or how much funding this particular project should receive. But there have always been some guidelines governing a conference. First, you are working toward a compromise. This means, by definition, you are not going to get everything you want. However, it also means you will get something that will work. Second, in a conference, you aren't starting from scratch. Each body has reviewed, debated, and passed a version of legislation—a starting point, if you will, for compromise.

These compromises, often difficult to arrive at, are worked out behind closed doors. Out of the watchful eye of the public. Legislating can be an ugly process, and often negotiations continue in a much more open and frank manner in private than under the media microscope. But compromise should not be the occasion for legislating afresh, for ignoring the expressed intent of majorities in both Houses.

Looking through the Military Construction Appropriations bill this last week, I was distressed at some of the items I found that seem to have magically appeared. 6 C–130Js and a new Gulf Stream 5 for the Coast Guard, for example. So far as I know, the Coast Guard did not ask for a Gulf Stream, and we did not vote for one. But there it is.

At the same time, it seems that needed funds to support the DEA's continued assistance to State and local law enforcement agencies to clean up methamphetamine labs have disappeared—and no one seems to know where it went.

Heading into the conference, it was clear what the situation was. The House had provided $15 million in emergency funds for needed methamphetamine lab-cleanup. The Senate provided a total of $50 million for meth-related activities by the DEA—$10 million was added in Committee, and an additional $40 million was adopted on the floor for ''initiatives to combat methamphetamine production and trafficking.'' So you would think—I certainly thought—that the conferees would return with some funding—most likely between $15 and $50 million—for meth lab clean-up.

But something happened in the conference. Someone waved a magic wand, and ''Poof!'' The money is gone. Where did it go? The conferees don't know. Why is it gone? The sponsors of the funds don't know. I don't know. Inquiries have left me feeling like Jimmy Stewart commenting on the evidence in his case in the 1959 movie classic, ''Anatomy of a Murder,'' where he notes evidence appears and disappears in a ghostly fashion. But what I do know is that I have to explain this to my constituents—to the law enforcement agencies in Iowa who are dependent upon these funds to support their clean up efforts of these mini environmental catastrophes. I am not alone.

All of this funding hocus pocus I find to be very troubling. I hope we can solve the mystery and avoid its like in the future.

The PRESIDING OFFICER. The distinguished Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I ask to speak as if in morning business, and I believe my time is taken from the time controlled by Senator DURBIN.

The PRESIDING OFFICER. The Senator is correct.

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THE CONFERENCE PROCESS

Mr. BAUCUS. Mr. President, I want to follow on with the comments of my good friend from Iowa, Senator GRASSLEY, and praise him for pointing out that the conference system is becoming bankrupt.

Way too often conferees put in measures and take out measures that have nothing to do with the underlying bill that goes to conference. It is becoming so bad that I think sometime—my hope is in the next Congress—the Senator from Iowa, myself, and others should meet with our leadership to prevent this from continually happening. It bankrupts the process. It also causes more Americans to become even more concerned about the political process. We, as Senators, cannot go home and say what is or is not happening. Rather, we have to go home and report just what the Senator from Iowa reported—that somehow, by magic or by mystery, things sort of appear and disappear. It does not make us feel good as Senators because we like to know what is occurring. It certainly doesn't help our constituents feel any better about the process because they hope we know what is happening. More than that, they hope we are fighting for their case. But if we don't know the contents of the conference process, we don't know how something gets put in or taken out, and we look foolish. It is a major abrogation of our responsibility as a Senate to the American people for whom we work. They are, after all, our employers. At times, the Senate is too secretive.

It reminds me of an incident I was involved in when I first came to the House more than 20-some years ago. At that time, I was a freshman House Member. I had a few free minutes one afternoon—about an hour or two. I thought that I would go to the conference on the tax bill; I might learn something. I thought I would go to the conference and learn a little about tax law and the conference process.

I called around to try to figure out where the conference was meeting. Nobody would tell me. At that time, Mike Mansfield from Montana was the majority leader of the Senate. I thought I could call Senator Mansfield's office; certainly they could tell me where the conference was meeting. They did. They told me. It was in the big hearing room over in the Longworth Building. There was a policeman standing at the door leading to the executive room. I knew what was going on. He challenged me. I said I was a Member. I intended to reply that I was a member of the conference, but, rationalizing, I said I was a Member of Congress, and he waved me in.

I walked back into the executive room. There were Senate Members in the hearing room on one side of the table with conferees, and Russell Long was at the table with House conferees. Russell Long was talking about when he was a kid in Louisiana. It was great listening to it. There was a sea of executive branch people. In the hearing room with Treasury Secretary Simon was a sea of Treasury employees.

I took an out-of-the-way spot. I found a chair over on the side, and I sat down out of the way to watch. After about 10 minutes, Congressman Jim Burke from Massachusetts shuffled over to me—an elderly man. He came to me and said: I am sorry. I have to ask you to leave. Leave? Why? He said it was just the rules. I said respectfully that I would like to know what rule was requiring me to leave. He said, well, it is the Senate rules. So I said, well, I appreciate that. As a House Member, I wanted to know which Senate rule it was that prohibited my attendance as a Member of Congress watching this conference. He said, well, it is just the Senate rule.

I thought for a while. I thought: That is wrong; it is not right. I am not going to make a big fuss about it right here; I will later. I am going to leave because he asked me to leave, but I will see what I can do about it. It is the rule.

For example, Congressman Bill Green couldn't be there either. Bill Green was then a Congressman and the member of the House Ways and Means Committee in the House who authored a provision to delete the depletion allowance that was in the House bill. Even he could not attend, the rule then being nobody could attend a conference except conferees—nobody else. But there were more people from the executive branch. They were there, along with Treasury Secretary Simon.

I came over to the House floor. I mentioned this to Congressman Mikva from Illinois. He said: MAX, you are entirely right. That is wrong. I have been fighting that rule for years.

A few of us stood up on the House floor that afternoon and explained how we thought it was wrong. In the next session of Congress, the rules were changed. Afterwards, all conferences were totally open to the public.

I know some Members of Congress don't like that. They do not like the sun shining in conferences. But that was the rule. We started it back then. I think it is in the public interest. It is a good rule.

It seems things have changed slowly; conferences should not be secret. They are bipartisan. Both political parties attend, but often the minority party is shut out. One wonders what is happening. The real danger is, if and when the Democrats are in the majority, the Democrats are going to be tempted to do the same thing. It is wrong. Neither side should do that. They should be

much more open and much more closely should enforce that rule, and matters not pertaining to the conference should not be included in the conference report. It is something we have to stand up and enforce for the good of the Senate and for the good of the country; otherwise, there will be chaos, or anarchy, or a dictatorship—whatever it is.

Based upon the comments of my good friend, I am very inclined to work with him next year to see if we can do something about that. I think there are many others in the Senate who share the same view. It has gotten out of hand.

I thank the Senator from Iowa for the statement.

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PERMANENT NORMAL TRADING RELATIONS WITH CHINA

Mr. BAUCUS. Mr. President, I would like to speak a few words on a matter that will be coming before this body, I hope, later this week; that is, beginning the process of the United States agreeing to extend permanent normal trading relations status with China.

I would like to step back for a few moments and reflect a bit on its significance and on its implications. The irony is that we are even talking about this today because I think the bill to grant China PNTR has the strong support of at least three-fourths of the Senate. It is deeply in our national interest. I wish it had been passed some time ago. Actually, we should have passed it months ago. Instead, we have had to struggle to find time to consider it in this chamber. We are now approaching the eleventh hour of this session of Congress with a week left this month and a few weeks in September.

I personally believe this issue should have been handled differently. We should have brought it up much earlier. But later is better than never. I am glad we are finally approaching the denouement.

For over two millennia, China was ruled by a series of imperial dynasties. The last Emperor was overthrown in 1912. Warlords, dictators, and the Japanese military then took over parts of the country at various times.

In 1949, the Chinese Communists took control of the entire Chinese mainland. Chiang Kai-shek and his supporters were forced to flee to Taiwan. Then followed three decades of absolute, totalitarian, Communist rule by Mao Zedong.

To oversimplify, in 1979, Deng Xiaoping signaled the beginning of the end of Marxist-Leninist-Maoist ideology as the underlying construct of the Chinese economy, polity, and society.

Another critical turning point was Deng's so-called ''Southern Journey'' in 1992. He visited Shenzhen, other parts of Guangdong Province, and Shanghai. On that journey, he advocated more economic openness, faster growth, and more rapid progress toward a market-based economy.

For the next two decades, we witnessed both progress and retreat in China's economic and political developments. Dramatic opening to foreign products and foreign investment. Yet a continuing government effort to maintain control over telecommunications.

The massacre of students at Tiananmen Square in 1989. Yet relatively unfettered access today by many Chinese to the Internet. Repeated violations of contract sanctity. Yet the development of domestic stock markets and Chinese companies placing issues on foreign stock exchanges.

The battle in China between the forces of reform and the forces of reaction continues. No one can predict how it will end, or when. But it is certainly in the vital interest of the United States to do everything we can to support those who favor reform over totalitarianism. Those who favor private enterprise over state-owned enterprises.

That means we must work to incorporate China into the international community. We need to engage China with the goal of promoting responsible behavior internally and externally. Encouraging them to play by international rules. Integrating the Chinese economy into the market-driven, middle-class, participatory economies of the West.

Economic reforms never have an easy time. And the forces in China that want to maintain the status quo are strong.

But, economic reform, moving to a market economy, transparency, direct foreign investment, listing of companies on overseas markets. Progress in all these areas is of vital importance to the United States as they relate to stability in China, accountability, and the development of a middle class. China's entry into the WTO will help anchor and sustain these economic reform efforts and empower economic reformers. China will not become a market-driven economy overnight. But it is in our interest that they move in this direction. And the WTO will help the process.

Around the world, we have seen that economic growth leads to the development of a large and strong middle class. Eventually, the middle class makes demands on political leaders for greater participation, accountability, and openness. It takes time. For example, eighty years ago, the Kuomintang, the KMT, was created by the same Soviet advisors who created the Chinese Communist Party. Fifty years ago, the KMT massacred Taiwanese citizens. Twenty years ago, the KMT still ruled Taiwan under martial law. Yet Taiwan just held its second truly democratic election.

There are many other examples. Look at Korea. A quarter of a century ago, the Korean government tried to murder the dissident Kim Dae Jung. Now, President Kim Dae Jung has begun to transform Korea's economic structure. He has traveled to Pyongyang in one of the most remarkable initiatives in modern world history. He is worried about being turned out of office in the next democratic election; such is the way of democracy.

The Philippines in 1986, Thailand in 1990, Indonesia in 1999. They all showed us the power of the development of a middle class. There is nothing fundamentally unique about China that makes a similar type of change impossible, or even improbable, over time.

Once China joins the WTO, China will be accountable for its behavior to the outside world, for perhaps the first time in history. The dispute settlement system at the WTO is far from perfect. Many members are working to open up dispute settlements and make it more available to the outside world. I have been among its most vociferous critics. But WTO dispute settlement will allow other countries to examine Chinese domestic economic practices.

It will force China to explain actions that other members believe violate global rules for the first time in world history. When a violation is found, it will put pressure on China to change and comply with the internationally accepted rules of the WTO. Not a perfect organization, but certainly better than none. This type of external scrutiny of China is virtually unprecedented. It has implications that may go far beyond trade, as China learns about the need to respect the rule of law among nations.

Let me turn to Taiwan for a moment. Taiwan will accede to the WTO very shortly after China does. What will happen when both enjoy full membership?

They will participate together, along with all other WTO members, in meetings ranging from detailed technical sessions to Ministerial level gatherings. There will be countless opportunities for interaction at many levels. Under the WTO's most-favored-nation rule, they will have to provide each other the same benefits that they grant to all other members. That is a very important principle. Taiwan's current policy limiting direct transportation, communication, and investment with the mainland will not stand up to WTO scrutiny. Each will be able to use the WTO dispute settlement mechanism against the other. They will have to meet directly and deal with economic differences in a peaceful way.

Presumably, either could take reservations, such as a national security exception, against the other in certain areas. That is a decision still to be made. But, no matter what, membership in the WTO and WTO-induced liberalization will increase and deepen ties between Taiwan and the PRC in trade, investment, technology, transportation, information, communications, and travel. And that has to contribute to the maintenance of peace across the Taiwan Strait.

China is emerging from one hundred and fifty years of national torpor. How we in America, and how the leadership in China, manage this relationship will