

that whatever technology and scientific knowledge China might have gained through cooperative programs with the United States pales in comparison to the knowledge China has gained through other channels. The report points to the number of Chinese students studying in U.S. universities, China's investment policies, and scientific agreements with other countries as other routes for technology transfer.

The State Department's contention is akin to arguing that the Chinese are gorging so heartily on science and technology through universities, private industry, and other countries, that another few morsels from Uncle Sam cannot be very important. Ridiculous!

As a result of this analysis, the State Department's principal recommendation is to "allow the Agreement to operate, as heretofore, without the encumbrance of any special monitoring mechanism, which we," referring to the State Department, "do not believe is either necessary or desirable."

I do not think that it is going out on a limb to suggest that the U.S.-China Science and Technology Agreement has been used as a balm to soothe the sore spots of our bilateral relations. As the State Department report says, "In April 2001, at the height of the EP-3 plane incident, the U.S. and China quietly renewed the Science and Technology Agreement despite the severe chill in political/economic relations resulting from this diplomatic confrontation."

It is astounding to note that in the very same month that a Chinese fighter jet crashed into one of our reconnaissance airplanes in international airspace, and the same month that China detained our military personnel after executing an emergency landing at a Chinese airfield, we "quietly" renewed this significant bilateral agreement. I wonder if the Secretary of Defense was aware of the renewal of this agreement at that time? I wonder if the President knew about it?

Mr. President, I do not think that it is wise to view the transfer of advanced technology and scientific knowledge as simply a diplomatic tool. The amendment I offer today takes very basic steps to improve oversight of the 1979 Science and Technology Agreement. The amendment simply designates the Office of Science and Technology Cooperation in the State Department as responsible for monitoring the Agreement. According to its report, the State Department has not even kept track of the sixty protocols to this Agreement since 1996. This needs to be changed. The amendment also requires the Secretary of State to see that activities carried out under the Agreement are consistent with our laws and regulations that prohibit the transfer of sensitive technology.

Further, the amendment establishes a reporting requirement so that the State Department will inform Congress

every two years on what activities have taken place under the Agreement. As I stated earlier, the State Department report released in May 2002 was the first-ever comprehensive assessment of the implementation of the 1979 U.S.-China Science and Technology Agreement. It does not make sense to wait another 23 years for the next assessment.

Mr. President, China is embarking on a substantial military buildup. They are using technologies that have been acquired from a vast number of sources. It is hard to believe that our own government has been cooperating with China in exchanging scientific information that has the potential, in the words of the State Department, to facilitate China's military research programs. My amendment takes very simple steps to make sure that the government-to-government scientific exchanges that take place are focused on peaceful uses of technology. I urge my colleagues to support the amendment.

Mr. REID. Mr. President, let me say that there has been a tremendous amount of work done today. I know we were in long quorum calls and people could not see the work that has been done. But one very important amendment dealing with national missile defense was completed. That was done by voice vote after many hours of work. Then, today and this evening, staff, with Senators Warner and Levin, have approved almost 50 amendments. So this very important bill is on the way toward being completed.

We are going to vote in the morning on cloture. People will have to deal with germane amendments after that. But I just want to spread on the RECORD comments about the work done by the staffs, today and tonight, and the two managers of the bill.

Mr. WARNER. Mr. President, if I might address the Senate, I wish to express my appreciation to the distinguished majority whip. We did succeed on missile defense, but it could not have been done without the cooperation of the majority leader, the Republican leader, yourself, and our distinguished chairman, who departed a few minutes or so ago.

We did achieve a good deal of work. I am confident that tomorrow, with the support of all the Senators, we will achieve a landmark bill on behalf of the men and women in the armed services of this great Nation.

I thank all Members, and particularly the Presiding Officer for his patience and guidance throughout the day, and the Senate staff.

I thank my distinguished colleague and friend.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators allowed to speak therein for a period not to exceed 5 minutes each.

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

CORPORATE RESPONSIBILITY

Mr. DURBIN. Mr. President, this morning's Wall Street Journal, on the front page, alerts us that WorldCom admits a \$3.8 billion error in its accounting. "The Firm Ousts Financial Chief and Struggles for Survival; SEC Probe Likely to Widen."

As I come to the floor of the Senate this afternoon, the news from the stock market is not encouraging. But it hasn't been encouraging for a long period of time. At least since the Enron scandal we have been dealing not just with recession but with what we must term a crisis in corporate responsibility.

It is hard to imagine the ultimate impact this will have on average Americans and their families, let alone other businesses. But it really calls into question the responsibility and role of the Federal Government to respond to this crisis in corporate responsibility.

Very soon, we will be considering legislation reported from the Banking Committee that will seek to address some of the most glaring problems in corporate governance in America today. It is talking about the role of accounting firms that are serving both as consultants and auditors—in a dual and sometimes conflicting capacity—that will establish standards for regulation of accounting firms so there is more credibility in their findings for the American public. It will address a number of other areas, such as strengthening the SEC. I believe all of these things are long overdue.

When we return from the Fourth of July recess, the Senate will be addressing this issue. There will be differences of opinion. There will be some who will come to the floor and you will hear the debate. Some will argue to leave business alone, Government should not meddle. Yet the fact is that unless Government steps in in this situation offering sound advice, counsel, and regulation, we are going to continue to see this crisis in America's confidence in corporate institutions. There was a day when the robber barons ruled in America. Corporations, frankly, cared little or nothing about public opinion. The richest people in America were very powerful here on Capitol Hill. Those days harken back to the era of Teddy Roosevelt, a Republican who came in and said: We are going to have an anti-trust law and we are going to establish the agencies that we need to make certain business is regulated.

About 35 years later, along came a relative, Franklin Roosevelt, facing a recession which led to a depression, which again called into question whether Government was doing enough to regulate business. His decision to create the SEC and other key agencies restored confidence in American business.

I am afraid this year, in this new century, we face a similar challenge. If Congress shirks its responsibility, if the administration does not accept its responsibility, we will continue to see a decline not only in the stock market but in the savings, the pensions, the nest eggs of American families across the board.

We really call on the leaders in the business community to step forward—and there are many honorable, hard-working people who have done such a fine job in creating good business, good enterprises, opportunities for people to work and profits to be made. They need to step forward and make it clear that the good people in the business sector will not tolerate what we are reading day in and day out in the Wall Street Journal about corporate activity.

Recently, we had a hearing before the Governmental Affairs Committee and brought in some of the people from Enron who made the decisions. One of them a person I have admired for many years, who is a medical doctor in the Houston area, was head of the compensation committee for Enron. We asked him during the course of the hearing: How in the world could you justify hundreds of millions of dollars to individual corporate officials at Enron at a time when the company was clearly misleading the public?

He said: We had to do it. We were the seventh largest corporation in America and we had to have the seventh highest salary in America for a CEO.

It turned out the performance of the corporate officers really wasn't the important issue here; the question was, within that click, that fraternity, whether they were being compensated as their peers would expect.

What happened to the old days when an entrepreneur not only engaged in risk but accepted the consequences when it didn't work out? You don't see that these days. People are being compensated hundreds of millions of dollars in stock options and, with that compensation, we look at the corporate records and find companies are losing money.

The board of directors seems oblivious to the obvious. The People leading these corporations are not doing a good job managing. They are not creating the profitability for shareholders, and they are being rewarded with outrageous sums for salaries and stock options.

My colleague, Senator LEVIN of Michigan, who is not in the Chamber, has been a leader in the whole question of stock options and the impact these options have on corporate America. They create incentives for greed, incentives for falsification in terms of companies' profitability. Time and again, we have seen that these incentives have led to a disastrous outcome, such as the situation with WorldCom.

We are also seeing a gross disparity between the amount of money being paid to the average American working for a company and the compensation

for officials at the highest levels. It is the greatest disparity in the history of our country. Truly, the rich are getting richer, the middle class is struggling, and the poor are getting poorer.

Kevin Phillips, who has written a book called "Wealth and Democracy" analyzes the disparity of wealth and income in America. Now, it is understood in this country that if you are willing to take a risk and work hard, you should be compensated. That is one of the great parts of America, part of the American dream. But we see at WorldCom and other corporations where they are falsifying their profitability, where the average person, whether buying a mutual fund or a share of this stock, could not have a clue as to the reality and honesty of the corporate books.

I say to President Bush and members of the administration: You cannot ignore this problem. This is a problem that calls for Presidential leadership and congressional leadership on both sides of the aisle. Those who want to take a hands-off, laissez-faire attitude toward this business crisis are inviting, unfortunately, even worse results in terms of our economy and our stock market.

There is a standing joke, I guess, some comedians talk about: My 401(k) has now become a 201(k).

I guess we can laugh a little about that, but the fact is many people I meet in my home State of Illinois talk about postponing retirement. They have to keep working because what they had hoped to rely on just isn't going to be there. Today, at end of the day, when we look at Dow Jones, and NASDAQ, and other reports from financial communities, I am afraid we are seeing that even more wealth in America has evaporated.

It is not because of this one corporation, WorldCom; it is because of this looming crisis in corporate responsibility, which is a specter over the economy of our Nation.

This calls on us to be honest and real in our dealings with corporate America. It is not just a matter of their reporting accurately as to whether they are profitable or losing money; it is a question of corporate conduct. We have to demand corporate responsibility when it comes to treating pensioners from their companies fairly. If a promise is made to someone that they will have health insurance and a pension, that corporation should not be allowed to escape that responsibility or that liability—to leave these poor people alone, after promises of a lifetime, and unprotected and unguarded with the perils of the economy literally at their door.

Secondly, we have to insist that corporations, when it comes to their conduct involving world trade, do the responsible thing for America. When Stanley Tools recently announced they were going to move their corporate operations to Bermuda to avoid American income taxes, this consumer said I will

never buy another one of their products because, as far as I am concerned, if they can go to that Bermuda Triangle where their tax liability and American jobs disappear, they may as well disappear, too, as far as I am concerned.

That is the kind of corporate misconduct that has become rampant and is creating a cynicism among Americans about many corporate leaders, and that has to change.

In addition, when it comes to the whole question of the environment, time and time again, we find corporations that have created a toxic impact on the environment—those that have left behind toxic waste, for example, that are trying to escape liability.

It is an issue being debated over Superfund sites. A Superfund site is a place in America where a corporation has done business and left behind dangerous toxic waste. The question is, Who should pay to clean it up? I think the answer is simple. The polluters should pay it; the person who makes the mess should pay it. That is not what we are hearing from this administration. We are hearing: No, no, you cannot ask the businesses and corporate community to be responsible for their misconduct; the taxpayers in general should pay for the cleanup.

That is wrong, just plain wrong. That is not fair and it is not just.

This issue of corporate responsibility is rising as the Dow Jones falls. People across America are understanding that the great corporations and the great businesses that are truly the backbone and strength of our economy have to stand up and be responsible in their conduct.

As I said earlier, there are good ones. I know many great business leaders. In my State of Illinois and the city of Chicago, I can list dozens of them for you. But there are some who are bringing shame on this sector of the economy and the people who are dedicated to American business.

I hope this WorldCom scandal which has been announced this morning in the Wall Street Journal is a wake-up call not only for the President but for Congress as well.

I yield the floor.

AMERICA CANNOT AFFORD AN AMTRAK SHUTDOWN

Mrs. FEINSTEIN. Mr. President, I rise today to reiterate my steadfast and unwavering support for Amtrak.

I believe that President Bush, Transportation Secretary Norm Mineta, Amtrak President David Gunn, and the Congress need to work together immediately to prevent our passenger rail system from grinding to a halt and stranding millions of commuters coast to coast.

Amtrak's passenger rail service is an essential link in our transportation system and our economy.

Every day Americans use Amtrak and local commuter rail systems that