

the delivery by various means, everything from suitcases to ships to truck bombs, perhaps to missiles. Those are the greatest risks that this Nation faces as we enter the next century. But we are not reducing those risks; we are probably increasing those risks, if Russia, seeing us commit to deploy a system unilaterally which could violate the ABM Treaty, then decides, as General Shalikhavili suggests they would, that they can no longer comply with START I, cannot ratify START II, or negotiate further reductions in START III.

So, I hope that this bill will not be adopted. It was a vote of 10 to 7 in the Armed Services Committee which approved reporting this bill to the Senate. I assume it would be a very heavily debated bill, should it come before the Senate. But in the meantime, I oppose this bill.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Madam President, I ask unanimous consent that we might proceed as in morning business.

Mr. COCHRAN. Reserving the right to object, Madam President, and I don't want to object, but I had hoped we could conclude this debate here and I would withdraw this motion. I know of no Senators coming over to speak, unless the Senator from Oregon is seeking to speak on this motion to proceed to the bill. I heard there were other Senators who were interested. If the Senator will permit me a couple of minutes, then I will withdraw this motion and he can proceed as in morning business. But right now, the business is the motion to proceed to consider this missile defense bill. It won't take long, I assure the Senator, if he will indulge me.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, I would like to make one closing point that I think should be made regarding the nature of the threat that exists now from other nations that are rapidly increasing both the range and sophistication of their missile systems. I talked about Iraq, our experience in the Persian Gulf war, what we have known about the capability which they developed very quickly after the purchase of systems from North Korea. We talked about Iran and the medium-range Shahab-3 and -4 systems that they are developing. We talked about Pakistan's testing last month a 1,500-kilometer-range missile, when 6 months ago the Defense Department's report on proliferation around the world said that Pakistan had only a 300-kilometer-range missile and a shorter-range missile in their arsenal. No mention was made of any longer-range missile.

But I have neglected to point out what is happening, and what we know has happened, in North Korea, which has led to an assessment that they are developing missiles with much greater ranges than that. There is under devel-

opment the Taepo-Dong 2 missile with a 6,000-kilometer intercontinental capacity, which would put within its range portions of Alaska and Hawaii.

These are facts. These are reports that have been made public. We know that they have already deployed systems that are of shorter range than that, creating a very unstable and stressful situation because of the missile threat in that region of the world. We are kidding ourselves if we continue to assume that there is no emerging threat. These threats have emerged, they exist now, and they show the capacity of nation states to develop, with their own technology, their own technicians, weapons systems that are going to have longer and longer ranges and the capacity to deliver weapons of mass destruction.

That is the reality. And when a CIA Director says that he cannot predict when rest-of-the-world nations will have intercontinental ballistic missiles because of "gaps and uncertainties"—when we don't have the capacity to make those findings and projections—it seems to me that the facts are clear, and the facts are serious. They should cause us great concern and convince the Senate that it ought to take action in the passage of this legislation, and change our policy of "wait-and-see" to one of "deploy as soon as the technology is ready." It is going to be in our interests to deploy a system 1 year sooner than it is needed rather than 1 year after it is needed.

Madam President, I had notified other Senators that we were going to withdraw the motion to proceed to consider this bill. There will be other opportunities to talk about it when it comes up on Wednesday, if a vote on cloture is ordered then, or Senators may talk about it as in morning business during the remainder of this evening. But if other Senators do not wish to talk on the subject, it is my intention to withdraw the motion.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Madam President, briefly, I ask unanimous consent that the portion of the annual report to the President and Congress from Secretary Cohen entitled "National Missile Defense Program" be printed in the RECORD.

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

EXCERPT OF SECRETARY OF DEFENSE WILLIAM S. COHEN'S ANNUAL REPORT TO THE PRESIDENT AND THE CONGRESS, 1998, PAGES 65-66

The Intelligence Community has concluded that the only rogue nation missile in development which could conceivably have the range to strike the United States is the North Korean Taepo Dong 2, which could strike portions of Alaska or the far-western Hawaiian Islands, but the likelihood of its being operational by 2005 is very low. With this exception, no country, other than the declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that could threaten the United

States, although outside assistance is a wildcard that could shorten timelines to deployment.

The NMD program is structured to develop and test system elements the United States could deploy if intelligence indicated that a new strategic threat was emerging. The United States is not making a decision to deploy a national missile defense at this time. Deploying before the threat emerges would preclude deploying the most advanced technology if and when the threat does emerge. If a threat does not emerge, the NMD program will continue to improve the performance of the system by advancing the technology of each element and adding new elements as necessary, while maintaining the capability to deploy a system in a short period of time.

Mr. LEVIN. Madam President, I will just read one paragraph from this, and then I want to ask my good friend from Mississippi a question. The paragraph reads:

The national Missile Defense Program is structured to develop and test system elements the United States could deploy if intelligence indicated that a new strategic threat was emerging. The United States is not making a decision to deploy a national missile defense at this time. Deploying before the threat emerges would preclude deploying the most advanced technology if and when the threat does emerge. If a threat does not emerge, the NMD program will continue to improve the performance of the system by advancing the technology of each element and adding new elements as necessary, while maintaining the capability to deploy a system in a short period of time.

There is also a discussion in the previous paragraph, which is now incorporated in the RECORD, as to why, relative to the North Korean Taepo Dong 2, and the "likelihood of its being operational by 2005 being very low."

Now, my question of my friend is this. He made reference to the fact that the motion is being withdrawn. I want to be sure I understand; I assume he means that the motion is being set aside at this time—is that correct?—and that the scheduled vote on Wednesday is what is contemplated.

Mr. COCHRAN. That is the intention of this Senator. Thank you.

Mr. LEVIN. I thank the Chair.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Madam President, I ask unanimous consent that the motion to proceed be withdrawn.

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

MORNING BUSINESS

Mr. COCHRAN. Madam President, I ask unanimous consent that there now be a period for the transaction of routine morning business, with Senators permitted to speak for up to 10 minutes each.

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

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Madam President, I ask unanimous consent to speak in morning business.

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

INTERNET TAX FREEDOM ACT

Mr. WYDEN. Madam President, we had a thoughtful discussion on the floor of the Senate earlier today with Senator MCCAIN and Senator DORGAN especially with respect to the high-tech issues that will be coming up over the course of this week.

In a sense, it is ironic that we call it high-tech week here. I am very pleased that Senator LOTT and Senator DASCHLE have been able to get an agreement to deal with these issues. And, in a sense, we are going to be dealing with high-tech issues all year round as we face the 21st century. It is not going to be something that we look at just from time to time, but it will essentially dominate, in my view, debate about public policy in the years ahead. And I am particularly hopeful that this week we will have an opportunity on the Senate floor to debate the Internet Tax Freedom Act which, as our Presiding Officer knows, was debated at some length in the Senate Commerce Committee earlier this year.

My sense is that these tax issues are especially important because it is so critical that our country lay out a set of ground rules, a set of principles that will address the question of taxation and the digital economy.

Right now, you can live in the Dakotas, and if you want to send a tasty fruit basket from a company in Oregon, you can order it on line, say, from a firm in Virginia, and pay for it with a Florida bank card, and you can end up absolutely baffled with respect to how many jurisdictions may be in a position to impose taxes on this particular transaction.

We have already heard in testimony before the committee that the uncertainty surrounding these transactions has caused some businesses to go under. In particular, we heard from a small business in Tennessee about the problem. The Wall Street Journal recently reports in a Peat Marwick survey that many financial executives are uncertain with respect to how transactions will be handled in cyberspace. This has contributed to uncertainty and reluctance to go forward and do business on line.

Recently, one of the prominent analysts, a firm by the name of Vertex, cited several States where it was really impossible to know how to proceed with respect to electronic commercial transactions because, in effect, the rules were so fluid that you would have to get an interpretation of tax law that really was not written.

So I and others have introduced the Internet Tax Freedom Act. And its purpose is simple. That is to give consumers and businesses engaged in electronic commerce a timeout from discriminatory taxes so that our country can develop a fair and reasonable policy on Internet taxation.

And we are very proud of the strong bipartisan support that this effort has received. Governor George Bush, for example, from the State of Texas, has recently spoken out on this issue. Our colleague, Senator PAT LEAHY of Vermont, Steve Forbes—the list of supporters for this effort literally spans the spectrum.

I believe that the reason it has been possible to generate such strong bipartisan support for the Internet Tax Freedom Act is that during this period where there will be a bar on discriminatory taxes on electronic commerce, all other forms of taxation that are used in the regular course of business would be allowed to go forward. So during the period when our country tries to develop a set of ground rules for taxation of electronic commerce—all of the property taxes, all of the sales taxes, all of the use taxes, all of the business license fees that are non-discriminatory—would stay in place.

For our colleagues that have been following this issue, it is all laid out very specifically in section 3 of our legislation. For example, under our legislation if Mr. Brown in South Dakota picks up the phone and orders a sweater from J.C. Penney in Illinois he would pay the same sales tax as if he walked into J.C. Penney in Sioux Falls, SD. South Dakota taxes sales of goods over the Internet the same as sales of tangible personal property through more traditional channels. Exactly the same treatment for a transaction, whether it is conducted over the Internet or whether it is conducted through more traditional means.

Going further, if you are a chef in Charleston, SC, and you order a new saucepan from Williams-Sonoma in California, under our legislation you would pay the same sales tax as if you walked in to the Williams Sonoma shop in Charleston. South Carolina taxes sales of goods over the Internet the same as sales of tangible personal property through more traditional channels.

Now, there has been an effort by some to say that this legislation would in some way harm Main Street. The fact of the matter is that Main Street has overwhelmingly come out for this legislation. I will append to my statement a long list of the business groups that support the legislation, but every Member of the U.S. Senate has received a letter from the Chamber of Commerce in recent days with a ringing endorsement of the Internet tax freedom legislation. And the reason for this very strong support, in my view, is that Main Street business has come out strongly for the legislation. I believe the reason that Main Street businesses are so strongly supporting the Internet Tax Freedom Act is that for them, the opportunity to do business on-line ensures that geography will be irrelevant in the 21st century.

A lot of those small businesses on Main Street in rural America—and I represent many of them in the State of

Oregon—do have difficulty competing today in the global marketplace. One of the reasons they do is because geography is a very big barrier in terms of their ability to tap the global economy. With the Internet Tax Freedom Act ensuring that they are treated fairly both during this period when there is an effort to come up with new ground rules, and for the 21st century, we give new opportunity to those small Main Street businesses across America. I believe that is why they have endorsed this legislation so strongly.

If ever there was an issue that was appropriate for the U.S. Senate to deal with, it is this question. This is what article 1 of our Constitution is all about. We have 30,000 taxing jurisdictions in America. I believe it is fair to say that if a fair number of these taxing jurisdictions go forward and levy taxes on electronic commerce, in a discriminatory way this will do enormous damage to what I believe will be the business infrastructure of the 21st century.

Senator MCCAIN and Senator DORGAN, as I said, had a very thoughtful discussion of the potential of Internet commerce in the years ahead. But let us make no mistake about it, if these small businesses all across this country are going to suddenly have to put on accountants and various kind of tax specialists to figure out what kind of taxes they owe in various local jurisdictions across this country, this will damage electronic commerce and the ability of the small businesses to compete in a profound way.

If you have a two-person operation, a two-person business operating out of an individual's home, and they are somehow supposed to collect scores of different sales and property taxes across this country there is going to be enormous confusion just as we see the electronic marketplace take off. I know no Member of the U.S. Senate wants to see that happen.

The bottom line is that the Internet Tax Freedom Act applies only to those taxes that are not technologically neutral. Only those taxes that single out the Internet would be affected, and every business in America would still have to pay its share of taxes. So if a State has a 3-percent sales tax that a customer has to pay the State when walking into a store to purchase a product, under the Internet Tax Freedom Act, section 3 specifically, the State can, in fact, charge a 3-percent sales tax on goods ordered over the Internet.

I am very hopeful that there will be an opportunity to debate this issue on the floor of the U.S. Senate. A number of my colleagues, Senator DORGAN specifically, have important issues that they want to raise. I and other sponsors of this legislation have sought to address many of them. But I believe this is one of the most important issues that this Senate could be dealing with because it is going to frame the ground work for the digital economy in