

# EXTENSIONS OF REMARKS

## GENERAL SCOWCROFT ON CHINESE SATELLITE LAUNCHES

**HON. LEE H. HAMILTON**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 9, 1998*

Mr. HAMILTON. Mr. Speaker, Gen. Brent Scowcroft, the former National Security Advisor, and Mr. Arnold Kanter, the former Under Secretary of State for Political Affairs, wrote an excellent article in the Washington Times on June 5, 1998 on the topic of Chinese satellite launches: "What Technology Went Where and Why."

Their article treats this issue fairly and dispassionately, and goes a long way toward dispelling much of the misinformation in current public discussion.

I commend this article to the attention of my colleagues.

[From the Washington Times, June 5, 1998]

WHAT TECHNOLOGY WENT WHERE AND WHY

(By Brent Scowcroft and Arnold Kanter)

The last few weeks have seen an avalanche of melodramatic charges about American "technology transfers" to China and claims that these actions have enhanced the capabilities of nuclear missiles aimed at the United States. In combination with confusing—and confused—media reporting and inept responses by the Clinton administration, these accusations threaten both to do needless damage to important U.S. national security interests and to impede the investigation of serious allegations of wrongdoing.

A great deal hangs in the balance. The consequences, if these allegations are proven, would be substantial. But the costs of accusations which turn out to be ill-founded—if not reckless—also can be great. Nowhere is this more clear than in the case of our relations with China. Not only is the character of our strategic relationship with China of fundamental importance to U.S. national security, but that relationship also is at an unusually critical and formative state both bilaterally and with respect to larger issues ranging from North Korea to South Asia.

The investigative congressional committees that are being established will have the responsibility for sorting out this complicated affair. Meanwhile, however, the protagonists in this controversy need to cool the rhetoric, get some basic facts straight and identify the real issues before more harm is done to U.S. security, political and economic interests.

Much of the confusion arises from the fact that four different issues are being lumped together:

U.S. government waivers to permit American commercial satellites to be launched on Chinese space boosters.

The unauthorized transfer to China of technical information by two U.S. satellite manufacturers, Loral and Hughes.

Large campaign contributions to the Democratic Party by Loral's chairman, Bernard Schwartz.

Alleged contributions to the Democratic Party by Chinese citizens with ties both to the Chinese military and the Chinese com-

pany that launches American commercial satellites.

### SATELLITE WAIVERS.

The current controversy has its roots in the 1986 Challenger disaster. There was serious concern that the loss of U.S. launch capability that resulted from the ensuing moratorium on shuttle flights would jeopardize America's pre-eminence in space. The Reagan administration responded by adopting a policy that opened the way for U.S. commercial satellites to be launched on Chinese space boosters on a case-by-case basis. The sanctions imposed by the Bush administration following the Tiananmen Square massacre in June 1989 blocked satellite launches by the Chinese but included a provision for case-by-case presidential waivers.

Last February, the State and Defense Departments recommended, and President Clinton approved, such a waiver to allow a commercial communications satellite built by Loral to be launched into orbit by a Chinese booster. This was the eighth waiver—covering eleven launches—approved by the Clinton administration. Previously, the Bush administration approved three waivers covering the launch of nine satellites.

The satellites in question are civilian, not military. More important, no "technology transfer" is permitted in connection with these satellite launches, which are the space-age equivalent of having Federal Express deliver a package across the country. On the contrary, there are strict safeguards designed to confine Chinese access to the most basic information about the U.S. payload these rockets carry—for example, size, weight and other mating data needed to ensure that the satellite will fit on top of the rocket and can be boosted into the correct orbit. (The waivers in question relate to the application of Tiananmen sanctions—which are designed to punish the Chinese for human rights abuses—not the safeguards against technology transfer.)

In principle, these safeguards mean that the Chinese learn no more about the "package" they are launching than FedEx knows about the package it is shipping, and that no information is provided which would improve the capabilities of their civilian space boosters, much less their nuclear-armed missiles. The March 1996 transfer of responsibility for licensing commercial satellite exports from the State Department to the Commerce Department likewise should not have had any effect on the strictness or application of the safeguards because a separate State Department license typically is still required to permit the Chinese to launch U.S. satellites, and the Defense Department continues to review all proposed waivers to ensure they are in the national security interest of the U.S.

### ASSISTANCE TO THE CHINESE ROCKET PROGRAM.

The Justice Department is investigating the unauthorized transfer of information to China by Loral and Hughes in connection with a 1996 review of the explosion of a Long March rocket launching a U.S. satellite. Because of the virtual identity between these Chinese "space boosters" and military missiles, assistance to the former could lead to improvements in the latter.

Experts from Loral, Hughes and other companies became involved in this review at the insistence of the international insurance in-

dustry, which refused to insure more Long March launches until an "outside" team reviewed the Chinese analysis of, and remedies for, the malfunctions their rockets had been experiencing. Ironically, the Chinese initially resisted this proposal, and allowed the international team of experts to conduct their review only when they became convinced that these insurance problems would jeopardize their commercial space launch business.

According to news reports, a Pentagon agency has determined that the information which Loral and Hughes transferred to the Chinese caused "harm" to U.S. national security, but the nature and extent of whatever harm was done is not yet clear. The congressional investigating committees will try to get the answers to that question. What does seem clear at this point is that the Chinese government never requested information or other assistance from our government to improve the space boosters they use to launch satellites. What is even more clear is that in 1996 the U.S. government did not provide, or approve Loral and Hughes providing, information which would improve Chinese space launch or missile capabilities.

Indeed, Loral and Hughes are under investigation for unauthorized transfer of information. The Justice Department's reservations about the February 1998 satellite waiver stemmed not from the waiver itself, but from a concern about how it might affect a jury's psychology should Justice decide to prosecute these two satellite manufacturers for what they may have done in connection with their review of the 1996 Long March rocket failure.

### LORAL CAMPAIGN CONTRIBUTIONS

According to news reports, Mr. Schwartz—Loral's chairman and CEO—is the largest single contributor to the Democratic Party. Loral also was the beneficiary of the waiver which President Clinton approved in February. In addition, Loral successfully sought (along with other U.S. satellite manufacturers), presidential approval for the transfer of authority over the licensing process from the State Department to the Commerce Department. Many have suggested a relationship between the Schwartz campaign contributions and these Clinton decisions.

The question not only is legitimate, but goes to the heart of the larger issue of the impact of campaign fundraising and contributions on the American political process. But even if suspicions prove correct, the fact remains that no "technology transfer" is authorized when Loral (or any other American) satellites are launched by Chinese rockets. Moreover, there is no current indication that any of the laws, policies and other safeguards against such technology transfers were relaxed as a result of campaign contributions. The issue of whether campaign contributions influenced presidential decisions in this case is of profound seriousness and should be pursued by the congressional investigative committees, but appears at this point to be essentially unrelated to the issue of technology transfer to China.

### CHINESE CAMPAIGN CONTRIBUTIONS.

Democratic fundraiser Johnny Chung reportedly has told investigators that he served as a conduit for political contributions from the Chinese government. Specifically, he claims that Liu Chaoying, who is

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Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

an officer in the Chinese army and an executive in the Chinese company which (among its many business enterprises) launches satellites, gave him money with instructions to donate a portion of those funds to the Democratic Party.

If substantiated, these assertions could have serious implications. That said, it also should be noted that, provided the safeguards described above do their job, even if a quid pro quo were sought and given, a satellite waiver might work to the commercial advantage of Liu's company, but would not have contributed to China's military capabilities.

In sum, several of the issues being raised in the current controversy are real and serious. Others, particularly those related to charges that satellite launch waivers somehow enhanced Chinese missile capabilities, may be based on fundamentally mistaken premises. Key to making that determination is an assessment of the practical effectiveness of the safeguards policies and practices that apply to these satellite launches.

If careful analysis determines that these safeguards have substantially achieved their objectives, then the imposition of blanket prohibitions on satellite launches by China would largely miss the point. On the one hand, it would not deal with concerns about how campaign contributions—from Americans, to say nothing of Chinese—might influence government decisions in ways which produce commercial advantage. On the other hand, it could prove to be worse than redundant with the safeguards already in place, because it would both place American industry at a competitive disadvantage and do needless damage to our critically important relationship with China.

One fact, however, already is abundantly clear: A great deal is at stake in the answers to the questions being raised in the current controversy. It therefore is essential that we get it right—that all of the charges be thoroughly investigated, that penalties be levied where appropriate, and that remedial actions be taken where required. But we should let the congressional committees do their jobs before a rush to judgment that may harm rather than advance our interests.

#### HOW TO BUILD A BETTER SCHOOL SYSTEM

#### HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 9, 1998*

Mr. GINGRICH. Mr. Speaker, the attached editorial from The Washington Times illustrates why we should help parents send their children to schools of their choice. Mayor Stephen Goldsmith of Indianapolis uses the situation in that city to demonstrate why Catholic schools have been able to perform better than the public schools. I submit the editorial to the CONGRESSIONAL RECORD.

#### HOW TO BUILD A BETTER SCHOOL SYSTEM

(By Stephen Goldsmith)

President Clinton found ardent supporters of his proposal to invest in public school buildings at a recent meeting with members of the U.S. Conference of Mayors. More money for schools—without having to raise local taxes—is a no-brainer for many mayors seeking an answer to failing urban schools.

Yet there are a handful of mayors from both parties who believe that more than federal dollars are needed to address the real problems facing urban schools. As cities have

experienced the downward spiral of rising taxes, declining enrollment and abysmal students performance, increasingly city leaders are recognizing that lack of money is not what ails our public school systems.

The Indianapolis Public School system is the largest of eleven in this city, responsible for approximately 43,000 students from the central part of the city. During the 1990s the district raised its taxes more than a third, even as enrollment dropped by 10 percent. Not including teacher pensions, IPS spends more than \$9,000 per child—as much if not more than the city's most expensive private schools. If money were the key ingredient for quality schools, students at IPS would rank among the best in the world. Instead, student test scores are among the worst in Indiana—a state that consistently ranks in the bottom 10 percent in the nation.

As the district's declining enrollment makes clear, dissatisfied parents are seeking out alternatives to public schools. While middle and upper class families often either move to the suburbs or pay private school tuition, many less affluent parents have turned to a less expensive choice: Catholic schools.

Like IPS, inner city parochial schools in Indianapolis are racially diverse and serve primarily low income, non-Catholic kids. At St. Philip Neri, a Catholic school on the city's near east side, nearly three quarters of all students qualify for the federal school lunch program, and a similar proportion are not Catholic.

Unlike IPS, tuition at these schools averages a mere \$2700 per child. Yet each year parochial students demonstrate a better grasp of learning fundamentals than students in the public school system. Perhaps even more telling, student performance improves for each year spend in Catholic schools, while scores at IPS decline. In a recent evaluation of standardized test scores, Catholic school third graders held relatively small advantages over IPS students in math and English. By the eighth grade, however, Catholic school students scored nearly twice as high as students in the public system.

There are two important reasons why Catholic schools outperform their public counterparts.

First, they are allowed to succeed. Catholic schools are free from the bloated education bureaucracies that divert tax dollars away from public classrooms. The Friedman Foundation estimates that as little as 30 cents out of every dollar spent on education in Indianapolis actually make their way to the places where children learn. The rest is lost on the layers of bureaucracy between Indiana's Department of Education and teachers. For example, over the next three years the IPS Service Center, which houses support services such as vehicle maintenance, media services, and a print shop, will undertake a nearly \$7.5 million capital improvement project. The task: constructing a new kitchen.

In addition to siphoning off dollars, the school bureaucracy undermines public education by dictating in great detail how principals can run their schools and teachers can teach their students. The morass of regulations governing public education prevents teachers from tailoring their teaching to the diverse needs of students and taking innovative approaches to educating. Not coincidentally, some of the best IPS schools are those at which teachers routinely disregard many of these rules, using their own choice of textbooks, curricula, and teaching methods to ensure that kids learn.

The other reason that Catholic schools succeed is equally simple: they have to. If St. Philip Neri fails to satisfy its customers, parents will take their tuition dollars else-

where. In contrast, customer satisfaction is irrelevant to public schools, especially those serving low income families. Government simply tells these parents which school their children must attend, and parents who cannot afford a private alternative have no choice but to send their children there, regardless of how poorly that school performs.

If we are committed to giving all our children an opportunity, we must apply to the public school system the same simple principles that enable private and parochial schools to succeed.

In Indianapolis, our experience with allowing public employees and private companies to compete for contracts to provide city services has consistently demonstrated that competition improves government-run enterprises. For each of the 75 services subjected to competition, marketplace pressure has exploded bureaucracies, reducing layers of management, empowering workers, and refocusing these agencies on satisfying their customers. In order to win business, public employees have cut their own budgets while improving service quality, dramatically outperforming their previous, better-funded monopoly.

The same competitive forces can empower public schools to succeed. Committed reformers have offered numerous proposals to break up the government school monopoly and empower public schools to educate more effectively, including vouchers, charter schools, and the education savings accounts currently before Congress. Unfortunately, the president's threatened veto of the education savings proposal demonstrates that this administration continues to believe that any problem can be cured with more federal dollars.

Forcing lower income parents to send their children to poorly performing schools (even in nice buildings) will not improve the prospects of urban youths. What our cities' mayors should be advocating for in Washington is not simply more money to support a failing school bureaucracy, but more help for parents to send their children to the schools of their choice.

#### MOTION TO INSTRUCT CONFEREES ON H.R. 2400, BUILDING EFFICIENT SURFACE TRANSPORTATION AND EQUITY ACT OF 1998

SPEECH OF

#### HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, May 22 1998*

Mr. BROWN of California. Mr. Speaker, the Committee on Science whose jurisdictional area of expertise includes transportation research and development once again is pleased to have worked closely with the Committee on Transportation and Infrastructure in efforts to strengthen the research program of the Department of Transportation by first developing a comprehensive research title for the House version of this legislation and later by serving as conferees on the research title.

I would like to thank Chairmen SHUSTER and PETRI as well as Ranking Democratic Members OBERSTAR and RAHALL for their cooperation in bringing a research title to the floor which incorporated most of the significant provisions reported by the Committee on Science and for working with us to ensure that the House comprehensive research program prevailed in conference to the extent possible. I