

(c) WITHDRAWAL, SUSPENSION, OR LIMITATION OF ADDITIONAL BENEFITS.—Section 503 of such Act (19 U.S.C. 2463) is amended by adding at the end the following new subsection:

“(g) WITHDRAWAL, SUSPENSION, OR LIMITATION OF ADDITIONAL BENEFITS.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, the President may withdraw, suspend, or limit the designation of any country as an ILO eligible beneficiary country for purposes of the benefits described in subsection (a)(1)(D) if the President determines that—

“(A) the country no longer meets the criteria set forth in section 507(6); or

“(B) imports of the article to which such additional benefits have been granted have increased in such amounts as to cause, or threaten to cause, injury to a domestic industry producing an article like or directly competitive with the article.

“(2) EFFECTIVE DATE OF WITHDRAWAL, ETC.; ADVICE TO CONGRESS.—

“(A) EFFECTIVE DATE.—A country shall cease to be an ILO eligible beneficiary country on the day on which the President issues an Executive order or Presidential proclamation revoking the designation of such country under this title.

“(B) ADVICE TO CONGRESS.—The President shall, as necessary, advise Congress on the application of subsection (a)(1)(D) and the actions the President has taken to withdraw, to suspend, or to limit the application of preferential treatment with respect to any country which has failed to adequately meet the criteria described in section 507(6).”

(d) DEFINITIONS.—Section 507 of such Act (19 U.S.C. 2467) is amended by adding at the end the following:

“(6) ILO ELIGIBLE BENEFICIARY COUNTRY.—The term ‘ILO eligible beneficiary country’ means a least-developed beneficiary developing country or a beneficiary developing country that—

“(A) the President determines, after consultation with the Secretary of Labor, is implementing and enforcing the provisions of Convention No. 138 of the General Conference of the International Labor Organization; and

“(B) has requested the additional benefits described in section 503(a)(1)(D).

“(7) ARTICLE ORIGINATING IN AN ILO ELIGIBLE BENEFICIARY COUNTRY.—An article is an article originating in an ILO eligible beneficiary country if the article meets the rules of origin for an article set forth in section 503(a)(2), except that in applying section 503(a)(2), any reference to a beneficiary developing country shall be deemed to refer to an ILO eligible beneficiary country.”

Mr. GRASSLEY. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

EDUCATION FLEXIBILITY PARTNERSHIP ACT

Mrs. MURRAY. Mr. President, in a short while we will begin the debate again on the Ed-Flex bill that has been on the floor for the last several weeks. It is a bipartisan bill. Democrats and Republicans alike are supporting this

bill. It is a simple bill, essentially, that will allow some of our school districts to be more flexible with their education dollars; for the liability for some of the waivers to be transferred from the Department of Education directly to the Governors, so the Governors in our States can provide some of the waivers based on some specific clauses that are in the bill. Essentially, it is a matter of paperwork being moved from the Nation's Capital to the Governors' desks. It is a bill, again, that is supported broadly.

I have come to the floor numerous times over the last week to talk about an amendment which I hope to offer today regarding class size reduction. A year ago, the President talked about the most important goal in education, one of the most important goals we have—that of reducing class size in grades 1 through 3. Studies have shown us consistently that reducing class size in those grades makes a tremendous difference in the learning of young children—in their math, reading, language scores, and in their ability to go on to college. It improves discipline problems, as shown by numerous studies that I, again, hope to be able to talk about once my amendment comes to the floor.

We talked about this amendment all last year during the session. Then, in a bipartisan bill last October, in the budget process we passed the beginning phase of reducing class size and began a commitment to this country that we would help our schools across this country begin to reduce class sizes in grades 1 through 3, where it makes a difference. It was a bipartisan effort last year. It should be a bipartisan effort this year.

This is a critical issue right now in this country, today, where school boards across our country are looking for whether or not we just made some kind of political offering last October, right before the elections, or whether we really meant it when we said we were going to join with our schools across this country in this commitment to reduce class size.

It is extremely timely that this Senate go on record right now with a commitment to our school districts, to let them know that we are there for them, that this wasn't just a fly-by-night political operation in October, it was a commitment from us at the Federal level to work hand in hand with schools across this country to begin to reduce class size. My amendment will authorize this program for the next 6 years. It is extremely important, because our school boards right now are putting their budgets together. They are determining what kind of money they will have.

They want to know, is this real or is this not, because they begin right now the process of hiring teachers to begin next fall. They do not want to hire a teacher, find out we did not really mean it last October, and make that commitment. They want to know

whether we stand there ready, confirmed, and committed to this process. That is why it is so critical that we go on the record now with the class size authorization bill.

I hope to offer that today. I am looking forward to working with my Republican colleagues, again, in a bipartisan effort to let our school boards know we are with them in this critical process. We will obviously have other times to talk about this, certainly in the appropriations committees, as we did last year. I know we will have a big discussion on it in the budget. It is extremely important that we make this kind of commitment now.

I have heard my colleagues from the Republican side say that Ed-Flex needs to go cleanly right now, because it is bipartisan and because it is timely. The same goes for class size reduction. It is timely, so school boards can make those commitments, and it is bipartisan, if we all believed what we said and how we voted last October.

I really hope I can work with my Republican colleagues to, again, put this amendment up this afternoon or whenever the majority leader agrees, have a time commitment to it. I am willing to negotiate that. If it can be done quickly, that is fine by me. We need to have an up-or-down vote on this amendment, and we need to do it as quickly as possible.

I, too, want the Ed-Flex bill to pass. This is an amendment I think is critical and important and timely, and I hope to work with my Republican colleagues to make sure it happens today. I am looking forward to our discussion, which will begin in about a half hour. I hope to offer my amendment and to work with all of our colleagues on the floor to send a message that we do believe in this U.S. Senate that reducing class size in 1 through 3 is a commitment we can and should make.

KNOW-YOUR-CUSTOMER AMENDMENT

Mr. LEVIN. Mr. President, on Friday, an amendment was offered to the Ed-Flex bill to block implementation of certain regulations which the banking regulators had proposed for financial institutions to establish Know-Your-Customer programs. That amendment is still pending before the Senate. On Friday, my colleague from the Banking Committee, Senator SARBANES, made a number of thoughtful comments about the pending amendment. Today, I would like I to express some concerns about it as well.

First, like Senator SARBANES, I am struck by the irony of dealing with an amendment that addresses banking issues wholly unrelated to education, at the same time Democrats are being denied an opportunity to offer amendments on educational issues much more relevant to the Ed-Flex bill before us.

Be that as it may, this banking issue has been put before us. And like all of

my colleagues, I voted on Friday against tabling the pending amendment. I voted against tabling, because I think the amendment properly criticizes the proposed regulations for failing to protect ordinary law-abiding citizens from possibly unreasonable and invasive scrutiny by their financial institutions.

At the same time, my vote against tabling was not a general endorsement of the amendment. To the contrary, like the proposed regulations it criticizes, the amendment is not drafted as carefully as it should be.

The first part of the amendment prohibits the banking agencies from publishing "in final form" the flawed regulations proposed in December. I support that prohibition. But the second part of the amendment goes much farther. It also prohibits the banking agencies from proposing any regulation "which is substantially similar to" the proposals condemned in the first part.

The question is what "substantially similar" means.

If it means that the banking agencies should not propose know-your-customer regulations without including adequate privacy protections, that is fine. But if it means that the agencies may not propose any know-your-customer regulations, no matter how finely tuned and protective of privacy, then the amendment is a serious mistake. If it means that agencies are not only prohibited from issuing regulations but should also start dismantling their existing know-your-customer practices, the amendment is a disaster.

I say that because know-your-customer programs are today a key part of law enforcement efforts to stop money laundering. Virtually all major financial institutions operating in the United States today have well developed know-your-customer programs, and U.S. bank examiners already routinely test the adequacy and effectiveness of these programs. For example, existing examination procedures testing bank compliance with the most important anti-money laundering statute on the books, the Bank Secrecy Act, already spell out the elements of an adequate know-your-customer program and test that program as part of its "core analysis."

The purpose of these know-your-customer programs is to stop financial institutions from unwittingly helping criminals to launder illegal proceeds.

Ten or twenty years ago, if an individual walked into a U.S. bank with a million dollars stuffed into a duffel bag and asked the bank to wire the money to an offshore account in a foreign country, most banks would have done so with few or no questions asked. And the bank would have collected a nice fee for arranging the wire transfer.

But that was before the United States embarked upon a world-wide, intensive effort to educate banks and foreign governments about the benefits of battling crime by stopping money laundering. The goals are to make

banks wary of moving funds for criminals, to seize illegal funds in the banking system, and to put money launderers in jail and out of business.

Congress has played a key role in the advancement of this law enforcement strategy. For example, the subcommittee on which I am the ranking minority member, the Permanent Subcommittee on Investigations, held landmark hearings 15 years ago on how criminals were using financial institutions in the United States to launder their funds. The House and Senate Banking Committees have held numerous hearings over the years outlining the problem and proposing legislation to detect and stop money laundering.

In the last Congress, the House Banking Committee held a series of hearings and the Congress passed H.R. 1756, the Money Laundering and Financial Crimes Strategy Act. In this Congress, the leading crime bill proposed by the majority, S. 5, the Drug-Free Century Act, contains an entire title devoted to "money laundering deterrence." Still another bill, H.R. 4005, the Money Laundering Deterrence Act of 1998, which passed the House by voice vote last year but was not brought before the Senate actually directed the banking agencies to propose know-your-customer regulations within 120 days.

That's because virtually all money-laundering experts will tell you that know-your-customer programs are one of the most important tools financial institutions have to prevent money laundering. Two examples explain why as well as illustrate how a sensible idea can be pushed too far.

First, suppose a stranger walks into a bank with a million dollars in small bills and asks the bank to wire the cash to a foreign bank account. Should the bank wire the money and then, after the customer is gone, report the transaction to law enforcement, or should the bank first determine who the customer is and, if not satisfied, decline to transfer the money? To me, the answer is clear that the bank should determine who the customer is before moving any money.

Second example. Suppose a longtime customer of the bank with a modest savings account deposits \$3,000 into that savings account. Should the bank report that \$3,000 deposit to law enforcement? To me, the answer is obviously no. That type of report would unreasonably invade the customer's privacy, as well as be a waste of time for law enforcement.

Surely, we can design regulations that distinguish between these two examples. At a minimum, different rules should apply to customers holding assets or conducting transactions below a specified threshold. We already do that with currency transaction reports, and the same could and should be done with know-your-customer programs. Additional privacy protections should be provided to prohibit banks from using know-your-customer data for purposes other than law enforcement, such as to

sell products to the customer or sell the customer's personal data to third parties.

I do not support the current know-your-customer proposals, because they do not include these and other privacy protections.

Unfortunately, the amendment before the Senate, in its zeal to condemn the proposed regulations, goes too far. The first section, which prohibits the banking agencies from finalizing the regulations as proposed in December, is fine. But the second section, which also prohibits them from publishing "substantially similar" regulations, is ambiguous and troubling.

It is my hope that the supporters of the amendment do not intend to reverse the gains of the last twenty years and free banks of any obligation to know who their customers are. It is my hope that their intent is to protect ordinary law-abiding customers, but to keep the heat on money launderers by maintaining longstanding requirements that banks ask appropriate questions. It is my hope that their intent to require the agencies to correct the flaws in the proposed regulations, but not block all know-your-customer regulations no matter how narrowly or carefully drawn.

The pending amendment could easily be clarified. However, given the current parliamentary situation, it is not clear that anyone will be permitted to offer the additional language. If no clarification is provided, I want the record to show that my support for the amendment is based on the understanding that the amendment's ban on "substantially similar" regulations is a ban on know-your-customer regulations that lack adequate privacy protections for ordinary, law abiding individuals. It is not a ban on all future know-your-customer regulations, no matter how carefully drafted.

Financial privacy is an important issue. It needs to be addressed. Senator SARBANES is working on a comprehensive financial privacy bill that I hope this body is given an opportunity to consider. It is unfortunate that we are being asked to address an important aspect of the financial privacy debate in such a rushed and inappropriate context. Which brings me back to Senator SARBANES' original question about why we are adding banking amendments to an education bill instead of the education amendments America wants and needs.

CONGRATULATIONS TO JOHN Q. HAMMONS ON HIS 80TH BIRTHDAY

Mr. ASHCROFT. Mr. President, I rise today to encourage my colleagues to join me in congratulating Mr. John Q. Hammons of Springfield, Missouri, who celebrated his 80th birthday on February 24, 1999. John is truly a remarkable individual. He has witnessed many events that have shaped Springfield. In fact, John has contributed significantly to the growth and spirit of