

principles that distinguish us from the Democrats by adopting a fiscal policy of "Republican austerity."

This slowed the economy and therefore, the voters tossed out the Republican Congress and declined to elect a Republican president. The American people instead chose John F. Kennedy, a Democrat who promised tax cuts—and kept that promise.

President Ronald Reagan also promised tax relief, and he delivered by proposing tax cuts totaling \$747 billion. That equals \$1.6 trillion in today's dollars. These massive tax cuts propelled the economy forward. President Reagan stood with Republican principles, and today we are still benefiting from his sound economic policy. This was done while the Congress faced deficits, not surpluses that we are enjoying today.

In 1990, President Bush, unfortunately, reached a budget compromise with the Democrats to spend more and tax more. As a result, the American voters tossed him out for abandoning his promise not to raise taxes.

Finally, history is a mirror. If we cannot keep our promise to the American people, we will lose a Republican Congress, and more importantly, a unique opportunity to create a sustainable economy, increase real income, and improve the living standard for working Americans.

Mr. President, I am deeply disappointed and frustrated by the reluctance of the Congress and the congressional leadership to provide substantial tax relief, despite projections of huge surpluses. Nothing I believe, can justify this.

This Senator intends to stand firm on his promise to work for lower taxes that allow the working men and women of Minnesota and the 49 other states to keep more of their own money. I urge our leadership to follow.

Thank you very much, Mr. President. I yield the floor.

Mr. MCCAIN addressed the Chair.

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

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. MCCAIN. Mr. President, I ask unanimous consent that we remain in status quo until the hour of 2 o'clock, and then I will have additional remarks after the Senator from Texas speaks.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, excuse me—

Mr. MCCAIN. Just status quo until 2 o'clock.

Mrs. HUTCHISON. We will have time to talk?

Mr. MCCAIN. Yes.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, at 2 o'clock, we should have distributed our amendment to both sides of the aisle. We will have given everybody an opportunity to look at it. We are in the final stages of getting the amendment done by legislative counsel. We went over it this morning with Senator MCCAIN's staff.

I think probably the best part of valor is to get it over here in a few minutes, distribute it widely, get everybody to look at it, and then be ready to begin at 2 o'clock. At that time, it will be my objective to offer the amendment. There is an open spot on the tree. I will offer the amendment. Hopefully, we will have support from both sides, it will be adopted, and we will take a major step toward repealing the marriage penalty and giving tax equity to the self-employed on health insurance.

This is a good amendment. I think it will serve a good purpose, and I hope my colleagues on both sides of the aisle will vote for the amendment. I yield the floor.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I assume from our previous conversations, too, that the Senator from Texas is agreeable to a time agreement?

Mr. GRAMM. I am agreeable to a time agreement on this amendment, yes.

Mr. MCCAIN. Mr. President, I thank the Senator from Texas. I think it is an important amendment as well. I hope we can negotiate time and move forward on this amendment and others throughout the remainder of the day. I yield the floor.

Mrs. HUTCHISON addressed the Chair.

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

Mrs. HUTCHISON. Mr. President, thank you. I want to talk about the tobacco bill in the context of where we started and where we are now.

I was on the Commerce Committee, and although I thought the bill had flaws in the Commerce Committee, nevertheless there was a balance to the bill. Our purpose in the tobacco bill is to try to keep teenagers from experimenting and getting hooked on cigarettes before they have the full judgment to understand that nicotine is addictive.

That has been everyone's stated purpose. The President said that. Every Member who makes a speech on the floor says that. Everyone agrees. What we came out of the Commerce Committee with was a bill that I felt had a good chance of reaching the goal of severely limiting the amount of teen smoking in this country.

Here is what the bill did, in a broad generalization. It had an agreement from the tobacco companies that they

would not advertise. That is a key component to curbing youth smoking, not making it seem attractive to smoke. If you are not advertising with the Marlboro Man, it may not be nearly as appealing to smoke. So the tobacco companies voluntarily agree that they are not going to advertise provided a huge part of the balance of this bill.

The second part, and what the tobacco companies needed, I suppose, or asked for in order to give up a major right that we could not take away from them—their constitutional right under the first amendment to advertise. Congress could not pass a law saying they could not advertise. We had to have something to which they would agree. What they wanted was some limitation on the liability in any 1 year.

So in the bill that came out of committee, there was a limitation of about \$8 billion. And if someone sued, and it was above that limit, their claim would not be thrown out but it would roll over until next year. I thought that was a fair balance because it would allow us to go for the target of stopping teenagers from starting to smoke because of advertising, which we now know has been targeted toward them, in return for having what I think is a huge liability limit. Nobody at this point has even come close in this country to \$3 or \$5 billion in any year from a lawsuit on liability. So I thought we had a balance.

What has happened on the floor is, I think—a combination of people who had different purposes in addition to stopping teen smoking, removed all the liability limits, therefore, you lose the tobacco companies agreeing to give up their constitutional right to advertise. I think we lost track of the major target.

In the meantime it was also decided that we would tax the people who legally smoke, at least \$1.10 a pack, so that the price of a pack of cigarettes would go toward \$5 a pack. So now you have what I think is a terrible principle; and that is, that you are taxing one sector of the population to have new programs that may or may not be effective in curbing teen smoking.

So now we have an amendment that is going to be offered in the next hour that would say, "Well, we've got this huge tax increase and I don't like where the spending is going, so let us give it back in tax cuts to somebody else." I do not like that principle. I do not want to tax a working person who is making \$20,000 a year in order to give money back to a working family making under \$50,000. I do want to give money back to the working family that is making under \$50,000, but I want to do it in the context of our budget, like we do every other tax cut or every other tax increase, for that matter.

This bill violates both principles that we would tax or give tax cuts within a budget and that we would tax one person to give it to someone else.

I am the sponsor of the bill that would eliminate the marriage tax penalty. It is my bill. Senator FAIRCLOTH and I are cosponsoring this bill together because we believe the highest priority for tax cuts in this country should be eliminating the marriage tax penalty.

So given the choice that I am going to have before me of not wanting to tax one person in order to give it to someone else, but my choice being we are going to have the tax increase, what do we do with it? Go spend money on new Government programs or give it back to people who make under \$50,000, I am going to choose the latter. I am going to choose to try to start eliminating the marriage tax penalty by giving a higher level of exemption before you have to start paying taxes.

So I am going to make the tough choice in favor of giving money back to the people who work for it. But I do not like this bill. And I hope and I urge my colleagues not to continue to try to put this bill in shape but instead to go back and start all over. I think we can pass a responsible bill in this Congress that would severely limit the number of teenagers who start smoking. That is a worthy goal.

I also think in this Congress that we should pass the elimination of the marriage tax penalty because it hits people who make \$30,000, \$40,000, \$50,000, couples who get married, who want to make that downpayment on their first home; and when they do, they are hit with a \$1,000 or \$2,000 tax increase just because they got married.

So I want to do both of these things. I do not like the choices that we are looking at in the bill before us. And I do not like the choices being given to us by the amendment. But as the lesser of two evils, I am certainly going to support a tax cut when we already have a tax increase on the floor. But what I would suggest is that we scrap the whole thing and try to do this right.

Doing it right means two things: It means, first of all, eliminating the marriage tax penalty in the budget; and, secondly, coming back with a balanced bill that will have the purpose of stopping or severely curtailing teen smoking, but not on the back of a person who is working for a living, not making much money, and is smoking, unfortunately, but nevertheless by his or her own choice. That is a choice that a person makes. I do not think that we should be taxing someone at this level—it is a regressive tax—when we are not sure that the purpose is going to be achieved.

So I hope my colleagues will look at this issue, step back—first of all, pass Senator GRAMM's amendment because at least we can take the first step towards eliminating the marriage tax penalty—then I hope we will bring this bill down and start from scratch and try to put forward a bill that will stop teen smoking or at least put a big dent in it. I think we can do that with the balance that we had in the original bill

before it got worked over by the U.S. Senate.

I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. THOMAS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COATS). Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak as in morning business for 6 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Iowa is recognized to speak as in morning business for 6 minutes.

UNITED STATES-MEXICAN COOPERATION ON DRUG CONTROL

Mr. GRASSLEY. Mr. President, I am puzzled. In the last week or so, we have seen U.S. Customs' agents wrap up one of the most successful undercover operations in history. This effort, Operation Casablanca, has nailed a bunch of international bankers, mostly in Mexico, who have been laundering drug money. These white collar drug thugs have violated United States law, Mexican law, and international law. They have violated their trust. They have abetted one of the nastiest businesses on the planet. And they have conspired to do all of this to make an illegal dollar. Drug traffickers are bad enough. But their financial advisers and bankers are truly despicable. Thus, the Customs' undercover operation that exposed some of these low lifes is to be celebrated. My hat is off to the agents and informants that risked their lives to help defend our institutions and bring these pinstripe bandits to justice.

But I am still puzzled. What has me scratching my head is the reaction of the Mexican Government to this event. Instead of joining hands in congratulating efforts to protect the integrity of our international banking institutions and our shared concern to stop drug trafficking, what have they done. The Foreign Minister of Mexico has called the law enforcement people the criminals. She has raised the banner of so-called national sovereignty to provide cover to criminal activities of Mexican nationals. Mexico has called for the extradition of the law enforcement people in this operation, claiming they have violated Mexican law. What is wrong with this picture? Let me count the ways.

First, money laundering is the illegal act we are talking about. It is, by its nature, an activity without borders. It is also illegal in every legitimate country on the planet.

Second, the bankers in Mexico who engaged in laundering drug money, did so with knowledge of the illegality of their acts. They did so in a manner aimed at avoiding detection. They did

so in defiance of bank regulations and Mexican law.

Third, these bankers engaged knowingly in using their expertise to violate United States law. And they provided the facilities of their banks to move money around the globe in violation of international law.

Fourth, we know they did this because it's on tape. We know they did it knowingly because the indictments spell it out.

Fifth, they used their expertise to try to improve the ease with which the money was laundered. They provided advice on how to avoid Mexican law.

They acted with criminal intent and used the interconnectivity of the modern banking system to hide their acts. They committed these acts in this country, in Mexico, and elsewhere, either in person or by using computers.

Now, the Foreign Secretary in Mexico would have it that in exposing these activities and in tracking the process, United States agents violated Mexican sovereignty and law. It would seem, in her view, that this means the undercover operatives committed criminal acts by engaging in money laundering. But in this country and most others, a criminal act involves intent. There is no criminal intent involved here by U.S. law enforcement. Just the reverse. Thus, law is not offended.

As to sovereignty, well, if we insist on this point, whose sovereignty is violated? Sovereignty is not meant to be a shield for criminality. It would be a fine world if that were the principle. It is not. I can think of few more useful tools for drug traffickers, money launderers, and thugs of every description than to find a safe haven in some country willing to use its sovereignty to harbor international criminality. What has happened here, is that bankers have violated the laws of this country by using the international banking system to freely commit crimes. They have done this in person in this country and they have done it electronically across borders. These are the criminals, not the law enforcement people who have corralled this gang of crooks.

But according to the Foreign Secretary of Mexico, it is the law enforcement folks who are to be labeled villains. In some of the most intemperate rhetoric I have seen from a senior government official, the Foreign Secretary not only castigates the good guys, but is calling for their extradition. I find this situation outrageous. I am equally concerned about the response from our own State Department. I have a letter here that our Secretary of State has sent to the Secretary of the Treasury. I will submit this for the RECORD. Instead of congratulating the law enforcement effort and joining hands with Secretary Rubin, Secretary Albright complains about inadequate consultation with Mexico. What is wrong with this picture?

Given the important steps Mexico and the United States have taken to