

a welfare reform bill that received bipartisan support.

I had the recent privilege of working closely with Senator KASSEBAUM on a comprehensive budget proposal formulated by a bipartisan group of Senators. This proposal was based on compromise, fiscal responsibility, common sense, and fairness. It balanced the unified budget by 2002, while preserving important social safety nets for some of our most vulnerable citizens. My colleagues and I worked long hours on this proposal, which received substantial support on the Senate floor. I was proud to have the opportunity to work with Senator KASSEBAUM on this compromise agreement and was impressed by her diligence and thoughtfulness throughout the discussions.

Senator KASSEBAUM's spirit of fairness is exemplified by her work in the Foreign Relations Committee. As a member and Chair of the African Affairs Subcommittee, she fought to break down the barriers that oppress and divide people. She would not condone intolerance and took decisive action to suppress apartheid by supporting sanctions against the South African Government in 1986. She applauded the fall of apartheid in 1993 and the election of Nelson A. Mandela as President of South Africa in 1994. People and governments worldwide will thank Senator KASSEBAUM for her work on this issue.

In closing, I will look back on the long career of a great Senator, NANCY KASSEBAUM, with admiration and respect. I thank Senator KASSEBAUM for her honesty and fairness and wish her well in her future pursuits.

#### REPORT BY SENATOR PELL

Mr. THOMAS. Mr. President, yesterday—in my capacity as chairman of the Subcommittee on East Asian and Pacific Affairs—I introduced into the RECORD a portion of a report prepared by the very distinguished ranking minority member of the Foreign Relations Committee, Senator PELL.

The report, entitled "Democracy: An Emerging Asian Value," details the Senator's recent trip to Asia. I was very interested in the distinguished Senator's observations because the countries he visited—Taiwan, Vietnam, and Indonesia—fall within the jurisdiction of my subcommittee. I thought my colleagues would benefit by having the report readily available to them, and had a portion of it reproduced in the RECORD yesterday. But because of space considerations, Mr. President, only a portion could be reprinted.

Consequently, today I ask unanimous consent to have the remainder of Senate Print 104-45 [pages 1 through 9] printed in the RECORD.

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

#### DEMOCRACY: AN EMERGING ASIAN VALUE

##### TAIWAN

##### A. Introduction

The political and economic development on Taiwan has been truly amazing. For 40 years after Chiang Kai-Shek led his defeated Nationalist Party (KMT) to Taiwan in 1948, the government in Taipei was controlled by Mainlanders to the exclusion and detriment of the native Taiwanese. The KMT's political control was absolute and oppressive. But in the economic sphere capitalism flourished. Taiwan became one of the world's fastest growing economies and its citizens enjoyed surging prosperity.

Political liberalization began in the late 1980s under President Chiang Ching-kuo, including the lifting of martial law in 1986 and the legalization of opposition parties in 1989. Contested elections to the Legislative Yuan, the government's main legislative body, took place in 1992.

This year, democratization reached a new level with the direct election of President Lee Teng-hui. Until this year, the president had been elected by the National Assembly. Lee himself had been a main proponent of this electoral change. Lee's election represented the first time in 5,000 years of Chinese history that the Chinese people directly chose their leader. Four candidates ran for the Presidency; the three losing candidates peacefully accepted the results of the election.

I have found these breathtaking political developments very satisfying. In the 1970s and 1980s I was one of a small number of American political figures who regularly criticized Taiwan's authoritarian regime and the dominating KMT Party for their political inflexibility, and I urged political liberalization and reform. That Taiwan has come so far in such a short time is truly impressive and is a great compliment to the people of Taiwan and to their current leaders.

Democratization has brought new problems as well as benefits to Taiwan. In the past the KMT had complete control over the government. Now the party has the presidency, but only a one-seat majority in the legislature, where three main parties are represented: the KMT, the Democratic Progressive Party (DPP) and the New Party. All politicians and government officials are learning new ways of interacting under these changed circumstances.

As freedom of speech has grown in Taiwan, so too have voices advocating a formal declaration of independence and separation from China. As Taiwan's identity as a democratic society has increased, President Lee has tried to raise its international identity as well. The government has called for Taiwan's membership in the UN and other international fora. Senior leaders, including the President, have made numerous visits abroad, some billed as private "golf trips," in what has become known as "vacation diplomacy." And some members of the DPP have openly called for a formal declaration of Taiwan's separateness from the Mainland.

The People's Republic of China has reacted strongly and negatively to the new internationally active Taiwan. Beijing has seemed particularly provoked both by the idea of an "independent" Taiwan and by the process of democratization itself. Tensions between China and Taiwan, and between China and the U.S., have risen in the last year to levels not seen since the 1950s. China has held four sets of military exercises clearly meant to intimidate Taiwan, the most serious of which was just before the presidential elections in March. One of Taiwan's greatest challenges in the next few years will be managing relations with its largest and most contentious neighbor.

##### b. Political development

I had a very warm meeting with President Lee Teng-hui, who spoke optimistically about the "new history of China." Naturally pleased with Taiwan's recent democratic exercises, he made clear that he believes Taiwan's transition to a totally democratic society is not yet complete. He spoke of the work he feels must still be done, focusing not on political institutions but on the people's minds and expectations. He argued that the people of Taiwan still lack a truly democratic mind set, a sense that free will can shape their future. Arguing that he was following the philosophy of Dr. Sun Yat-sen to first change the public sphere, then focus on the private, he is now focusing on educational reform and cultural change, along with judicial reform. He recognizes that such changes take a long time—"maybe a hundred years"—but that they are important. He feels this mission is his personally, that if he, as the first directly-elected president, does not undertake to make these changes, then an opportunity for profound change will be missed.

Yet structural challenges remain and structural changes are continuing. Just before I arrived the Legislative Yuan, in an unprecedented exercise of budgetary control, rejected the Executive's request for funding of a fourth nuclear power plant. The role of the President vis-a-vis the Premier is also under discussion. Structurally, official power rests with the Premier's office, with the President's power coming as head of the KMT. In past practice, however, the President has wielded considerable influence and Lee's popularity may serve to increase that influence even more. President Lee and National Security Council Secretary-General Ting Mou-shi both mentioned that this was an on-going issue that would be discussed at the next National Assembly meeting, expected to take place this summer. Some opposition party members, members of the Legislative Yuan and constitutional scholars have questioned this trend and have recommended finding ways to check the power of the Presidency, such as by increasing the power of the legislative branch.

President Lee also expressed the need for continued economic liberalization and internationalization. He said that the government's new direction is toward changing local laws and regulations to be more open to foreign investment. President Lee said his first priority will be to take concrete steps toward this end, once his new Cabinet is formed.

President Lee sent his thanks to the U.S. Senate for its support for the world's "youngest democratic country" and especially for its support during the recent military threats from the Mainland. He said that the U.S. carrier groups sent to the Taiwan Strait helped to insure stability during the presidential election in March, and he thanked us for the many Congressional resolutions of support. Taiwan's gratitude for U.S. support was reiterated by all other government officials with whom I met in Taipei.

Finally, President Lee said that relations between the U.S. and Taiwan, while always good, would be particularly close now that Taiwan was a "full-fledged democracy." He said he hoped that the U.S. would continue to "support us under the wording and spirit" of the Taiwan Relations Act (TRA), a request that National Security Council Secretary-General Ding also made to us. The TRA, passed by Congress in 1978, requires the U.S. to "make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Taiwan would very much like to increase its defense purchases from the U.S.

### C. Taiwan-Mainland China relations

Beijing has accused President Lee of abandoning the long-standing "one-China" policy by seeking a higher international profile for Taiwan. President Lee assured us that this is not true, though he said his government's definition of a one-China policy is quite different from Beijing's. He said that the reality today is that there are two distinct political systems and that there would only be "one China" after the two sides reunified. His government, of course, wants to see one Republic of China, not one People's Republic of China.

In President Lee's vision, one China would also include a truly autonomous Tibet. While arguing that Tibet is a part of China, he said that there would be no problems there if Beijing allowed Tibet the freedom to make its own internal decisions. A truly "autonomous" region should expect no less. President Lee also voiced his respect and admiration for His Holiness, the Dalai Lama.

President Lee is, of course, carefully watching how Beijing manages the takeover of Hong Kong, seeing this transition as an indication of how Beijing would manage reunification with Taiwan. Beijing's recent threats to dismantle Hong Kong's legislature and its plans to garrison a larger number of troops in Hong Kong than are currently there make Lee pessimistic that a China-Taiwan reunification, under current circumstances, could go smoothly.

Beijing has particularly objected to Taiwan's quest for membership in international fora, especially the UN. Officials in Taipei told me, in what appears to be an attempt to defuse this contentious issue, that Taiwan is not asking for an actual seat in the UN, but only for a study on how Taiwan could participate in some UN agencies and meetings without actual membership. Officials stressed that the twenty-one million people of Taiwan deserve some sort of representation in the world body, but what form of representation is still an open question. Since I have returned, there have been news reports that the government is pulling back even more on this effort and may focus instead on attaining membership in the World Bank or the International Monetary Fund.

Officials in Taipei repeated their commitment to dialogue with the Mainland and to strengthening ties that could lead to a more easy co-existence. Government officials acknowledged support within Taiwan's business community for direct links that would facilitate trade, but argued that such links could only occur if Beijing recognized Taipei as an equal partner in negotiations. There was some talk, I was told, of opening representative offices along the lines of what Taiwan and the U.S. have in their respective capitals, but that idea, too, was conditioned on the Mainland's being "realistic" in dealing with Taiwan as a separate entity.

A meeting with two representatives of different factions of the DPP, Mark Chen and Trong Chai, highlighted the divisions within the DPP on how to handle relations with the P.R.C. Chai, from the "Welfare State" faction, believes that Taiwan should hold a plebiscite on the question of independence. Without independence, this faction believes, the rest of the world will recognize only the P.R.C. Eventually, they believe, Taiwan will be forcibly incorporated into the mainland and lose the freedoms its people enjoy today.

Chen argued that democratization in Taiwan was complete in terms of its system (although he said the KMT still holds an unfair share of the resources necessary to win a presidential election or to gain the majority in the legislature). He argued that, with 21 million people and a democratic system, Taiwan has all the attributes of a full-fledged

country and asked what more it takes for the international community to recognize it as one. Both men wanted to know how that community, and especially the U.S., would react if reunification were not handled peacefully. Neither accepted the thesis that a declaration of independence by Taiwan would precipitate a non-peaceful reaction, from the P.R.C.

I should note that I have known and worked closely with Dr. Chai and Dr. Chen since the late 1970s when they were expatriate native Taiwanese activists in the United States. As the political system liberalized, they sought to return to their native land. That they are now back and participating vigorously in Taiwan's newfound democracy is another remarkable sign of what has occurred in Taiwan in a few short years.

The exciting thing about Taiwan is that democracy, while still young, is functioning. It is clear from my discussions that officials are trying to work out new power arrangements within and between the different branches of government. The government in Taipei must now formulate domestic and foreign policies that reflect the often-conflicting views of the population at large. The three main parties—the KMT, the DPP and the New Party—all have different views as to how this should be done. But the process they are using to work through these differences and to develop new power arrangements is democracy in action.

### VIETNAM

#### A. Introduction

It has been said of the Communist Party in Vietnam that, after winning the war with Western capitalists, it has now lost the peace. Economic reforms begun in the 1980s, known as doi moi, have brought tremendous change to Vietnam's level of economic development. There are also signs that these reforms could lead to some limited, but still important, changes in the country's politics as well. In the most recent Constitution of 1992, the Party is still specified as the leading force in both the State and in society at large while other parties are banned. Nonetheless, last year in elections for local, provincial, and then national assemblies, some candidates ran as independents.

The Communist leadership in Vietnam clearly aims to continue economic development, while tightly controlling the direction of that development and prohibiting political liberalization. Their role models for this seem to be the early years of economic transformation in Singapore, South Korea and Taiwan. The government's plan for implementing this goal will be a major topic of discussion at the next Party Congress meeting, being held this month. Other important issues to be considered at this meeting include legal reform and potential leadership changes.

Vietnam's economic changes have been dramatic since the government introduced market-liberalization policies in 1989. The industrial and services sectors, for example, have been growing at an average of 9% per year. Agriculture, which accounts for 73% of all employment, has grown at a much slower 3% per year. Yet here, too, reforms have had a profound effect; Vietnam has moved from an importer of rice to the world's third largest exporter (after Thailand and the U.S.) GNP per capita remains low, however, at roughly US\$230 at given exchange rates (although real incomes may be higher because much of the economy involves non-cash transactions). The government's current goal is to double per capita GNP by the year 2000.

#### B. Political developments

The Vietnamese government remains under the control of the Communist Party.

But the Vietnamese people appear to enjoy greater individual freedom than in most other Communist countries. Analysts have reported that people do not fear speaking up against certain policies. Local officials, while still mostly Communist effect on their daily operations and decisions.

This attitude was reflected in my meetings with top officials, who stressed repeatedly that they were aiming for a government "of, for, and by the people." While final authority continues to rest with a small group of Politburo leaders who operate without scrutiny or accountability, much was made of the ability of individual citizens to complain to their National Assembly Committee representative or to have input at the local level on documents being prepared for the Party Congress.

When asked about individual rights, officials quickly said that, while they recognized the universality of human rights, the promotion of these rights has to take place within the context of Vietnam's circumstances today, which is different from that of the West. I was repeatedly told that an individual's fundamental right was to live in a free and independent country, which Vietnam had only achieved after a long and difficult struggle. Officials stressed that "Asian values" were most appropriate for their society, meaning that individuals can not exercise their rights at the expense of others or the law. In spite of these arguments, and the claim that it is not Vietnamese policy to jail political dissidents, officials admit that their legal system "needs work."

To the end, the government is considering several proposals to further develop the rule of law. Decisions on these proposals will be made at the June Party Congress.

It was also stressed to us that Vietnam is going through a period of great change, a process of "nation-building." During this time, officials say, they will consider suggestions and ideas from other countries, but will apply any they adopt to Vietnam's specific conditions. The National Assembly President, Nong Duc Manh, said that there was a great interest in the National Assembly for more contact with the U.S. Congress. Aside from being able to learn about the technical aspects of our system, Manh said that he wanted both sides to gain a greater understanding of each other's legislative institutions and practices.

The decisions that will be made at the upcoming Party Congress about policy reforms and about the changes in—or retention of—top Party officials will provide a critical roadmap for all Vietnamese development—economic, political and social—for the next 10 years. It will be an indication to ordinary Vietnamese and to the outside world were the leadership plan to move the country.

#### C. Economic development

An entrepreneurial spirit pervades the streets of Hanoi. Children and young women aggressively pursue foreigners hawking postcards and good-luck decorations, refusing to accept repeated "No thank you's." Storefront shops offer a wide variety of goods and services, such as jewelry, linens, housewares, mufflers and mechanical repairs. I was told that most of these stores were probably "illegal," meaning that their owners had likely not obtained the licenses or paid the taxes required to operate legally. As illegal operations, they were subject to random "crack-downs" by the police. As I was leaving Hanoi, I saw this practice at work. A police truck randomly stopped at street stalls and police got out to talk with store owners. I was told that the police in this case were most likely collecting their "cut." Indeed, the truck was loaded with furniture which may well have been collected as payment.

Deputy Vice Foreign Minister Le Mai told me that the largest mistake Vietnam ever made was implementing a command economy. He said the laws of capitalism "just are," which I took to mean that they are the natural order of things. He said the private sector is recognized in the 1992 Constitution as equally important to the State and Collective sectors. He acknowledged that private ownership of land has not yet been recognized and that this creates an incentive problem, especially in agriculture. Mai said that Vietnam was moving slowly in this sector to avoid the chaos it believes came to Eastern Europe after private ownership of land was allowed.

While Vietnamese officials repeatedly stressed their desire for increased foreign investment to stimulate further economic development, several barriers exist for foreign companies trying to operate in Vietnam today. I benefited immensely from a lengthy meeting with American business representatives struggling to do business in Hanoi today. One of the problems they cited is the requirement for a license for every aspect of a company's operation. Licenses are narrowly drawn, limiting a company's activities. Such a system naturally lends itself to corruption. Many companies make use of middlemen to deal with these headaches and such services add appreciably to costs.

Another problem arises from the lack of private ownership of property. Without private ownership of real estate, businesses cannot mortgage their property to raise capital for further investment. Foreign investors also lack direct access to a distribution system and are forbidden from holding inventory.

The heart of the problem for foreign investment, however, is the lack of a rule of law. No one can count on the government to honor a contract and there is no recourse to objective arbitration. Again, this leads to corruption "from top to bottom" because officials may demand a bribe to live up to what they have already promised. One U.S. businessman referred to contracts as "water soluble glue." Unless or until government officials take significant steps toward creating a sound and transparent legal system, foreign investment will be hampered.

#### *D. Relations with the U.S.*

This visit was only my second to Vietnam and my first to Hanoi. My first trip was with Senator Mansfield in 1962 during the early stages of the war. What surprised me above all else was the friendliness of the people and their willingness, even eagerness to deal with Americans, even though it was only some 20 years ago that American bombs were raining down on their country. Other Americans I met there also noted their sense that the Vietnamese were eager for closer relations with the U.S., in spite of our two countries' recent history.

Vietnamese officials welcomed President Clinton's announcement, the week before I arrived, of his nomination of Congressman Douglas B. "Pete" Peterson to be Ambassador to Vietnam. They agreed that having a former prisoner of war as Ambassador symbolized the willingness of both countries to put the war behind them. They seemed to understand that the dynamics of U.S. electoral politics could delay his confirmation and actual posting to Hanoi.

All officials in Hanoi, both Vietnamese and U.S., went to great lengths to assure me that cooperation on the most contentious bilateral issue—POW/MIAs—was strong and productive. At a lunch at the Charge's residence, U.S. embassy officials were unanimous in their assessment of Vietnamese cooperation: it could not be better. The U.S. military official in charge of the issue in

Hanoi described how his team was able to investigate every lead they received, to go where ever they wanted and to view all documents they requested. He emphasized that there were no roadblocks from the Vietnamese. I am convinced that the government of Vietnam is being fully cooperative with the U.S. on the POW/MIA issue and that, while this cooperation must continue, the issue should not in any way hamper further development of the bilateral relationship.

Le Mai raised an interesting point with us. He said that his government had tried to cooperate whenever and wherever it could, but that he and his colleagues often felt U.S. demands were unrealistic. He pointed out that only weeks before we arrived a U.S. commercial aircraft had crashed in the Everglades in Florida. Despite knowing exactly when and where the plane went down, and using the best equipment and best trained people to recover the remains of passengers, the U.S. had yet to recover a single identifiable remain. Yet if the Vietnamese government cannot produce finding of a crash that may have occurred 25 years ago, in a broadly-identified area, then critics in the U.S. will accuse them of stonewalling.

In discussing regional security issues, officials emphasized their desire for peace and stability to foster an environment conducive to economic growth for all. Deputy Foreign Minister Le Mai emphasized the need to have a "balance" between the various powers in the region, such as the U.S. and China, and U.S. and Japan, or Japan and China. While Mai did not name China as a threat regional stability, in the context of a discussion of recent Chinese military aggression in the Spratly Islands and the Taiwan Strait, he suggested that if "any one country" tried to increase its power, Vietnam would be open to an increasing U.S. presence to preserve the balance.

Government officials went to great lengths to stress the importance of continuing the normalization of relations between the U.S. and Vietnam. They also emphasized the "great potential" of improved economic ties. Specifically, Hanoi would like Washington to grant most-favored-nation (MFN) tariff treatment, Export-Import Bank financing, and Overseas Private Investment Corporation (OPIC) guarantees.

Perhaps the strongest argument for increased economic ties between the two countries came from U.S. business people living in Hanoi. They argued that through negotiating the trade agreement necessary to grant MFN and OPIC, Hanoi would be forced to address some of the more difficult problems facing U.S. investors, as described above. They further emphasized that by providing these trade preferences, the U.S. government would be helping U.S. businesses, not just the Vietnamese. Likewise, by denying them, the government hurts U.S. businesses and encourages the Vietnamese to shop elsewhere.

With both logic and passion, this business group argued that, despite the many structural problems they face daily in Vietnam and despite the fact that it is harder to do business there than in Russia or Mongolia, it was in both their personal interests and in our national interests to say. Over the next 20 years, Southeast Asia will be one of the fastest—and perhaps the fastest—growing regions in the world. Vietnam's geographic position makes it a natural hub for all types of trade and transportation. The question is not if Vietnam becomes another dynamic Asian market but when it does, will the U.S. be there? If our companies do not gain a presence there now, we risk losing market access later, possibly permanently. This is a problem the U.S. faces all over Asia where our experience and involvement is generally lacking.

This business group believes that Vietnamese leaders understand the problems in their legal system and are willing and able to correct them, albeit slowly. Vietnam's membership into ASEAN will help to guarantee the further development of a stable market attractive to even more foreign investment. American products, from consumer goods to elevators to computers, are popular in Vietnam. U.S. businesses have a tremendous advantage because the Vietnamese respect the quality of our products and would choose our companies if the financing were equal.

Finally, this group said that their working relationship with the U.S. Embassy in Hanoi could not have been better. In a centrally-planned economy, government-to-government relations are the only legitimate ones; these companies could not function without the Embassy. Even under these circumstances, they stressed that their relationship with the Embassy was better than in any other country they had worked. I, too, was very impressed with the Embassy staff, especially with Desaix Anderson, our Charge d'affaires there.

#### THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, September 25, the Federal debt stood at \$5,198,780,826,934.47.

One year ago, September 25, 1995, the Federal debt stood at \$4,949,969,000,000.

Five years ago, September 25, 1991, the Federal debt stood at \$3,630,755,000,000.

Ten years ago, September 25, 1986, the Federal debt stood at \$2,109,249,000,000.

Fifteen years ago, September 25, 1981, the Federal debt stood at \$979,210,000,000. This reflects an increase of more than \$4 trillion (\$4,319,570,826,934.47) during the 15 years from 1981 to 1996.

#### MESSAGES FROM THE HOUSE

At 9:51 a.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 1834. An act to reauthorize the Indian Environmental General Assistance Program Act of 1992, and for other purposes.

The message announced that the House has passed the following bills, each with an amendment, in which it requests the concurrence of the Senate:

S. 868. An act to provide authority for leave transfer for Federal employees who are adversely affected by disasters or emergencies, and for other purposes.

S. 919. An act to modify and reauthorize the Child Abuse Prevention and Treatment Act, and for other purposes.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1499. An act to improve the criminal law relating to fraud against consumers.

H.R. 3155. An act to amend the Wild and Scenic Rivers Act by designating the Wekiva River, Seminole Creek, and Rock Springs Run in the State of Florida for study and potential addition to the National Wild and Scenic Rivers System.