

young Nation was safe, because "Jefferson still lives." He did not know that his friend had already died a few hours earlier.

The birth of our Nation, like the birth of my beloved State of West Virginia, was marked by conflict ignited by the Declaration of Independence, and the fireworks that we will watch next Friday serve as a vivid reminder of the price of our freedom. But many of us will watch those fireworks amid gatherings of friends and family, and the sting of battle will be but a distant memory. In West Virginia, the Fourth of July is marked in traditional ways, with parades and large family reunions, gatherings of kin from around the State and around the country. In cities like Weirton and Ripley, high school bands and volunteer firemen will step out smartly behind banners carried by majorettes in sequins that glint in the bright afternoon Sun. Local politicians and beauty queens will decorate the open tops of mirror-polished convertibles. And families will cheer as the Stars and Stripes goes past, carried proudly by an Eagle Scout. The very sight of Old Glory stirs the pride in even the most jaded or unpatriotic among us, when it is surrounded by such homespun and heart-felt pageantry.

After the parades, long tables will be laid under the old trees shading the yard—it may be a churchyard; There may be a cemetery nearby. Many hands will share in the labor of cooking, and the fragrance of meat grilling will blend with the sweet aroma of homemade pies and cakes. Children with watermelon juice dripping down their chins will run past grandparents in lawn chairs, waving their sparklers at the darkening sky as the dogs bark and give chase. When finally the fireflies give way to the stars, fathers will set up the roman candles, fountains, and noisemakers in a spectacular reprise of the "rocket's red glare, the bombs bursting in air," penned by Francis Scott Key as he witnessed the battle over Fort McHenry.

And after the glories of the Fourth of July, after the sleepy children are put to bed and the dishes are washed, the gathered kinfolk will scatter like the fallen rocks of the old stone wall, back to their homes, to be gathered again for next year's reunion. The strength of their families goes with them, and the love and pride they have in their union and their country will be renewed. There is no better Nation on Earth, no Nation more blessed, than this one. So, for this happy Fourth, I wish my fellow Senators Godspeed as they go to their many homes throughout the several States of the Union. I wish them all a safe journey in their weekend travels. I also wish God's blessings to all Americans traveling or residing abroad, who will gather at U.S. Embassies to celebrate with their fellow Americans on the Fourth of July in reunions of strangers that are still, intangibly, our kin as citizens. So with God's blessings

on everyone, everyone who is a part of the U.S. Senate, everyone who is part of the family of the Senate, we will come together again after we have celebrated the invisible yet lasting legacy of the men who gave us the Fourth of July. Henry Van Dyke captured this deep seated pride and kinship we all feel for our country, and never more so than on this holiday, in his poem, "America for Me:"

'Tis fine to see the Old World, and travel up and down

Among the famous palaces and cities of renown,

To admire the crumbly castles and the statues of the kings,—

But now I think I've had enough of antiquated things.

So it's home again, and home again, America for me!

My heart is turning home again, and there I long to be,

In the land of youth and freedom beyond the ocean bars,

Where the air is full of sunlight and the flag is full of stars.

Oh, London is a man's town, there's power in the air;

And Paris is a woman's town, with flowers in her hair;

And it's sweet to dream in Venice, and it's great to study Rome

But when it comes to living there is just no place like home.

I like the German fir-woods, in green battalions drilled;

I like the gardens of Versailles with flashing fountains filled;

But, oh, to take your hand, my dear, and ramble for a day

In friendly West Virginia hills where Nature has her way!

I know that Europe's wonderful, yet something seems to lack:

The Past is too much with her, and the people looking back.

But the glory of the Present is to make the Future free,

We love our land for what she is and what she is to be.

Oh, it's home again, and home again, America for me!

I want a ship that's westward bound to plough the rolling sea,

To the blessed Land of Room Enough beyond the ocean bars,

Where the air is full of sunlight and the flag is full of stars.

Mr. President, I yield the floor.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. GRAHAM. Mr. President, it is intimidating to speak after such poetic eloquence. One of the joys of serving in the U.S. Senate is to be part of a permanent class with Senator BYRD. Some students have left for their homes and Fourth of July activities and some of us were able to share in his just concluded statements on behalf of his wonderful State. I thank the Senator.

Mr. BYRD. Mr. President, I thank my honorable friend, the senior Senator from Florida, for his overly gracious and very charitable and kind remarks, and I hope that he and his lovely wife will have a joyous Fourth of July and a safe journey to the great State of Florida and back to Washington when the holiday week is done.

Mr. GRAHAM. I wish the same for Senator BYRD and his family.

(The remarks of Mr. GRAHAM pertaining to the introduction of S. 984 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GRAHAM. Thank you, Mr. President.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

#### TOBACCO PENALTY DEDUCTIBILITY

Mr. BAUCUS. Mr. President, earlier today, Senator HARKIN introduced legislation dealing with the recent agreement between States and the U.S. tobacco industry. Senator HARKIN's provision says simply that the payments from tobacco companies to States should not be tax deductible.

I applaud this effort, and I want to speak for a few moments on the subject and how we might proceed from here.

Last week, a number of State attorneys general reached an agreement with several American tobacco companies. The agreement will compensate the States for their Medicaid spending on people who suffer from smoking-related illnesses, like lung cancer and emphysema, with \$368 billion in payments over the next 30 years. It is also supposed to include measures to protect the public health and provide tobacco companies with protections against future losses.

Congress must soon be asked to pass a law implementing this agreement. Because the agreement is very large and very ambitious, we will need a lot of time and study and consultation before we can reach a final judgment. But let me start with a basic principle.

I think we all would agree that a fair negotiated agreement is much better than litigation. But the key word is "fair." The agreement must be fair to States as they pay Medicaid expenses, fair to the Federal Government as it pays for Medicaid and Medicare, fair to kids, fair to the public, and fair to the taxpayers.

Initially, my reaction to the first point is that we should give the attorneys general a lot of deference on fairness to States. After all, they negotiated the agreement. With respect to the Federal contributions to Medicare and Medicaid, though, I am concerned that the agreement may not be fair. On public health, it seems they have come to some very good provisions on advertising, but perhaps weaker provisions on regulation of nicotine.

All this will take some more study. But I see one thing right away which seems to me grossly unfair to taxpayers. That is, under the terms of this agreement, tobacco companies will apparently be able to deduct their compensation payment from their tax bill as ordinary and necessary business expenses.

Thus, the tobacco companies could deduct \$368 billion from their taxable income and reduce their tax payments by about \$123 billion, assuming we maintain a corporate tax rate of about 33 percent during the course of this agreement. In effect, this would reduce the tobacco companies' payment by \$123 billion and force the taxpayers to pick it up instead. That is a full third of the compensation payment to States.

I believe that is wrong. I believe it is unfair. The basis of this whole agreement is the idea that tobacco companies bear some responsibility for the illnesses caused by tobacco and nicotine and should help pick up the tab.

I agree with that. I also feel strongly that ordinary taxpayers are not responsible for the illnesses caused by tobacco, and they should not have to put up \$123 billion to pay for the treatment.

Is there a solution to the problem? Yes, there probably is. We should look into the issue, and I believe that the Senate Finance Committee should hold hearings on the tax implications of this settlement.

But already it seems clear that these payments are not necessary business expenses. They are, rather, belated compensation for the health effects of tobacco. I do not think they should be tax deductible. I will explore every means, including legislation if necessary, to make sure this agreement is fair to taxpayers.

#### REFORM OF THE ENDANGERED SPECIES ACT AND CONSERVATION EASEMENTS

Mr. BAUCUS. Mr. President, on another matter, I wish to inform the Senate that we in the Environment and Public Works Committee are working very diligently to come up with a good solid reform of the Endangered Species Act.

In this respect, I say that Senator KEMPTHORNE, the chairman of the relevant subcommittee, is working very hard with Senator REID, the ranking member of the relevant subcommittee, along with myself and Senator CHAFEE to reform the current Endangered Species Act, including many provisions, such as involving the States much more deeply than they are now, making sure there is peer review by scientific communities, and a host of other changes.

But one change I would like to mention at the moment is an idea in the bill introduced by the Senator from Idaho which very simply states that conservation easements that protect habitat for endangered species should be tax deductible.

I raised this issue in the Finance Committee markup a week ago explaining to members of the committee that this was a new idea, a good idea which would give landowners incentives so that they themselves can protect their own land in a way to avoid

problems under the act. But I did not push for the amendment in committee because we were not quite ready for the provisions of the amendment and did not have an appropriate way to pay for it which is called for under the Reconciliation Act.

Senator KEMPTHORNE has introduced a statement today basically calling this matter to the attention of the full Senate, and most particularly to the attention of the conferees.

I say to Senator KEMPTHORNE and others that are interested that I will work diligently, in cooperation with the Senator from Idaho, to see if we can find a way to get that provision passed.

Essentially, Mr. President, we will very soon have a bipartisan Endangered Species Act reauthorization reported out of the Environment and Public Works Committee. I think Senators will be happy in the main with the provisions of this agreement. I compliment, again, Senator KEMPTHORNE, Senator REID, and others who are working, on a very bipartisan basis, to reach this result.

Again, I thank my colleagues for their interest in the tax incentive portion of it because I think that is an important, integral part of this solution.

#### COMPLIMENTING SENATOR ROTH

Mr. BAUCUS. Mr. President, I very much thank again publicly my chairman of the committee, Senator ROTH, who has heard many, many compliments on his leadership of the committee. I have complimented him many times already. Other Senators have complimented him many, many times. But one cannot compliment him too often because he did a terrific job in coming up with a bipartisan bill, as we know, that passed the Senate not too long ago by a vote of 80 to 18—quite an accomplishment.

Mr. ROTH. If the distinguished Senator from Montana would just yield for a comment. You do not have to stop complimenting. As far as I am concerned, I could sit here all day and listen to it.

Mr. BAUCUS. It may be deserved.

Mr. ROTH. You are very kind. I must say, I think we have all had a great experience of working together. I feel very strongly that this spirit of bipartisanship should continue. I know the Senator from Montana is of the same school as I am.

Mr. BAUCUS. Absolutely. Absolutely.

Mr. ROTH. So have a good recess.

Mr. BAUCUS. You too, Mr. Chairman.

#### APPOINTMENT BY THE SECRETARY OF THE SENATE

The PRESIDING OFFICER. The Chair announces, on behalf of the Secretary of the Senate, pursuant to Public Law 101-509, his appointment of James F. Blumstein, of Tennessee, to

the Advisory Committee on the Records of Congress.

#### ENCRYPTION POLICY REFORM

Mr. LOTT. Mr. President, I rise today to thank the junior Senator from Montana for his leadership on the important issue. Senator BURNS has led a valiant effort to address an area that I believe is in great need of reform. He has championed the cause of allowing citizens to protect their information through readily available strong information security technology. In the 104th Congress, he introduced legislation that set the stage for our reform efforts in this Congress. Again, last week, Senator BURNS offered a compromise version of his original bill before the Commerce Committee, but unfortunately this measure did not pass. I hope that now we can go through a process to bring all parties together, industry and Government, to try to relieve some of the problems created by current law. We did not accomplish everything that I wanted in Committee, but I am confident that there is still time to improve this legislation. I want to congratulate Senator BURNS and others on the committee like Senator ASHCROFT and Senator DORGAN who have taken the time to understand the technology and to attempt to effectively guide us through these difficult issues.

Mr. President, the demand for strong information security will not abate. Individuals, industry, and governments need the best information security technology to protect their information. The Administration's policy and the McCain-Kerrey bill allow export of 56-bit encryption, with key recovery requirements. How secure is 56-bit encryption? That question was answered the day before the Senate Commerce Committee acted. Responding to a challenge, a secret message encoded with 56-bit encryption was decoded in a brute force supercomputing effort known as the "Deschall Effort." The message that was decoded said "Strong cryptography makes the world a safer place."

Now that 56-bit encryption has been cracked by individuals working together over the Internet, information protected by that technology is vulnerable. The need to allow stronger security to protect information is more acute than ever.

Mr. BURNS. Mr. President, I appreciate the comments of the majority leader. I too was opposed to the legislation approved by the committee last week, but know that we still have the opportunity to pass a meaningful bill that will allow American industry to compete with the rest of the world in the global information marketplace. I believe that we can pass a bill that will not compromise our national security or law enforcement interests. As I sat through the markup last week, it occurred to me that we had allowed the issue of encryption to be framed as the