

it into New York, Dallas and Los Angeles. The Camel Club Program's style has a lot to do with KBA and its founder, Kevin Berg, a former club owner.

Berg does not hire "suit and tie" corporate types; he hires men and women who have nightclub experience and who are on the cutting-edge of fashion and pop culture. People with such experience and style are easily accepted into the club scene and carry far more "credibility" than the often stiff corporate cigarette representative.

Twig, for instance, on a recent visit to the Odeon concert club, wore thick, black-rim, retro-styled glasses, a leather coat that hung below his waist, wide-leg blue jeans, and red shoes. His demeanor was relaxed, as he made little effort to distribute the cigarettes. He gave a few packs of Camel cigarettes to Odeon staff, laughing with them as if he were an old fraternity buddy. He then took a seat for the show. During a recent visit to the Brillo Pad, a dimly lighted lounge with a soothing beat, Camel Club kid Don Vega walked behind the bar and served himself an orange juice, passed a few packs of cigarettes to friends and the bartender, played a game of chess with the owner, and left.

Being associated with a "cool" scene is the image R.J. Reynolds wants to build. "By operating in the nightlife scene, the objective is to directly reach trend influencers, the people that start and maintain trends. Our association with trend influencers \* \* \* will have a lasting impact on clubgoers who will begin to associate Camel with what is 'cool'" reads KBA's marketing material.

KBA believes by using the Camel Club kids and "interacting with the club patrons using a low-key, under the radar approach, is our best way to establish that we understand and are a part of the scene."

Once in the scene, Camel Club kids, who are paid hourly and typically work 4 to 6 hours a night, try to convert smokers to Camel by offering smokers fresh, full packs of Camels in exchange for their remaining non-Camel cigarettes. In return, the smokers are supposed to fill out an address card, known as the "name generation" card, which is passed back to R.J. Reynolds.

According to KBA's marketing plan. "This personal approach to selling is designed to, if executed effectively, convert the smoker to Camel and show the adult smoker that Camel is 'cool' by the way we establish this subtle interchange."

KBA declined to comment for this story and instead, asked R.J. Reynolds to respond to the *Free Times*. R.J. Reynolds did not contact the paper before deadline.

#### BIG HAIR AND BUBBLE GUM

If R.J. Reynolds' stated goal is to influence trendsetters and be associated with "cool," one has to wonder why KBA city managers targeted and signed Club 1148, a discotheque in the Flats.

Club 1148 is anything but hip, the only trendsetters that hang out here are those left over from the '80s. On a recent Saturday night, for example, hairsprayed women in tight frosted jeans flounced around the dance floor as bare-chested men in vests watched form the sidelines. Many of the club's smokers chewed gum while they took long, rehearsed drags on Camel cigarettes.

So why is R.J. Reynolds paying Club 1148 \$5,000 for the right to distribute its cigarettes? The answer may lie in the club's demographics. The club is open to 19-year-olds. And while KBA marketing materials state its goal is to "convert adult smokers at least 21-years-old," R.J. Reynolds needs to influence existing young smokers because they are less brand loyal, and therefore, more willing to try and then possibly stay with Camel cigarettes.

Reaching young smokers is perhaps the same reason R.J. Reynolds is interested in coffeehouses, which attract young smokers. Coffeehouses are far more trendy than Club 1148.

The clubs that receive the most money from R.J. Reynolds are the concert clubs, including the Agora, Peabody's DownUnder, Grog Shop and the Odeon, which often feature all-ages shows. It also invests heavily in promoting bands on behalf of these venues. Club tie-ins and joint sponsorship of bands are the cornerstones of the Camel Club Program. This is R.J. Reynolds' way of reinforcing the message that it is supporting the "scene."

"Camel events are the single most important way that we leverage our relationship with [Camel Club Program] venues," says the KBA marketing plan.

Dan Kemer, senior director of advertising and marketing for Belkin Productions, the concert promotion company that owns the Odeon, says the Camel Club Program helps promote artists he wants to showcase. "It's another good marketing tool . . . the biggest bonus to us is the program helps get the word out on the street," says Kemer about the additional advertising dollars and printed flyers he receives through the program.

Asked if he thought R.J. Reynolds could reach minors by promoting all age-shows, Kemer says he uses the program to tie into events that appeal to an older population, like the recent Me'shell Ndege'ocello concert.

"It's a great program for us," says Kathy Simkoff, who runs the Grog Shop on Coventry and received \$7000 from R.J. Reynolds. She says the Camel Club Program's primary goal is to help clubs with promotion, not distribute cigarettes to patrons. Simkoff says the Camel Club kids have been "very careful" not to distribute cigarettes to minors attending concerts and she often does not know they are in the club.

"They don't get in your face like the Jagermeister girls," she says, referring to hired models who troll Cleveland bars, pushing the sweet alcoholic Jagermeister shooter.

Similarly, John Michalek of Peabody's DownUnder, an all-ages concert club in the Flats which reportedly received \$9,000 from R.J. Reynolds, says the program helps him promote shows and he "has not seen any problems" with the distribution of cigarettes to minors.

But anti-smoking groups see the Camel Club Program as a campaign to attract underage smokers.

"R.J. Nabisco's Camel Club Program is just another strategy to seduce young people both over and under the age of 18 to use their deadly product, and is another indication as to why independent oversight of tobacco industry advertising and promotion is essential," says Lucinda Wykle-Rosenberg, research director for INFACT, a national corporate watchdog organization. INFACT is currently sponsoring a boycott of products made by R.J. Reynolds—which owns Nabisco foods—because of its cigarette marketing campaigns. Wykle-Rosenberg says the Camel Club Program is a campaign to get around anticipated regulations.

What has long upset this group and other dedicated anti-tobacco groups are the alarming death rates associated with smoking and the rate of addiction among teenagers. The Centers For Disease Control says 400,000 Americans die every year from tobacco-related diseases, and has reported that smoking rates for students in grades 9-12 increased from 27.5 percent in 1991 to 34.8 percent in 1995. A 1996 University of Michigan study released in 1996 showed smoking among high school seniors has increased to

the highest level in 17 years. And it is the demographic group, anti-tobacco advocates worry, that is attracted to such campaigns as the Camel Club Program.

"It's the Camel blitz," says one local bartender and Camel Club Program participant, who does not smoke. "The Camel kiosks are everywhere."

Editors' note: In the spirit of full disclosure, we want to point out that the *Free Times* has run cigarette ads periodically. But as Mark Naymik's piece demonstrates, our business policy to accept such ads has had no impact on our editorial policy.

Area bars and clubs participating in the Camel Club program include: Agora, Euclid Tavern, Grog Shop, Peabody's DownUnder, U4iA, Odeon, Phantasy Complex, Club Visions, Whisky, Wilbert's, 6th Street Under, Galaxy Lounge, Brillo Pad, Club 1148, Edison's Pub, Lincoln Park Pub, Treehouse, Market Avenue Wine Bar, Red Star Cafe, Literary Cafe, Firehouse Brewery, Uptowne Grille, Hi & Dry, The Last Drop, La Cave du Vin, The Humidor, The Drip Stick, Rhythm Room.

## SOCIAL SECURITY

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HAMILTON. Mr. Speaker, I am inserting my Washington Report for Wednesday, July 30, 1997 into the CONGRESSIONAL RECORD:

#### THE OUTLOOK FOR SOCIAL SECURITY

The aging of America is a significant factor in the growth of federal spending. Not only do we have more people in the population over 65, we also have a slowdown in the growth of the workforce. The proportion of the U.S. population that is elderly will increase dramatically in the second and third decades of the next century, as the baby boomers—those born between 1946 and 1964—retire. As these population shifts occur, the federal budget increases automatically because it is the principal source of income support and medical care for older people.

Federal programs that serve older people—Social Security, Medicare, and parts of Medicaid—have replaced national defense as the dominant category of federal spending, with the federal government now spending well over twice as much on older Americans as we spend on national defense. Social Security now constitutes the major source of income for most retirees. Covering more than 95% of the labor force, Social Security is an immensely popular program.

The Social Security program is currently in good financial shape, but the long-term changes in the workforce will place a major strain on its ability to pay full benefits for the baby boomers' retirement. So fundamental questions are being asked about whether the Social Security system should be sustained, reduced, or even replaced.

#### DIFFERENT APPROACHES

There are four broad approaches for bringing financial balance to the future of Social Security.

One approach is to have some combination of benefit cuts and tax increases that would restore long-run financial balance without changing the system in fundamental ways. Benefits can be cut by lowering the amounts paid each year or by raising the normal retirement age. For example, under current law the normal Social Security retirement age will be raised from 65 to 67 by the year 2027; some are suggesting that this transition

be accelerated while others suggest raising it to 70. Benefits can also be cut back by reducing the size of the automatic cost-of-living adjustments. Taxes can be increased by increasing the payroll tax, increasing the average covered wages, and broadening the tax base to include some currently tax-exempt benefits. Although benefit cuts or tax increases could help shore up the program, they are not politically popular, and passage would be difficult.

A second approach is to means test Social Security—reducing benefits to relatively well-to-do beneficiaries. For example, one proposal is to make wealthier retirees ineligible for Social Security cost-of-living adjustments. Proponents of means testing point out that currently some 1.5 million Social Security recipients have annual incomes over \$100,000. This approach has some appeal, but it is subject to the criticism that it would discourage savings because those who saved during their working years would find income from those savings indirectly taxed through reduced Social Security benefits. It also raises difficult administrative problems, encouraging potential beneficiaries to conceal assets by moving them abroad, placing them in trusts, or shifting them to children.

The third approach is to privatize the existing Social Security system. The main proposal is that we move to a system of mandatory Individual Retirement Accounts, allowing workers to invest the savings directly in higher yielding assets than government securities. Most privatization proposals would not be pure—the system would still protect workers with low earnings and those who become disabled. The Individual Retirement Accounts would be combined with a low-level uniform benefit and disability insurance.

The privatization approach prompts some criticism. It requires a sizable Social Security payroll tax increase over a long transition period to function. These taxes are necessary because it would not be good policy or politically feasible to cut benefits sharply for current retirees or to change the rules for those about to retire. There are also concerns that a privatized program would not provide sufficient support for workers with low lifetime earnings and that less-skilled workers will have difficulty making informed investment decisions. Privatization approaches attract political support especially among high earners.

How Social Security invests its reserves also affects the program's outlook. Under current law, Social Security reserves are invested in special Treasury securities that yield a return of about 2-3% greater than inflation. Some propose investing part of the Social Security reserves in a broad index of private securities. Critics fear that Social Security benefits could be threatened if the stock market goes down and also worry that this approach would enable the federal government to exercise inordinate control over private companies as a dominant shareholder. It is possible that arrangements could be established to prevent such control of companies whose shares would be represented in the broad portfolio.

A fourth main approach to shoring up the Social Security system recognizes the need to go beyond specific program changes to consider the broader economic environment. Since Social Security depends on payroll tax revenues to support it, it is very sensitive to changes in the economy and workforce productivity. That means we need to continue to implement strong growth-oriented policies for the economy that include balancing the budget and keeping it balanced.

#### CONCLUSION

My view is that the existing Social Security system has many advantages. The sys-

tem is progressive in offering larger benefits relative to lifetime earnings for lower earners than for higher earners. It protects virtually all of the retired population. Its administrative costs are low and its benefits are indexed for inflation. Most Americans now rely on it heavily, so we must be very cautious about any major changes. The projected costs of Social Security in the future are high, but if carefully planned and handled, these costs are manageable.

(Material taken from "Setting National Priorities" by the Brookings Institution)

### LEGISLATION IN SUPPORT OF RELIABLE WATER SUPPLY

#### HON. RICK HILL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 30, 1997*

Mr. HILL. Mr. Speaker, I rise today to introduce legislation that will ensure the Assiniboine and Sioux people of the Fort Peck Reservation and the surrounding communities in my home State of Montana a safe and reliable water supply. The Fort Peck Reservation, with a population of over 10,000, is one of the largest reservations in the United States. This reservation suffers from a 52-percent unemployment rate and many of its residents suffer from high incidents of heart disease, high blood pressure, and diabetes. A safe source of water is needed to improve the health status of the residents and encourage economic self-sufficiency.

This legislation delivers those needs for the residents of the reservation and the nearby communities. Building upon a consensus-based water compact, this legislation authorizes a municipal, rural, and industrial water system for the Fort Peck Reservation and the surrounding communities off the reservation. This project will benefit the entire region of northeast Montana and, accordingly, has the support of the residents of the Fort Peck Reservation and the Tribal Council of the Assiniboine and Sioux Tribes, and a member of the conservation districts surrounding the reservation.

The people in this region are plagued with major drinking water problems. In one community, the sulfate levels in the water are four times the standard for safe drinking water. In four of the communities the iron levels are five times the standard. In all of the communities throughout the reservation the groundwater exceeds the standards for total dissolved solids, iron, sulfates, nitrates. In some instances, minerals such as selenium, manganese, and fluorine are found in high concentrations.

Several local water systems have had occurrences of biological contamination. As a result, the Indian Health Service has issued several public health alerts. In most of the reservation communities, the residents are forced to buy bottled water at a cost of at least \$75 a month. Those who cannot afford to buy bottled water must continue to use the existing water sources, at great risk to their health. This is true although an ideal source of safe water, the Missouri River, flows near their homes every day. In short, Mr. Speaker, the very health of the residents depends on construction of this project.

Besides the need for drinking water, a new source of water is needed to protect the live-

stock operations. A major constraint on the ranching industry at Fort Peck has been a lack of available watering sites for the cattle. This water system would provide the needed pasture taps for livestock watering which would boost the local economy. In addition, distributing livestock water to pasture taps at different locations throughout the range would be an effective measure for soil conservation and range management.

Finally, the future water needs of the region are expanding. Current census data show the reservation population as increasing over 30 percent in the next 20 years. The people of the reservation and surrounding communities are clearly in desperate need of a safe and good source of drinking water.

The solution to this need for an adequate and safer water supply is a water system that will deliver a safe and adequate source of water to the residents of the region by using a small amount of the water in the Missouri River to meet these needs. The same type of system has been successfully used throughout the Dakotas.

The people of the Fort Peck Indian Reservation and the region only ask for a necessity of life: good, clean, safe drinking water. Mr. Speaker, I am proud to say that this bill delivers those basic necessities and helps foster much needed economic benefits.

### TRIBUTE TO GORDON HEIGHTS

#### HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 30, 1997*

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Gordon Heights, Long Island as its residents mark the 70th anniversary of this community's creation this year. I ask all of my colleagues in the House of Representatives to join me in honoring my friends and neighbors in Gordon Heights, as they celebrate their community's historic anniversary on August 16, 1997.

A community of caring, friendly people, Gordon Heights is a place where neighbors help neighbors and all residents share in the pride of their hometown. So much of that pride is generated by the great work of the Greater Gordon Heights Civic Association, who through their kind and caring acts have come to truly personify the selfless attitude that is the hallmark of small town America. Students, working mothers, senior citizens, children, veterans and so many others in the Gordon Heights community have benefited from the civic association's charitable efforts and educational programs.

As the Greater Gordon Heights Civic Association has shown, a community's collective civic pride is manifested through the actions of its residents. This evidenced once again by the members of the Gordon Heights Volunteer Fire Department, who are celebrating the 50th anniversary of dedicated service to this Long Island community. Concerned only with saving the lives and property of their neighbors, and compensated only by the gratitude of those they protect, these volunteer firefighters answer the call for help in the dead of night, on brutally cold mornings and in the face of grave danger. The Bible teaches us that we can show no greater love than to lay down our life