MONITOR THE IMPORTATION OF PRODUCTS MADE WITH FORCED LABOR.

There are authorized to be appropriated for monitoring by the United States Customs Service of the importation into the United States of products made with forced labor, the importation of which violates section 307 of the Tariff Act of 1930 or section 1761 of title 18, United States Code, $2,000,000 for fiscal year 1999.

SEC. ___. REPORTING REQUIREMENT ON FORCED LABOR PRODUCTS DESTINED FOR THE UNITED STATES MARKET.

(a) REPORT TO CONGRESS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Customs shall prepare and transmit to Congress a report on products made with forced labor that are destined for the United States market.

(b) CONTENTS OF REPORT.—The report under subsection (a) shall include information concerning the following:

(1) The extent of the use of forced labor in manufacturing products destined for the United States market.

(2) The volume of products made with forced labor, destined for the United States market, that is in violation of section 307 of the Tariff Act of 1930 or section 1761 of the title 18, United States Code, and is seized by the United States Customs Service.

(3) The progress of the United States Customs Service in identifying and interdicting products made with forced labor that are destined for the United States market.

SEC. ___. RENEGOTIATING MEMORANDA OF UNDERSTANDING ON FORCED LABOR.

It is the sense of Congress that the President should determine whether any country with which the United States has a memorandum of understanding with respect to reciprocal trade which involves goods made with forced labor is frustrating implementation of the memorandum. Should an affirmative determination be made, the President should immediately commence negotiations to replace the current memorandum of understanding with one providing for effective procedures for the monitoring of forced labor, including improved procedures to request investigations of suspected prison labor facilities by international monitors.

SEC. ___. DEFINITION OF FORCED LABOR.

As used in sections ___ through ___ of this Act, the term ''forced labor'' means convict labor, forced labor, or indentured labor, as such terms are used in section 307 of the Tariff Act of 1930.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent to add my good friend and colleague, Senator ABRAHAM of Michigan, as an original cosponsor of this amendment.

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

Mr. HUTCHINSON. Mr. President, this amendment is simple and, again, it was noncontroversial when it was voted on in the House of Representatives. In fact, the language in this amendment passed the House with almost unanimous support. Having served in the House 4 years, I know this happens rarely. It was a 419-to-2 vote. So, it had overwhelming bipartisan support.

This amendment will simply do two things: First, it will express the sense of the Congress that the President should replace any memorandums of understanding on prison labor that lack effective monitoring procedures like the one negotiated with the People's Republic of China and replace the agreement with a stricter monitoring system.

Second, the bill authorizes $2 million in additional funds for the U.S. Customs Service to monitor the importation of slave-labor-produced goods. As everyone in this body knows, the importation of goods made by convicts has been banned for more than a half a century. This law underscores Americans' firm conviction that such products produced by coerced and forced labor should not be sold in this country. I believe Americans are repulsed by the very thought of benefiting from cheap prices on products produced by the sweat and blood of foreign prisoners.

Despite this ban, products made in Communist China's vast archipelago of slave labor camps, known as the laogai, continue to flow into this country unabated. This system of laogai, a word meaning reform through labor, was designed for the dual purposes of political control and forced economic development. Interestingly, this system is modeled on Stalin's Soviet Gulag, which we all remember was exposed most graphically by Alexander Solzhenitsyn.

This system of forced labor, slave labor, has been an integral part of Chinese totalitarianism since the inception of the People's Republic of China in 1949. Harry Wu, a survivor of the laogai, and a friend of mine, has estimated that some 50 million Chinese men and women have passed through these camps, of whom 15 million have perished. Today, anywhere from 6 to 8 million people are captive in the 1,100 camps of laogai, held and forced to work under grossly inhumane conditions.

According to official statistics, the laogai operate 140 export enterprises selling products to over 70 nations abroad, including the United States. These enterprises are responsible for producing key commodities, including uranium, graphite, rubber, cotton, asbestos, and one-third of Chinese tea is produced in these slave labor camps, as well as a huge array of consumer goods, including toys, artificial flowers and, ironically, Christmas lights and rosaries.

When I went to China in January, I asked to visit a laogai prison. In fact, I asked every day. I asked repeatedly, and repeatedly, but my requests to visit a laogai prison were denied. Fortunately, one of my colleagues in the House on an earlier trip, Representative FRANK WOLF, was able to visit Beijing Prison No. 1. This is the exterior of that prison camp that Congressman WOLF visited, a prison camp that includes a slave labor industry.

This second photo shows us the picture of the Beijing hosiery factory. This is located inside of that prison camp.

The third photo actually shows the assembly line where these products are made.

In this prison, Mr. WOLF found slave laborers producing socks on this assembly line. I have some of the very socks produced on that assembly line which Mr. WOLF brought back. You can see the socks. This particular pair was determined to be for export. This is not just a matter of laogai slave labor prisons, which would be horrific enough, that would be bad enough, but these particular products were made for export to other countries.

When I was in China, I saw many things. One thing I did not see was any golf courses, but the logo on these socks is a person swinging a golf club, obviously not intended for sale within China but for sale on the foreign market.

Although the United States entered into binding agreements with China in 1992 and 1994 to bar trade in prison labor products and to allow inspection of its forced-labor camps, the Chinese Government has frustrated their implementation, both by using dual names to disguise camp products and by denying access to those slave labor camps.

In 1996, the Chinese Government granted access to just one prison labor camp. Out of the whole laogai system, access in 1996 was granted to only one that had been requested by the U.S. Customs Service.

Mr. President, the following two charts show examples of laogai prison camps that have never been inspected, though the request has been made to visit. These photos were taken, obviously, outside the camp. This is laogai slave labor camp No. 5 and Zhejiang laogai slave labor camp. Both of these labor camps—we have a second picture as well—show individuals going into the camp. These pictures were obtained by the Laogai Research Foundation.

Mr. President, the two most recent State Department human rights reports on China state that ''Repeated delays in arranging prison labor site visits called into question the government's intention regarding the implementation of the two agreements.''

So we have two agreements with China which were to provide for inspections of these camps in which these kinds of products are made to compete with American workers. According to our State Department, we have found, instead of cooperation, obstructionism and delays in arranging for visits to those labor camps.

Obviously, I think this indicates that the Chinese Government is not intent on cooperating with us on trying to ensure that the products produced are not being sold domestically or to the foreign market and that humane conditions prevail in these camps.

The U.S. Customs Service has already banned 27 different products of laogai camps. Unfortunately, in testimony before the Senate Foreign Relations Committee, on May 22, 1997, the Customs Commissioner George Weise noted that the Customs Service is too weak and understaffed to monitor China's slave labor enterprises.

Specifically, he said:

> We simply do not have the tools within our present arsenal at Customs to gain the timely and in depth verification that we need.

I want to say I do not know whether he is accurate in that contention or not. I would not presume to say whether or not the Customs Service actually has the resources to do the job or not. But I want them to have no excuse; I do not want them to be able to come to the House or to the Senate, to our committees, our oversight committees, and say, we simply cannot do the job that we are mandated to do in ensuring that these products are not being sold in the United States of America that are being produced in these slave labor camps.

These expansive forced-labor camps operate at very low costs even in relation to China's lower wage scale, thus providing them a competitive advantage over other firms and giving them sizable profit margins that help to fund the Chinese Government. The laogai are in a win-win situation. It is a win-win for China. They help maintain their political control and indoctrination of the citizenry, and they funnel money into their treasury through these slave labor enterprises. American businesses that use wage-earning employees are being placed at a competitive disadvantaged by less scrupulous competitors who use this illegal source of artificially cheap labor.

These socks are the kind of thing they are producing. And they are producing them with slave labor, prisoners who are being paid little, if anything. And those laborers are competing with American workers, placing our workers at an incredible disadvantage. As more businesses rely on Chinese slave labor and slave-labor-produced goods, U.S. employment in these industries fall. Thus, despite the productivity advantage of U.S. labor—and I do not believe there is a better worker in the world; I do not believe there are harder workers in the world than the American worker—but in spite of that high productivity, how can we ask them to compete? And, in fact, they cannot compete against low- or no-cost employment in the People's Republic of China.

Mr. President, I doubt American consumers would knowingly fund a Stalinist system of forced labor and repression. That is why they support laws banning this practice and expect the U.S. Government to do everything possible to ensure that such products are not sold in the United States. Yet because of the lax enforcement and the open Chinese disregard for United States law, Americans are being duped into buying products made by slave laborers. I think that is unfortunate. I think they are doing so unwittingly. But I think we have to do a better job to ensure, in monitoring those products that are coming into this country, that they are not made in inhumane, slave labor conditions that exist in hundreds of prisons in China today.

That is why this is a modest—what I would call a baby step, this is a minimalist approach. This is the least we can do, to simply give $2 million to the Customs Service and say we have to have better monitoring of these products. We have a moral obligation to do everything in our power to stop slave labor and to end the flow of slave-labor-produced goods in this country which will stop the flow of profits or at least slow the flow of profits into the PRC. I think it is a rational first step, a small step but a rational step.

I urge my fellow Senators to join 419 Members of the U.S. House of Representatives by passing this amendment to increase the Customs Service enforcement funding and to reach agreements that give the Customs Service the powers they need to end this bloody trail.

I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Is there a sufficient second?

There is not a sufficient second.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. I would like to inquire of the Senator, here he provides $2 million to be used to handle this situation. Will that come out of the defense bill?

Mr. HUTCHINSON. I say to the chairman, I would presume that the $2 million—this is an amendment to the Department of Defense bill, so I would assume the $2 million would come out of the defense bill. And $2 million, I might add—if I might inquire of the chairman, the total budget, the total amount authorized in the defense bill, is how much?

Mr. THURMOND. If that comes out of defense, then I will have to oppose the amendment.

Mr. HUTCHINSON. I simply say that the national security of the United States—part of that is ensuring that the People's Liberation Army and the Chinese Government not receive resources and revenues through products produced by slave labor.

Mr. HARKIN. Will the Senator yield?

Mr. HUTCHINSON. I am glad to.

Mr. HARKIN. To answer the chairman's point, it does not come out of defense. It just authorizes the Department of Treasury to allocate $2 million.

Mr. HUTCHINSON. Two million dollars.

Mr. HARKIN. For this purpose.

Mr. HUTCHINSON. I thank my colleague for that clarification.

Mr. HARKIN. It does not come out of this.

Mr. HUTCHINSON. I say to the chairman, may I clarify my previous response that in fact it would not come from the Department of Defense, not come from the defense budget, but authorizes $2 million from the Department of Treasury. So it would not in any way intrude upon that which your committee has sought to ensure adequate defenses for the country.

Mr. THURMOND. Thank you for the clarification.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENT NO. 2402 TO AMENDMENT NO. 2388

(Purpose: To increase monitoring of imported products made with forced or indentured labor and forced or indentured child)

Mr. HARKIN. Mr. President, I have an amendment to the Hutchinson amendment I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. WELLSTONE, proposes an amendment numbered 2402 to amendment No. 2388.

Mr. HARKIN. Mr. President, I ask that reading of the amendment be dispensed with.

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

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

SECTION 1. FINDINGS.

Congress makes the following findings:

(1) The United States Customs Service has identified goods, wares, articles, and merchandise mined, produced, or manufactured under conditions of convict labor, forced labor, or indentured labor, in several countries.

(2) The United States Customs Service has made limited attempts to prohibit the import of products made with forced labor, resulting in only a few seizures, detention orders, fines, and criminal prosecutions.

(3) The United States Customs Service has taken 21 formal administrative actions in the form of detention orders against different products destined for the United States market, found to have been made with forced labor, including products from the People's Republic of China.

(4) However, the United States Customs Service has never formally investigated or pursued enforcement with respect to attempts to import products made with forced or indentured child labor.

(5) The United States Customs Service can use additional resources and tools to obtain the timely and in-depth verification necessary to identify and interdict products made with forced labor or indentured labor, including forced or indentured child labor, that are destined for the United States market.

(6) The International Labor Organization estimates that approximately 250,000,000 children between the ages of 5 and 14 are working in developing countries, including millions of children in bondage or otherwise forced to work for little or no pay.

(7) Congress has clearly indicated in Public Law 105–61, Treasury-Postal Service Appropriations, 1998, that forced or indentured child labor constitutes forced labor under section 307 of the Tariff Act of 1930 (19 U.S.C. 1307).

SEC. 2. AUTHORIZATION FOR ADDITIONAL CUSTOMS PERSONNEL TO MONITOR THE IMPORTATION OF PRODUCTS MADE WITH FORCED OR INDENTURED LABOR.

There are authorized to be appropriated $2,000,000 for fiscal year 1999 to the United States Customs Service to monitor the importation of products made with forced labor or indentured labor, including forced or indentured child labor, the importation of which violates section 307 of the Tariff Act of 1930 or section 1761 of title 18, United States Code.

SEC. 3. REPORTING REQUIREMENT ON FORCED LABOR OR INDENTURED LABOR PRODUCTS DESTINED FOR THE UNITED STATES MARKET.

(a) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Commissioner of Customs shall prepare and transmit to Congress a report on products made with forced labor or indentured labor, including forced or indentured child labor that are destined for the United States market.

(b) CONTENTS OF REPORT.—The report under subsection (a) shall include information concerning the following:

(1) The extent of the use of forced labor or indentured labor, including forced or indentured child labor in manufacturing or mining products destined for the United States market.

(2) The volume of products made or mined with forced labor or indentured labor, including forced or indentured child labor that is—

(A) destined for the United States market,

(B) in violation of section 307 of the Tariff Act of 1930 or section 1761 of title 18, United States Code, and

(C) seized by the United States Customs Service.

(3) The progress of the United States Customs Service in identifying and interdicting products made with forced labor or indentured labor, including forced or indentured child labor that are destined for the United States market.

SEC. 4. RENEGOTIATING MEMORANDA OF UNDERSTANDING ON FORCED LABOR.

It is the sense of Congress that the President should determine whether any country with which the United States has a memorandum of understanding with respect to reciprocal trade that involves goods made with forced labor or indentured labor, including forced or indentured child labor is frustrating implementation of the memorandum. If an affirmative determination be made, the President should immediately commence negotiations to replace the current memorandum of understanding with one providing for effective procedures for the monitoring of forced labor or indentured labor, including forced or indentured child labor. The memorandum of understanding should include improved procedures for requesting investigations of suspected work sites by international monitors.

SEC. 5. DEFINITION OF FORCED LABOR.

In this Act, the term ''forced labor'' means convict labor, forced labor, or indentured labor, as such terms are used in section 307 of the Tariff Act of 1930. The term includes forced or indentured child labor—

(1) that is exacted from any person under 15 years of age, either in payment for the debts of a parent, relative, or guardian, or drawn under false pretexts; and

(2) with respect to which such person is confined against the person's will.

Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) is amended by adding at the end the following new paragraph:

''For purposes of this section, forced or indentured labor includes forced or indentured child labor.

Mr. HARKIN. Mr. President, this is a second degree to the Hutchinson amendment.

I ask unanimous consent to add my name to the Hutchinson amendment as a cosponsor; and Senator WELLSTONE also wanted to be added as a cosponsor of the amendment.

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

Mr. HARKIN. I have spoken with the author of the pending amendment, and I am very supportive of Senator Hutchinson's amendment. This is a friendly amendment, which he accepts. My amendment does not in any way change the intent of the Hutchinson amendment nor does it add any more money.

Basically, this amendment reflects the intent of Congress to include forced and indentured child labor in the interpretation of section 307 of the Tariff Act of 1930.

The Congress spoke with one voice when it instructed the U.S. Customs Service to block from entry into the United States any imports made by forced or indentured child labor, as they are inherently for imports made with forced and indentured labor.

This clarification of congressional intent was part of the fiscal year 1998 Treasury-Postal appropriations bill which the President has signed into law. So, again, this amendment does not change anything really of the Hutchinson amendment. It simply adds forced and indentured child labor as part of the amendment.

As I said, it preserves the congressional intent passed last year. The U.S. Customs Service will still be able to aggressively pursue items made with convict labor, forced labor, or indentured labor, and prevent them from reaching our shores. They should rightly do so. That is why I am supportive of the Hutchinson amendment.

Again, the reason this is necessary is a little over a year ago—actually about 2 years ago now—I contacted the Treasury Department to ask if section 307 of the Tariff Act of 1930 covered forced and indentured child labor.

I got a letter back saying, well, they did not know. They needed clarification. Last year, under the Treasury-Postal appropriations bill, we provided that clarification that it indeed covered forced and indentured child labor. And that is what my amendment does here; it just adds those words back in there.

And, again, it should be added because in many cases these children are like slaves. They are sold, maybe sometimes for an outstanding debt that is owed to a family. They are traded like cattle. Typically what happens is, a child is sold into a factory or plant as a payment for an outstanding debt. The middle man, a loan shark, transfers the child to a work setting far away from his home. And these kids literally work as virtual slaves doing anything from making rugs to soccer balls to serving as prostitutes, to breaking bricks or mining granite or making glassware. Many times these kids are never released from their bondage until they get too old to do the work. They are punished severely; a lot of times they work 12 to 15 hours a day.

Mr. President, last year I visited a place out of New Delhi called the Muki Ashram, or ''liberation retreat'' established in 1991 by Kailash Satiyarti, president of the South Asian Coalition on Child Servitude, located right outside of New Delhi, a place where bonded child laborers are freed from the shackles of slavery. They are brought there, they are rehabilitated, they are able to go to school, learn a trade and regain their sense of self-worth. I was deeply moved by this establishment.

I saw somewhere between 50 and 100 kids who were there, many as young as 8 years of age, many of whom had been beaten. I saw kids that had marks still on their face and their arms where they had been burned with red-hot pokers and things like that. These kids were now being taught in a school, provided nutrition. As I said, they get their sense of self-worth back.

I have two stories here of two of the kids who I saw when I was there. I ask unanimous consent that these two stories be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STORY OF EXPLOITED CHILD

Mohan, a seven year old boy exploited by a carpet loom owner. He was taken away by a dalal from his native village of Bihar to a carpet loom in Allahabad, U.P. Labour recruiter (Dalal) came to his parents and lured them by giving false promises of a good life and bright future of Mohan Kumar.

After reaching Allahabad, his cruel employer treated him just like an animal, Mohan was forced to work for 16–18 hours a day. While working he was beaten very frequently by his master or his attendant. Some times he passed sleepless night due to pain, but nobody was taking care of him. In the name of food, he was given only two chapaties, and forced to eat at the same place where he worked. He was guarded by the attendant of his master in the night and even not allowed to go for routine work alone.

One day Mohan was weeping to go to meet his parents at the very moment, his cruel employer hitted him by a pointed weapon. His left eye had injured. His parents came to know of his pathetic condition, they reported the matter to the activists of BBA–SACCS. A raid and rescue operation was organized by activists of BBA–SACCS for releasing of Mohan Kumar.

After releasing, Mohan Kumar joined Mukti Ashram, he was suffering from the traumatic effects. Still he has the mark of that brutal act of his master under his left eye. Slowly and gradually, he accustomed with the environment of Mukti Ashram and recovered from the traumatic effect. He began to taking interest in his studies. Now his ambition to become a Sub-divisional Magistrate (SDM) so that, he can help to those miserable children, who are in bondage.

SMILE EVEN WHEN YOU ARE IN TROUBLE

One fine morning Nageshwar sang while walking in Mukti Ashram's garden—''Smile and sing even when you are in trouble.'' For every winter follows spring as the dawn follows dusk.

And the Mukti Ashram celebrated it, Everyone, children and teachers were singing and dancing, 'Thank God! Nageshwar's voice came back, which he lost for more than three weeks.

Nageshwar comes from a remote district of Bihar. When he was seven and playing with his two younger brothers, a Dalal (Labour recruiter) came along with four children of the same age of Nageshwar lured him by giving some sweets and false promise of a good life and bright future. Due to allurement, Nageshwar and his brothers were ready to go with Dalal. Dalal taken away them to a carpet loom situated in the remote area of Allahabad, Uttar Pradesh.

Carpet loom owner treated him just like a slave. Nageshwar was forced to work for 18 to 20 hours a day even some times for whole night also. While weaving the carpet his cruel employer often beat him brutally with a panja (a tool used in carpet weaving). In the name of food, Nageshwar's employer given him two chapaties with salt twice a day and forced to eat. Nageshwar has no separate place to sleep and forced to sleep only for two hours in the same place where he worked.

It was November 1st, 1995 the acts of barbarism against Nageshwar reached their peak. Around mid night after Nageshwar had helped his two younger brothers to escape from the continuous harassment, physical torture and tyranny they had been suffering for years, his employer punished him with red hot iron rod, causing irreparable damage to his body. Nageshwar cried and cried—'Oh God, Oh father' but no body was their to help him.

When the villagers noticed the sign of this torture they reported to BBA–SACCS. November 4th 1995 was the independence day for Nageshwar. On that day Nageshwar and his younger brothers and other four children were released with the great efforts of the activists of BBA–SACCS.

When Nageshwar came to the Mukti Ashram, he was ''shell shocked'', and lost his speech. After a month of comprehensive medical treatment and special care and attention from other children and the Ashram staff, he became able to speak and express his feelings Slowly and gradually he had begun to enjoy the life of Mukti Ashram.

Mr. HARKIN. Again, I want to make it clear I am very supportive of the Hutchinson amendment. I believe it is a good amendment. This is a friendly amendment—just to add the word ''child.'' In other words, under ''forced and indentured labor'' to include ''forced and indentured child labor'' to clarify section 307 of the Tariff Act of 1930.

I am proud to be a cosponsor of the Hutchinson amendment.

Mr. HUTCHINSON. Will the Senator yield?

Mr. HARKIN. Yes.

Mr. HUTCHINSON. I may have missed this. Would you clarify it, was this the language that was adopted last year?

Mr. HARKIN. Yes, this exact language was adopted by both the House and the Senate last year on the Treasury-Postal appropriations bill.

Mr. HUTCHINSON. But because it was appropriations, it was only good for 1 year?

Mr. HARKIN. That is the problem.

Mr. HUTCHINSON. I express my support for the friendly amendment and appreciate your support for the underlying amendment.

Mr. WARNER. 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.

Mrs. FEINSTEIN. 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. WARNER. Mr. President, if the Chair will advise as to the pending amendment so everybody listening has it clearly in mind.

The PRESIDING OFFICER. The pending amendment is amendment numbered 2402 offered by the Senator from Iowa as a second-degree amendment to the amendment of the Senator from Arkansas.

Mr. WARNER. For further clarification, the yeas and nays have not been ordered?

The PRESIDING OFFICER (Mr. INHOFE). That is correct.

Mr. WARNER. And therefore the debate and the colloquy on this amendment should continue. I am advised that we would not be successful in a unanimous consent requirement to lay it aside and am perfectly willing at this time to continue debate on the Senator's amendment.

Mr. HUTCHINSON. Mr. President, I would like to modify my amendment to accept the Harkin second degree.

The PRESIDING OFFICER. The amendment will be so modified.

The amendment (No. 2388), as modified, is as follows:

At the end of the bill add the following:

SECTION 1. FINDINGS.

Congress makes the following findings:

(1) The United States Customs Service has identified goods, wares, articles, and merchandise mined, produced, or manufactured under conditions of convict labor, forced labor, or indentured labor, in several countries.

(2) The United States Customs Service has made limited attempts to prohibit the import of products made with forced labor, resulting in only a few seizures, detention orders, fines, and criminal prosecutions.

(3) The United States Customs Service has taken 21 formal administrative actions in the form of detention orders against different products destined for the United States market, found to have been made with forced labor, including products from the People's Republic of China.

(4) However, the United States Customs Service has never formally investigated or pursued enforcement with respect to attempts to import products made with forced or indentured child labor.

(5) The United States Customs Service can use additional resources and tools to obtain the timely and in-depth verification necessary to identify and interdict products made with forced labor or indentured labor, including forced or indentured child labor, that are destined for the United States market.

(6) The International Labor Organization estimates that approximately 250,000,000 children between the ages of 5 and 14 are working in developing countries, including millions of children in bondage or otherwise forced to work for little or no pay.

(7) Congress has clearly indicated in Public Law 105–61, Treasury-Postal Service Appropriations, 1998, that forced or indentured child labor constitutes forced labor under section 307 of the Tariff Act of 1930 (19 U.S.C. 1307).

SEC. 2. AUTHORIZATION FOR ADDITIONAL CUSTOMS PERSONNEL TO MONITOR THE IMPORTATION OF PRODUCTS MADE WITH FORCED OR INDENTURED LABOR.

There are authorized to be appropriated $2,000,000 for fiscal year 1999 to the United States Customs Service to monitor the importation of products made with forced labor or indentured labor, including forced or indentured child labor, the importation of which violates section 307 of the Tariff Act of 1930 or section 1761 of title 18, United States Code.

SEC. 3. REPORTING REQUIREMENT ON FORCED LABOR OR INDENTURED LABOR PRODUCTS DESTINED FOR THE UNITED STATES MARKET.

(a) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Commissioner of Customs shall prepare and transmit to Congress a report on products made with forced labor or indentured labor, including forced or indentured child labor that are destined for the United States market.

(b) CONTENTS OF REPORT.—The report under subsection (a) shall include information concerning the following:

(1) The extent of the use of forced labor or indentured labor, including forced or indentured child labor in manufacturing or mining products destined for the United States market.

(2) The volume of products made or mined with forced labor or indentured labor, including forced or indentured child labor that is—

(A) destined for the United States market,

(B) in violation of section 307 of the Tariff Act of 1930 or section 1761 of title 18, United States Code, and

(C) seized by the United States Customs Service.

(3) The progress of the United States Customs Service in identifying and interdicting products made with forced labor or indentured labor, including forced or indentured child labor that are destined for the United States market.

SEC. 4. RENEGOTIATING MEMORANDA OF UNDERSTANDING ON FORCED LABOR.

It is the sense of Congress that the President should determine whether any country with which the United States has a memorandum of understanding with respect to reciprocal trade that involves goods made with forced labor or indentured labor, including forced or indentured child labor is frustrating implementation of the memorandum. If an affirmative determination be made, the President should immediately commence negotiations to replace the current memorandum of understanding with one providing for effective procedures for the monitoring of forced labor or indentured labor, including forced or indentured child labor. The memorandum of understanding should include improved procedures for requesting investigations of suspected work sites by international monitors.

SEC. 5. DEFINITION OF FORCED LABOR.

In this Act, the term ''forced labor'' means convict labor, forced labor, or indentured labor, as such terms are used in section 307 of the Tariff Act of 1930. The term includes forced or indentured child labor—

(1) that is exacted from any person under 15 years of age, either in payment for the debts of a parent, relative, or guardian, or drawn under false pretexts; and

(2) with respect to which such person is confined against the person's will.

Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) is amended by adding at the end the following new paragraph:

''For purposes of this section, forced or indentured labor includes forced or indentured child labor.

Mr. WARNER. Mr. President, on behalf of the chairman of the Armed Services Committee, Mr. THURMOND, 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. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that Richard Voter, a military fellow in the office of Senator WARNER, be granted floor privileges for the duration of the Senate debate on S. 2057, the Defense Authorization Act.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. THURMOND. 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. WARNER. 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. WARNER. Mr. President, the chairman of our committee, the distinguished ranking member, and myself are trying the best we can to accommodate a number of Senators. The Senator from Minnesota is anxious to speak in relation to one of the pending amendments by the Senator from Arkansas.

I ask unanimous consent that following the Senator from Minnesota, the Senator from California be recognized for the purpose of another amendment, and then we will take it from there.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. D'AMATO. Mr. President, I ask unanimous consent that I may be permitted to proceed for up to 5 minutes as in morning business.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Without objection, it is so ordered.

THE FIGHT AGAINST BREAST CANCER

Mr. D'AMATO. Mr. President, I see the Senator from California on the floor and I would like to give her whatever part of my time that might be left because this is in regard to legislation that I think is so important. It is important for the psychology of the women of America who, unfortunately, will be diagnosed with breast cancer. It is important in their medical treatment. It is important to their families. It is important to the community. It is important to let people know we are serious in our battle to win the fight against breast cancer and to see that those who are diagnosed get the proper treatment and don't have some medical plan or medical director who says that—as a result of the ERISA laws passed more than 20 years ago—we don't have to provide you basic coverage; we don't have to say that reconstructive surgery is covered. And, indeed, we have had plans today in America where millions of women face being denied basic coverage as it relates to cancer and its treatment and the reconstructive surgery that is necessary.

On January 30, 1997, Senator FEINSTEIN and myself, along with a dozen or more colleagues—now 21—introduced the Women's Health and Cancer Rights Act. We have amended that and, indeed, put some provisions aside, and we have reduced it to two main parts. No. 1, no bean counter, no statistician can set an arbitrary limit on the length of time that a woman takes after a medical procedure for breast cancer. Some plans limit her stay to 24 hours. Imagine that. If there are complications, it is too bad. She and her family then have to pay for any longer stay. That is unconscionable. The decision in terms of the length of stay should be predicated upon the needs of that patient. That determination should be made according to the medical necessity and by her physician, not some bean counter who arbitrarily looks at a policy and says, ''We won't pay for more than 24 hours.'' We say that decision should be made as the medical necessity requires.

The second major provision of that bill is that reconstructive surgery will not be treated as something optional or cosmetic. Let me refer to the case of a young woman. This past February, not that long ago, her doctor called me. Dr. Wider of Long Island said to me, ''Janet Franquet, a 31-year-old woman, needs a radical mastectomy. When I contacted her medical plan, the medical director said that they would not