HONORING THE 50TH ANNIVERSARY OF THE RELATIONSHIP BETWEEN THE 27TH INFANTRY REGIMENT ''WOLFHOUNDS'' AND HOLY FAMILY HOME OF OSAKA, JAPAN

Mr. AKAKA. Mr. President, I rise to pay tribute to the 27th Infantry Regiment ''Wolfhounds'' for their 50 year relationship with the children of Holy Family Home of Osaka, Japan. This relationship is a symbol of the friendship and cooperation we have with the Japanese people. It has played an integral part in our lasting relationship with Japan and is a story that deserves to be told.

Fifty years ago, Catholic nuns from the Sisters of Charity of St. Vincent de Paul stood hopeless in the streets of a battered, war-torn Osaka, Japan, selling buttons and trinkets to the incoming occupation force soldiers in exchange for food. They were trying to keep orphaned children, who were living in abandoned, shabby, cold barracks, alive during most difficult conditions. Several Wolfhound regiment soldiers, including my friend Sergeant Hugh O'Reilly, saw the sisters' dedication and dilemma and took the news back to their headquarters. The men quickly organized to provide relief for the children.

Over the next few months, the soldiers used materials from the occupation forces to build facilities, collected money to feed the children, and began to cement this lasting relationship. Interested in doing more for the orphanage, Sgt. O'Reilly coordinated support from his unit for the Christmas holiday of 1949. This marked the beginning of the current relationship. Later, Sgt. O'Reilly began collecting money on a regular basis to improve living conditions for the children. Every week the collection grew, eventually averaging $3,000 a month. When the 27th Infantry deployed to Korea in 1950 the collections continued, to the surprise of the Sisters of Charity. The funds received during the years of occupation duty and the Korean conflict helped build the orphanage complex that greatly improved the lives of the children.

The 27th Infantry's generosity to the orphanage brought much public attention to the unique relationship the regiment had with the orphanage. In 1955, Hollywood produced the film ''Three Stripes in the Sun,'' which detailed Sgt. O'Reilly's efforts to assist the orphanage. In 1957, the Wolfhounds invited two children from the orphanage to come to Schofield Barracks in Hawaii, thus beginning the tradition that continues to this day. This month, on June 8, two more orphans will be making their first trip to Hawaii.

Another tradition began the following year, when the Wolfhounds sent two ''Soldiers of the Year'' to the orphanage during Christmas to act as ''Father Christmas.'' They visited the orphanage in Osaka, bringing gifts and companionship during the holidays.

These visits have been made possible largely by the generosity of a special individual, Mr. Akio Aoyama, an industrial leader in Japan. He recognized the benefits of improved United States-Japan relations that the orphans' relationship with the American regiment would foster. He has donated $10,000 each year to help offset the costs of travel, lodging, and other functions during the orphans' annual pilgrimage to the Wolfhounds in Hawaii.

Sgt. O'Reilly is the Wolfhounds honorary sergeant major and lives in Hawaii with his wife, whom he met at the orphanage. I would like to thank and commend him and the Wolfhounds for their untiring dedication and love for the children of Holy Family Home. Whether it be defending our country during times of war or promoting goodwill in peace, I know the soldiers of the 27th Infantry Regiment will endure. We all say thank you for a job well done and wish you continued success in the future.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, June 1, 1998, the federal debt stood at $5,495,092,820,910.61 (Five trillion, four hundred ninety-five billion, ninety-two million, eight hundred twenty thousand, nine hundred ten dollars and sixty-one cents).

Five years ago, June 1, 1993, the federal debt stood at $4,304,847,000,000 (Four trillion, three hundred four billion, eight hundred forty-seven million).

Ten years ago, June 1, 1988, the federal debt stood at $2,546,681,000,000 (Two trillion, five hundred forty-six billion, six hundred eighty-one million).

Fifteen years ago, June 1, 1983, the federal debt stood at $1,312,535,000,000 (One trillion, three hundred twelve billion, five hundred thirty-five million).

Twenty-five years ago, June 1, 1973, the federal debt stood at $456,386,000,000 (Four hundred fifty-six billion, three hundred eighty-six million) which reflects a debt increase of more than $5 trillion—$5,038,706,820,910.61 (Five trillion, thirty-eight billion, seven hundred six million, eight hundred twenty thousand, nine hundred ten dollars and sixty-one cents) during the past 25 years.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1415, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1415) to reform and restructure the processes by which tobacco products are manufactured, marketed, and distributed, to prevent the use of tobacco products by minors, to redress the adverse health effects of tobacco use, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Gregg/Leahy amendment No. 2433 (to amendment No. 2420), to modify the provisions relating to civil liability for tobacco manufacturers.

Gregg/Leahy amendment No. 2434 (to amendment No. 2433), in the nature of a substitute.

Gramm motion to recommit the bill to the Committee on Finance with instructions to report back forthwith, with Amendment No. 2436, to modify the provisions relating to civil liability for tobacco manufacturers, and to eliminate the marriage penalty reflected in the standard deduction and to ensure the earned income credit takes into account the elimination of such penalty.

Daschle (for Durbin) amendment No. 2437 (to amendment No. 2436), relating to reductions in underage tobacco usage.

Daschle (for Durbin) amendment No. 2438 (to amendment No. 2437), of a perfecting nature.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, lately we have heard a lot of hyperbole from the opponents of tobacco legislation, particularly regarding the notion that the bill should be killed because it concocts new bureaucracies. Last week, one Senator gave the number of 17 new bureaucracies and another said 30 new bureaucracies; and the Senator from Missouri used a very busy chart diagraming previous tobacco legislation which, unfortunately, did not represent the measure we are debating. The industry is certainly determined that this is an effective tool to divert the issue in trying to kill the bill.

Interestingly, Mr. Goldstone, the CEO of RJR, has been passing out the outdated diagram that was manufactured by one of our colleagues, a development I find to be quite curious and rather discouraging. It is the type of thing that reinforces the public's perception about the relationship between the Congress and the tobacco industry. In fact, Mr. President, Mr. Goldstone was out in my home State of Arizona to speak to a local civic club and passed out this same chart to many of my constituents, of course, whom I do not expect to know that that chart was outdated when it was printed. But it is an interesting symbiotic relationship that is developing between the opponents of the bill and the tobacco industry.

So, Mr. President, we developed a little chart here of our own. It does not take enormous skills—you do not have to be a genius nor be employed at the space agency to figure out a chart. But I thought it would be enlightening to my colleagues to look at a chart that has to do with what exactly happens when we do not pass tobacco legislation—I emphasize ''when we do not.''

Of course, we begin with tobacco campaign contributions, which have

been $30 million since 1987 to the U.S. Congress. Now, if we stopped at tobacco legislation there, a result of inaction would be—the number of kids who are smoking is up 32.4 percent since 1991. The average young person smoker begins at age 13, and 90 percent of our adult smokers in America begin before the age of 18. That might help my colleagues understand better why we are trying to attack the problem of youth smoking.

Adult smoking, that costs a lot of money to us who do not smoke. In fact, it is $50 billion a year in increased taxes on nonsmokers as well as smokers to pay for Medicare and Medicaid bills that are incurred as a direct result of treating the illnesses associated with smoking.

Again, I think it is important to remember, 90 percent of the adults who smoke in America began before the age of 18. That is why the critical focus is on kids smoking. Ten million smoking-related deaths have occurred since the first Surgeon General report was issued in 1964—10 million.

Mr. President, I have a chart around here someplace, which I will show later on, which shows the relationship between tobacco-related illness and all other causes of death in America. Smoking-related deaths are by far—by far—the highest. So when my colleagues say, ''Then you are going to move on to alcohol and hamburgers, and then you are going to move on to whatever,'' they may; I cannot predict the future; but I can argue that if you just looked at the number of smoking-related deaths in America, you would see that they dwarf all other causes themselves.

And 430,730 deaths, or 20 percent of all deaths in America—430,700 deaths, 20 percent of all deaths in America, are, guess what, smoking-related deaths. Premature deaths of smokers who are under age 18, in 1995, were 5 million. The combined potential life lost is 64 million years. And one-third—one-third—of all deaths by cancer in America are attributed to tobacco.

Mr. President, these are not my figures; these are the Surgeon General's, the Centers for Disease Control's, and other Government and nongovernmental organizations.

And there are 136,000 lung cancer deaths every year. There are 136,000 lung cancer deaths every year. Mr. President, that should be disturbing enough. But what is more disturbing is that youth smoking is on the rise in America—not on the decline, it is on the rise. If 136,000 people are dying of lung cancer every year and there are 430,700 deaths every year, those deaths eventually are going to go up. And your taxes are going to go up. The American people's taxes are going to go up, because we have to pay to treat the tobacco-related illnesses.

So when I keep hearing this malarkey about a big tax bill, my friends, we are paying a big tax bill as we speak, a huge tax bill, that is going to get a lot bigger if we do not attack this problem.

So I would ask my colleagues who keep buying and parroting the tobacco advertisements—according to the New York Times, now $60 million has been spent—please keep in mind the big tax bill that is paid every day of every year in this country to treat tobacco-related illnesses, not to mention the big human tax that results from premature death. Every day, today—today—3,000 kids will start to smoke, and 1,000 of them will die early. One thousand of them will die from lung cancer—emphysema, pneumonia, influenza, and other terrible causes of death.

There are 200,000 heart disease deaths per year. One-fifth of all the deaths attributed to heart disease are directly attributed to tobacco. There are 90,000 coronary heart disease deaths a year.

There are 3,000 lung cancer deaths a year due to secondhand smoke. There are 84,000 lung disease deaths every year, from pneumonia, influenza, bronchitis and emphysema, and 90 percent of all emphysema cases in America—90 percent—are attributed to smoking—90 percent.

Mr. President, one of the most heartwrenching things I have ever seen in my life is to go down to the VA in Phoenix, AZ, and see veterans outside, because they are no longer allowed to smoke inside, sitting outside with oxygen tanks and taking the mask away and smoking a cigarette. Mr. President, if there was ever a living, breathing example of the addictive aspects of nicotine, it is that terrible sight.

And 163,100 fires were caused by smoking in 1992. That is the latest information we have on that. And 2,000 deaths were caused by smoking-related fires.

Mr. President, that is the result of inaction on the issue of tobacco. That is the result. I will not go through them again, but I think it should be pretty compelling. So 430,700 deaths, or 20 percent of all deaths for all other causes, are directly related to smoking and tobacco.

The American taxpayer, Mr. President, through the costs of Medicare and Medicaid—the tobacco-related costs are $130 billion, and the health care costs alone are $50 billion; that is Medicaid, Medicare, private health insurance and small business insurance.

Loss of economic productivity is $80 billion. Smokers cause $501 billion in excess health care costs in America.

Maternal smoking costs in medical expenditures are $661 million, and 6,200 children die every year as a result of parents smoking. Forty percent to 60 percent of children's asthma, bronchitis, and wheezing is due to secondhand smoke—an extra 160,000 cases of asthma and an extra 79,000 cases of bronchitis, and an extra 172,000 cases of wheezing.

Prenatal smokers raise health care costs by $175 extra per child under the age of 2, and smoking-related fires cost $500 million. Complicated births, $1 billion per year. Pregnant women smokers are 50 percent more likely to have a mentally handicapped child. Prenatal smokers cause 48,000 low birth weights per year. Between 150,000 and 300,000 children under 1½ years must be hospitalized for secondhand smoke: bronchitis, pneumonia, ear infection, and asthma. Developmental difficulties for complicated deliveries in low-weight babies costs $4 billion a year for children of women who smoke.

There are two enormous costs associated with smoking and tobacco use in America. Both of them are pretty compelling. One, obviously, is the huge number of deaths, 20 percent of all the deaths in America that are attributed to it. And the problem is not getting better; it is bound to be getting worse. Of course, these enormous costs go to the taxpayers, as well.

When we are arguing this debate, and sometimes it gets a little emotional, I think we ought to keep in mind what we are talking about here. It is a compelling and very emotional situation when so many young Americans are afflicted with this addiction.

In Arizona, State medical costs, total medical costs from tobacco are $559 million; Pennsylvania, $1.982 billion. Those are the total medical costs, as a result of tobacco, to the States.

Mr. President, according to the New York Times on May 22:

> More than a third of high school students who try cigarettes develop a daily smoking habit before they graduate, the Government said today.
>
> In a survey of more than 16,000 students nationwide, nearly 36 percent who had ever smoked said their smoking had escalated to at least a cigarette a day, the Centers for Disease Control and Prevention said.
>
> Nearly 73 percent of the students with a daily habit said they had tried to quit. Of those who tried to quit, 13.5 percent were successful, the agency said.
>
> Seventy percent of students surveyed said they had tried cigarettes at least once. The percentage is probably higher among teenagers over all because the survey did not include dropouts [Mr. Eriksen said]. Previous studies had estimated that 33 percent to 50 percent of people who experiment with cigarettes become regular smokers.

I just went through the costs per State of tobacco costs. Probably far more compelling than that is the number of kids currently under 18 who will die prematurely from a tobacco-related disease. In my home State of Arizona, 98,516 children will die prematurely—98,516. That is a lot of young people. I think that, obviously, we have an obligation to do something about it.

Title I of the bill provides the Food and Drug Administration with authority over tobacco, tobacco products, and nicotine. The FDA is not a new bureaucracy. It is a fairly old agency with an important mission that most Americans fully support—to protect public health and risk to our food supply, drugs, and other substances ingested into the human body, including cigarettes. The FDA already serves as authority over cigarettes under their current power, something in large part

upheld in the courts. This was not made up by the bill's authors. In fact, the industry agreed to broad FDA authority over tobacco products last June. So those who argue that this bill grants large, huge new powers to the FDA, please remember, as in many other aspects of this bill, it was modeled after the June 20 agreement last year between the tobacco industry and the 40 attorneys general themselves. It provided broad new authority over tobacco products, as does this bill.

What nefarious activities will the FDA undertake with authority over tobacco—which I reemphasize the industry agreed the FDA should exercise? First, the FDA will oversee ingredients to ensure that cigarettes are not adulterated with ''putrid or poisonous substances.'' Most Americans, including smokers, don't like the idea that tobacco companies have put additives such as ammonia into cigarettes to increase addictiveness. Two, the FDA will oversee branding to ensure health and other claims are true, establish youth access rules, and oversee marketing to stop appeals to children, accept performance standards to better protect health without creating demand for contraband, and medically assist the developing and marketing of safer tobacco products.

The courts have already upheld that the FDA has most of these authorities under current law. This bill wisely places those authorities into a separate body of law so that nontobacco foods, drugs and devices are not affected by rules that should be targeted solely to cigarettes and the regulation of nicotine. I want to emphasize, those who worry about the expansion of FDA authority into other products, this is a separate chapter. This is a separate body of law.

I find it curious that those who believe FDA should have no such authority seek greater protection for the tobacco industry than the industry itself which agreed to broad overall FDA oversight last June. So, we are not talking about any new bureaucracies here.

Title II sets underage tobacco use reduction targets. Again, not something concocted by the bill's authors. The targets are the same as what the industry agreed to last year, entailing no new bureaucracies.

Part (b) of title II establishes a State retailing licensing program with respect to tobacco products. Retail licensing was requested by the 40 States attorneys general and agreed to by the industry last June. It is designed to hold sellers accountable and to better enforce the prohibition in every single State against selling tobacco products to minors.

According to the Centers for Disease Control, 256 million packs of cigarettes are illegally sold each year to underage youth—the same youth that the industry so vigorously targeted in its marketing. Representatives of the National Association of Convenience Stores have assured me they support licensing. They don't want bad actors selling to kids, and licensure, in the same manner we do with alcohol, is a means of achieving that goal.

This brings me to another aspect of the attack on this bill, and that is the issue of black market and contraband. Why is it we are able to pretty well prevent, if not totally eradicate, black market or contraband as far as alcohol is concerned? One of the major reasons is because we license the sale of alcohol. So those who are concerned about the increase in contraband, the so-called black market, might support rather than oppose this bill because of the licensing provisions associated with it.

Earlier I submitted for the RECORD a letter from the Convenience Store Association expressing no opposition to this legislation. I also submitted a letter from the National Governors' Association expressing appreciation that the licensing program is flexible. It respects States rights and is paid for by the tobacco bill. We have heard much scorn and outrage expressed about the licensing provision, even though it is basically the same mechanism in place for alcohol sales. Do Senators who find tobacco licensing to be such an abomination believe we should have one standard for alcohol and another for tobacco when tobacco kills far more people every year and over 90 percent of smokers begin long before they are of legal age? Does it matter that over a quarter of a billion packs of cigarettes are sold to minors every year?

Part (c) of title II provides for the distribution of tobacco money for smoke cessation and prevention activities by the Secretary of Health and Human Services. HHS already has an office of smoking and health—not a new bureaucracy. Over 90 percent of these moneys are block granted to the States and will use existing public and private nonprofit organizations—not new bureaucracies.

Do the opponents of this bill and those opposed collectively to settling the State suits truly believe we should not provide smoking prevention and cessation activities?

Again, these are the essential elements of stopping 3,000 kids a day from taking up a habit that will kill a third of them —activities that the industry agreed to and that were contemplated in the June 20 agreement.

Mr. President, I want to emphasize again that every public health group in America and every living Surgeon General back to 1973—every expert in the Centers for Disease Control and the National Institutes of Health—every single one of them says that if you want to stop kids from smoking or reduce the number of children who smoke in America, you have to have a comprehensive approach. Part 1: Raise the price of a pack of cigarettes which, by the way, the tobacco industry agreed to last June 20—not as much as contemplated in this bill, but they agreed to it. The second is active cessation programs. You can't do that without a comprehensive bill.

Mr. President, there is an organization of people called the ENACT Coalition. They are a major public health organization; they formed a coalition called ENACT to promote effective national action to control tobacco. This growing coalition has pledged to work with Congress and the administration, the public health community, and the American people to pass comprehensive, sustainable, effective well-funded national tobacco legislation.

Mr. President, let me tell you who is in this coalition. They are the Allergy and Asthma Network; American Academy of Child and Adolescent Psychiatry; American Academy of Family Physicians; American Academy of Pediatrics; American Association of Respiratory Care; American Association of Physicians of Indian Origin; American Cancer Society; American College of Cardiology; American College of Chest Physicians; American College of Occupational and Environmental Medicine; American College of Physicians; American College of Preventive Medicine; American Dental Association; American Heart Association; American Medical Association; American Psychiatric Association; American Psychological Association; American School Health Association; American Society of Anesthesiologists; American Society of Clinical Oncology; American Society of Internal Medicine; Association of American Medical Colleges; Association of Black Cardiologists; Association of Maternal and Child Health Programs; Association of Schools of Public Health; Association of State and Territorial Health Officials; Association of Teachers of Preventive Medicine; Campaign for Tobacco-Free Kids; Children's Defense Fund; College on Problems of Drug Dependence; Community Antidrug Coalitions of America; Council of State and Territorial Epidemiologists; Family Voices; Federation of Behavioral, Psychological and Cognitive Sciences; HMO group; Inter-religious Coalition on Smoking and Health; Latino Council on Alcohol and Tobacco; National Association of Children's Hospitals; National Association of County and City Health Officials; National Association of Local Boards of Health; National Hispanic Medical Association; National Mental Health Association; Oncology Nursing Society; Partnership for Prevention; Society of Public Health Education; Society for Research on Nicotine and Tobacco; Society of Behavioral Medicine, and the Summit Health Coalition.

Mr. President, I would have to submit that this is a fairly reputable and respectable group of experts on the issue of health care in America. This is a very impressive coalition. I have not seen one quite like it. And for us to ignore their plea for a comprehensive settlement, I think, would be a great disservice not only to them, but to the people that they represent.

Surgeon General Koop and Dr. Kessler—and I have a letter from every living Surgeon General, Republican, Democrat, liberal conservative—are saying that we have to enact this bill.

Mr. President, this part of the bill also provides health research money to the National Institutes of Health, the Centers for Disease Control, and the National Science Foundation, all of which are well-established, respected and world-renowned health research institutions—not new bureaucracies.

We are at a critical stage in history, on the brink of breakthrough treatments and cures and treatments for scourges such as breast and lung cancer, heart disease, and countless other devastating human illnesses. I am sorry that some of my colleagues prefer to ignore the possibilities and opt instead for loaded buzzword attacks to change the subject.

Finally, this title of the bill calls for a comprehensive tobacco counter-advertising campaign, as agreed to by the attorneys general, public health advocates, and the industry last year, and is among the most important weapons in stopping kids from smoking. Every tobacco bill that has been introduced, including alternative measures being prepared by opponents of the pending legislation contemplates a large investment in counter-advertising.

I tell my colleagues that the advertising section does include what some have characterized as a ''new bureaucracy.'' The ''bureaucracy'' is known as the Tobacco-Free Education Board, a part-time, bipartisan, unsalaried advisory committee designed to help formulate and execute a nationwide antismoking advertising campaign.

So if you want to call that a new bureaucracy, guilty as charged.

The alternative to this advisory panel would be to give millions of dollars to a political appointee to determine, unfettered, how such public appeal campaigns should be designed and executed—powers that neither Republicans or Democrats are eager to hand over to the other.

Even opponents of the bill who have expressed outrage about ''bureaucracies'' and might otherwise dedicate themselves to ridding the Nation of the terrible burden imposed by a part-time advisory panel probably would not prefer the alternative.

Title III of the bill provides for an array of new tobacco warnings and calls for the public disclosure of cigarette ingredients—something most cigarette smokers deserve and would like to know. Both items were agreed to by the industry and, again, require no new bureaucracies.

Title IV creates a single trust fund to receive and disburse revenues generated by the bill. The fund would be administered by the Secretary of the Treasury—a position that has been in existence since the Nation was founded, and it does not constitute a new bureaucracy. The bulk of the money will go to States to reimburse their taxpayers for Medicaid losses. Half of the State money, which represents the Federal share of Medicaid, may be used on a menu of seven options, from drug-free school initiatives to children's health care, each of which is an existing program—not a new bureaucracy.

Title V contains new standards for exposure to secondary smoke. The 40 States attorneys general who were part of the June 20 agreement called for a mandatory national environmental smoke standard to be enforced federally and by the States. This bill allows the State to opt out of the Federal program if it adopts and enforces its own. The establishment and enforcement of standards can be done through existing agencies—not new bureaucracies.

Title VI of the bill deals with Indian tribes and ensures that reservations don't become a safe haven for youth access to tobacco. Price increasing will affect reservations as they do all other areas of the Nation. This section allows tribes to receive smoking prevention and cessation grants as States—in the same vein that we administer all other Federal grant programs. None of this entails new bureaucracies, but simply fulfills our obligation to tribes and Native Americans to whom the Federal Government has a trust responsibility.

Title VII, as amended, contains various civil liability provisions, including an initiative that assists individual plaintiffs in seeking and obtaining just commendation—no new bureaucracies.

Title VIII calls on the industry to submit an annual report on how the companies are meeting their obligations under this act in the State settlement decrees, and calls on existing Federal authorities, including the Surgeon General, to evaluate that progress. This section also protects industry whistleblowers from threats and workplace retaliation—not any new bureaucracies.

Title IX calls on the industry to make available to the public documents they have been illegally hiding to avoid disclosure of their misdeeds and data on the health risks of tobacco products. A panel of sitting judges will make determinations on the propriety of attorney-client privilege assertions. Calling on sitting judges to perform a judicial task is not—I repeat, not—a new bureaucracy.

Title X contains the farm provisions which include various grant programs and farm community assistance initiatives. Some feel strongly opposed, but let us not lose sight of the fact that the debate between the LEAF Act and the Lugar alternative is not about whether we will have these assistance programs. It is a debate over how much we will spend on them and whether buyouts should be concluded at a time certain.

Title XI contains provisions related to international marketing, smuggling, and vending machines. In the international arena, the bill calls for multilateral and bilateral agreements regarding tobacco marketing and advertising to kids. These agreements can be consummated through existing authorities—not new bureaucracies.

To address concerns raised by many of our colleagues that our Nation should not simply export the problem of kids smoking to children overseas, this section does authorize an international tobacco control awareness program which is subject to appropriations and, if funded, can operate through existing institutions.

Antismuggling initiatives are also contained in this section, including a call for tobacco package markers to distinguish licensed products from contraband, requiring licensure of manufacturers and wholesalers, and record-keeping for large transactions. Will this entail additional law enforcement activities? I suspect so. But we have heard a number of our colleagues express concern about black market and contraband. These provisions will address those concerns.

Unfortunately, many have not yet grasped the reality that with or without this legislation the cost of cigarettes will increase dramatically. If every State settles under the same terms as Minnesota, we might well anticipate increases of $2 per pack.

The June 20 settlement called for a per pack increase of 65 cents and, I might point out, agreed to by the administration—65 cents. Some of the most vociferous opponents of this bill on the basis of black market and contraband are preparing alternatives that would impose an excise tax of 75 cents per pack. So I trust that antismuggling activities is not among the bureaucracy about which we are hearing.

Also included in this title is a non-Federal, private corporation to reimburse vending machine owners for losses due to banned cigarette machines, a major conduit of tobacco to children. Again, some of those who have decried bureaucracy were among those most adamant about ensuring a mechanism to compensate vending machine owners. We do this without creating a new Federal bureaucracy.

Title XII authorizes appropriations from the trust fund to compensate asbestos victims whose conditions were exacerbated by tobacco use should Congress under separate legislation establish such a process for so doing as the Supreme Court invited. No new bureaucracies.

Title XIII permits the Veterans Administration to sue tobacco manufacturers to recoup the loss for treating veterans for smoking-related illnesses, a power some believe the VA already has and includes no new bureaucracies.

Finally, title XIV contains the process by which those manufacturers that wish to formally settle their State suits must agree to, including the up-front payment, additional advertising restrictions, et cetera, and no new bureaucracies.

So, Mr. President, I hope we are keeping an eye on the ball about what

this is all about in addition to the bureaucracy red herring.

We have heard from opponents who object to this bill because it will increase the price of tobacco. Let us stop kidding ourselves. If we fail to pass this bill, the States will go back to court to win in judgment or settlement what we might more efficiently accomplish with national legislation and the price of cigarettes will increase. It was recently announced by the tobacco companies as a result of the Minnesota settlement there would be an increase in the price of a pack of cigarettes in Minnesota.

The experts say a price increase is a critical component—not the only component but a critical component—in the effort to stop 3,000 kids from starting to smoke. We have heard from opponents who say the bill is about ''tax and spend.'' Providing $195 billion to States in settlement of their cases so that State taxes can be lowered and half of it can be used for a menu of public health-related options agreed to by the Nation's Governors is not ''tax and spend.''

Do opponents of this bill suggest that we should not dedicate a portion of tobacco settlement money for health research as agreed to in the June 20 agreement? Should we not have additional resources for smoking prevention, cessation, and counteradvertising as agreed to on June 20? Should we not assist tobacco farmers and farm communities that will be affected by changes in tobacco consumption, the same people who have been urged to grow tobacco by the Federal Government for years?

And let me point out that one of the most scurrilous activities of the tobacco industry is to go to the farmers and say that the passage of this legislation will harm you. If they were concerned about the farmers, why is it that in the June 20 agreement they made with 40 attorneys general there was no provision for the tobacco farmers of America—none, not one word. It is remarkable. It is remarkable that they should go to the tobacco farm communities and now oppose this legislation when they had no provision to take care of the farmers in their agreement of last June 20.

Should we not dedicate a portion of tobacco settlement money to assist veterans suffering from smoking-related illnesses when the Federal Government handed out cigarettes in their mess kits?

I ask my friends why we are not talking more about the real ''tax and spend'' associated with tobacco—tax and spend that tobacco companies impose on the American people every year in the form of $50 billion in smoking-related health care costs including Medicare and Medicaid—almost $455 for every household in America? Every household in America, whether they smoke or not, pays $455 a year in taxes every single year, and that is going up, to treat tobacco-related illnesses.

This is a tax of epic proportion paid by every taxpayer, every hard-working American who must purchase health insurance for his or her family and every small business struggling to provide employees with affordable health care coverage. Do the tobacco companies worry about taxpayers as they entice their ''youth market'' to begin a lifetime habit that sickens and kills hundreds of thousands a year, the cost of which others must bear? I don't think so. This bill intends to stop some of that and stop it immediately.

We have heard from opponents who say we don't need a comprehensive bill to stop kids from smoking. With all due respect to my colleagues who are so wise and expert in so many areas, prudence and good sense dictates that the Nation take the advice of the experts who maintain unanimously that only a comprehensive bill will address what they refer to as a ''pediatric epidemic,'' including every living Surgeon General, Republican and Democrat, the American Medical Association, and the organizations that I just quoted.

For those who wish to kill this bill, let us examine what we are really talking about. We are talking about 418,000 Americans a year who die of smoking-related diseases, the number one cause of preventable disease and death in America by far.

I had the privilege of hearing a speech by the head of the National Cancer Society who put it into perspective:

> Among a graduating high school class of 1,000, 6 will die from violence, 12 will die from motor vehicle accidents, 250 will die in mid life from a smoking-related disease and another 250 will die later in life but far earlier than necessary from smoking-related illness.

Let me just repeat that.

> Among a graduating high school class of 1,000—

This from the head of the National Cancer Society—

> 6 will die from violence, 12 will die from motor vehicle accidents, 250 will die in mid life from a smoking-related disease and another 250 will die later in life but far earlier than necessary from smoking-related illness.

So I have great respect for my colleagues who oppose the bill, and everybody is entitled to their opinion, but they are not entitled to the facts. It all comes down to this very simple premise: The tobacco companies target kids to sustain their cigarette sales. Kids take the hook; 3,000 a day start the habit, and that number is increasing. Smoking is the single greatest killer in the United States by far. What physicians call a ''pediatric epidemic'' won't change unless we do something. This bill is a bipartisan opportunity to act. If it fails, the industry will go away happy but the death march will continue. I ask my colleagues, which it is going to be?

Finally, let me make one more additional comment. I know my friend from Massachusetts wants to speak as well.

Mr. President, over the last week or so in the formulation of the highway bill, some very bad things were done to the veterans of America. I am ashamed and embarrassed. These men and women who have served our country deserve better than what they got out of that highway bill. In fact, some of the money earmarked to treat their illness is now going to highways and bridges.

I know that fewer and fewer of my colleagues have had time in the military. Those of us who are a little older have a vivid memory of smoke breaks, of C-rations that contained cigarettes, of the end of the chow line where cigarettes were given out for free. If there is any group of Americans that deserves to be reimbursed for tobacco-related illness, it is the veterans of America.

We used to call, as my friend from Massachusetts recalls, smoke breaks. We would have smoke breaks all the time. In times of tension in combat, cigarettes were smoked for relaxation, for relief of tension. And the Armed Forces and our Government encouraged those men and women in the military to smoke.

At the appropriate time, the Senator from Massachusetts and I, along with the Senator from West Virginia, Senator ROCKEFELLER, who has played a very important role, will propose an amendment to put approximately $3 billion into treatment of veterans for tobacco-related illness. I urge my colleagues to support such a move. We intend to have some debate on that particular amendment, and I believe it should pass overwhelmingly.

Mr. President, I ask unanimous consent that debate only be in order prior to the Senate reconvening at 2:15 today.

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

Mr. MCCAIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I thank my colleague, the Senator from Arizona, for his review of this legislation and for his summary of where we find ourselves today. I also, obviously, particularly thank him for his laying out the important agenda with respect to veterans and what happened in the course of the last week or so. I will join with the Senator, as others will, I know, in trying to remedy that impact, and I am confident that the U.S. Senate will do so.

I also recall, not just the degree to which there was a kind of dependency built into the system that both of us were in in the Navy, but often at the end of a particular exercise, or General Quarters, the announcement would come over the loudspeaker on the ship saying, ''The smoking lamp is lit,'' and there was this sort of automatic rush to smoke. It was part of the doctrine, if you will—the ethic. And an awful lot of veterans, as a consequence of that and other things, many other things

through the course of life, are today suffering. They are suffering as a consequence of that. So I think the Senator is right on target in his desire to address that.

I also thank Senator MCCAIN for his long efforts with respect to this particular bill. In all of the debate on the floor of the Senate, it has been lost that this is a bill that was reported out of committee by a vote of 19 to 1, reflecting a considerable consensus about at least a beginning, a starting place. I think most people would agree, as a reflection of the vote that took place on the floor of the Senate regarding the cap on liability, that the bill which came to the floor moved significantly in the direction that the Senate ultimately decided it wanted to move, by eliminating all of the restraints on class actions and other limitations on liability, with the sole exception of the $8 billion a year. The Senate, in its wisdom, decided to remove that.

But the point is, this is a bill that I think has been improved, at least in its starting point, and hopefully in the next days we can improve it further. I listened carefully to the Senator from Oklahoma last week, and I took the time last night to reread his criticisms of this legislation. I think here and there there were some good points that he made. There are ways, in amendments which I am confident the Senator from Arizona and I and others are willing to accept, that those issues could be remedied. So my hope is that in the next days we are going to be able to move to do that.

But the most important thing, as we reflect on where we are going, is to remain focused on the positive ways, the constructive ways, in which this bill helps to save children's lives. That is the purpose of this debate. There is not anything else that we are really trying to do here.

There is a reason that there is a tobacco legislative effort taking place. There is a fundamental reason that we have come to the floor of the Senate, recognizing the work of the attorneys general around the country who brought suit because of this. There is a reason they brought suit. There is a reason that the suits are settling. There is a reason the tobacco companies are coming to the table and agreeing to settle those lawsuits. They are settling them and agreeing to do the very things that we are seeking to codify in this legislation, but on a national basis, so we can save time, save money, and save lives. That is the purpose of this legislation.

One cannot ignore the fact that, in Minnesota, if you extrapolate the cost of what the tobacco companies have agreed to in Minnesota, and take that out on a State-by-State basis across the country, you actually have a greater expenditure than you would have under this legislation. So the tobacco companies have accepted, at least in the legal process, what is being fought here in the national legislative process. I think the truth is that ultimately we are going to come to an agreement that recognizes that fact.

The bottom line is that the entire legislative agenda we are engaged in here is to break the cycle of addiction that is hooking 3,000 children a day on a deadly drug. It is a very simple debate fundamentally. Yesterday, the Senator from Texas agreed that you do have to raise the price, and he is prepared to raise the price in order to try to reduce the access. At least we are sort of chipping away at the arguments here and slowly beginning to expose the truth, the facts, as the Senator from Arizona talked about. You can make the arguments politically on the floor, but you cannot make up the facts. The fact is that 3,000 kids a day get addicted to this drug and, as a consequence of that addiction, a third of those young children will die early of throat cancer, larynx cancer, esophagus cancer, kidney disease—some kind of disease that will be initiated and enhanced as a consequence of the addiction to this drug.

So we should not be diverted by the side issues here. The side issues are purposefully being used to obfuscate what the real focus of this legislation is. There is only one reason for raising the price. The one reason for raising the price is that every single expert, including the tobacco companies themselves, have said if you raise the price you reduce the access of young people to cigarettes.

If this were merely a debate about an adult habit, I guess you would hear a lot of discussion about willpower, about adult choice, about taking responsibility for your actions. If this were just a debate about dangerous adult behavior, whether it is smoking or drinking or driving too fast, we would not be talking it out on the floor of the Senate, I suspect. Fundamentally, we wouldn't be. But it is not a debate about adults; it is a debate about people who did not make a rational adult decision to start smoking. It is a debate about children. And the underlying reality is that 86 percent of smokers begin while they are children. Mr. President, 86 percent of America's 40 to 50 million—what is the number?—45 million Americans who are deemed addicted to cigarettes, 86 percent of them began as teenagers. They began as children. So this is a discussion about underage smoking and that underage smoking fundamentally leads to a very sad and tragic, slow suicide.

Some of my colleagues have raised concerns about raising the price. I am glad the Senator from Texas has accepted the notion. I think other colleagues may ultimately do that, because the concept of raising the price is not something that was initiated with some Senator who came down and said, ''Boy, wouldn't this be a great idea? Wouldn't it be wonderful? Here is another way to raise some revenue.'' That is not where it came from. It came, quite simply, from all of the analyses, studies, research, polling data, focus groups, all of the experts have come together and said, ''If we raise the price, we can reduce the number of children who are smoking.'' We can't eliminate it—we all understand that—but we can significantly reduce the access of young people to cigarettes.

I ask my colleagues not to ask Senator MCCAIN or myself or Senator KENNEDY or Senator CONRAD or any of the other advocates of this legislation to be trusted in their word that somehow that is going to happen. I ask them to look at the economic analyses —at the Treasury analysis, the CBO analysis—all of the analyses that have been done.

Among the 39,000 documents—and this is perhaps one of the most interesting bases for making this judgment—among the 39,000 documents that were subpoenaed over the years as the tobacco cases slowly made their way through the courts, we find a Philip Morris document that says, quite simply, the following:

> It is clear that price has a pronounced effect on the smoking prevalence of teenagers.

That is a Philip Morris document. You will find an R. J. Reynolds document, and it says as follows:

> A key finding is that younger adult males are highly sensitive to price. This suggests that the steep rise in prices expected in the coming months could threaten the long-term vitality of the industry by drying up the supply of new younger adult smokers entering the market. It could also undermine the long-range growth potential of brands which rely on new younger smokers, including Marlboro and Newport.

That is one of the most extraordinary documents we can ever conceive of reading after all of the protestations to the contrary of tobacco executives who came before the Congress and raised their hands and swore under oath that they don't target young people. Here is an R. J. Reynolds document talking about how price would affect their targeting of younger smokers, how price was going to reduce the industry's capacity to grow by depending on its ability to reach the younger smokers and get them addicted, particularly to Marlboro and to Newport.

One might wonder why the tobacco industry conspired, therefore, for years to keep those internal memos under lock and key. The secret, I think, in those documents is not that price correlates strongly with sales, but it does. That is not the secret. The secret is that the number of young smokers, which we know translates too often into 13 and 14-year-old smokers, is going to go down dramatically if cigarette prices go up. Thus spoke the industry itself.

That is why we are here in the U.S. Senate arguing about whether or not it is appropriate on a national basis to raise the price of cigarettes, and the cigarette companies themselves have told us in two ways: One, in these memos it is appropriate and it will work; and they have told it to us in the

settlements in Minnesota and in Mississippi and elsewhere where they have agreed to those kinds of increases, and in the national settlement where they agreed to raise the price of cigarettes, albeit not to the $1.10, but they agreed to raise the price. They did that because they understood that was a component of reducing teenage smoking.

So this is not an idea cooked up in the U.S. Senate. Don't come to the floor of the U.S. Senate and start suggesting that this is some Democrat or some large-scale tax-and-spend issue. This is an idea that the tobacco industry itself has written about for years. This is an idea that the health care industry itself has known for years would work. Public health experts are united in the consensus that raising the price of cigarettes is going to reduce youth smoking. Dr. Koop and Dr. Kessler said:

> Data indicate that children and youth are more price sensitive than adults and that pricing has a strong and immediate impact on reducing sales of tobacco products overall.

The Congressional Research Service said:

> Most of the evidence suggests that teenagers are about three times more sensitive to cigarette prices as are adults. For every 10 percent price increase, the number of underage smokers drops by 5 to 7 percent.

According to the Treasury Department:

> Substantial real price increases are the best way to combat youth smoking.

According to the National Cancer Institute:

> An increase in the cigarette excise tax may be the most effective single approach to reducing tobacco use by youths.

According to the Centers for Disease Control:

> Tobacco use prevention activities should be designed to prevent the use of all tobacco products. Such activities should include increasing tobacco prices.

That is an extraordinary consensus—a consensus of the industry, a consensus of independent health analysis, a consensus of our economic advisers and economic analysts. I think that speaks volumes.

Mr. President, I urge my colleagues to also listen to someone who is suffering from a lifetime of smoking. Listen to any of the people who in their twenties and thirties have already begun to feel the impact, and they will tell you how easy it is to buy a pack of cigarettes at age 12 and 13 when it only costs as much as four or five candy bars. Talk to women who will tell you that when they were adolescents, they gladly made that choice about how to spend the change in their pockets because cigarettes were going to keep them thin and candy bars would not.

That is the story of Pamela Lafland, a 27-year-old mother of two who lives in Boston. Several weeks ago, I met her, and I thank her for sharing her story with me.

When Pam was 11 years old, she had a lot of the same dreams that most young women have: She wanted to be attractive; she wanted to be successful; and she wanted to, while she was younger, look older sooner so that she could start making what she thought were grown-up decisions in a grown-up life.

She took her pocket change down to the corner grocery store and she bought cigarettes. She got hooked. At 11, she was already dreaming of having children some day, and at age 22, she had her kids. At age 24, because of juvenile emphysema, she was now raising them from a wheelchair. At age 26, she had a lung transplant, and today her body is rejecting her lung. Her medical bills have exceeded $200,000, and she has found out, as she says herself, that when she was young, cigarettes were cheap, they were readily available, she didn't know to the contrary, and today she knows she could never measure the cost of a pack of cigarettes in quarters and dimes and nickels.

For Pam, the cost has been her health, and in many ways, the structure of her life, the quality of her life. Pam tells me that raising the price of cigarettes would have made a difference to her and will spare children today from a price system that allows children to make the grown-up decisions that all but guarantee that when they do grow up, they are not going to have a lot to look forward to.

I think we ought to listen to Pam, and we ought to listen to a lot of people like Pam who are similarly suffering in some stage of their life as the consequence of the ready accessibility in the United States of what we know to be a killer narcotic substance.

We have heard a few Members of the Senate coming to the floor and suggesting that raising the price of cigarettes is going to hurt low-income people. Mr. President, there is a certain question mark, I guess, to put it politely, that raises when some of those people who have opposed health care for children, who have opposed day care, who have opposed raising the minimum wage, who have opposed student loans for people who are struggling—all of these things—are all of a sudden here on the floor, those very same people are the ones standing up in defense of ''poor people'' who are going to be hurt because the pack of cigarettes is going to cost more.

Leaving aside that question mark about what brings them to the floor suddenly as the protectors of the poor in this instance is the fact that it suggests that somehow poor people do not care about their children's smoking, that it is OK to protect getting cancer on the cheap, that what we are going to do is somehow protect the notion that if we keep cigarettes cheap, poor people can buy them and get cancer, since more and more people in poor areas of America, in urban areas, are the ones in whom we see the highest increase in smoking today.

So the argument is, we are going to protect you from the increase in the pack of cigarettes, which is going to make it cheaper for you to get cancer, cheaper for you to have your kids' lives ruined. It is an insult to poor people to suggest that they are not just as supportive of raising the price of cigarettes so their kids will not go down and buy them with whatever pocket change they have. We ought to recognize that. We should not be making it easier for a pack of cigarettes to be accessible to people for whom those cigarettes have become one of the better alternatives to some of the other problems that they have in their lives.

In poll after poll—in poll after poll—a large majority of those people with incomes below $30,000 a year favor raising the price of tobacco, the price of cigarettes. And they do it because they do care about their kids and because they do want to have an opportunity to have those kids grow up healthy and capable of enjoying the fullness of their lives. Low-income people, just like wealthier people, understand that we have to reduce youth smoking.

They also support raising the price because they recognize that spending on tobacco represents about less than 2 percent in spending in any income category. It isn't an issue of income or class; it has nothing to do with your occupation or the size of your family budget. It boils down to a consensus that by far most Americans want the U.S. Senate to do the right thing, which is to take cigarettes out of the hands of children. And the way you take cigarettes out of the hands of children is partly to raise the price, which has been deemed to be the most effective method, but also to engage in counteradvertising, research on addiction, cessation programs, and other things that I will talk about in a minute.

So I believe this bill hits that mark. Senator MCCAIN has reviewed each section of this legislation and laid out the ways in which it helps to prevent youth from smoking.

Studies have shown that low-income smokers in Great Britain on average reduced their expenditures on cigarettes in response to a tobacco tax increase there. We ought to look to other countries and take the example from them. I think that is very significant, and the reason is that a significant percentage of low-income smokers quit smoking entirely in response to the price increase. Hooray. That is precisely what we want to achieve.

So if we can induce a whole group of people—which is part of what is factored into the volume adjustments of this bill—if we can induce large numbers of people to quit, then, again, also the country will be better off. So the policy works.

I think my colleagues need to be wary of those companies that have actually targeted people in the past now coming to us and fostering some kind of egalitarian argument when their

lack of a sense of egalitarian sensitivity drove them to actually target people in low-income communities to become addicted. You cannot have it both ways. All of a sudden, this new concern is obviously a concern which will continue to allow people to become addicted and to buy cheap cancer. The only reason tobacco companies oppose the higher prices is that they know it will diminish the number of people who smoke.

Mr. President, I hope the U.S. Senate is going to be united in the effort to reduce youth smoking. We are convinced by all the scientific evidence and by decades of precedent, even by the secret—now not secret—memos of the tobacco industry itself, that an increase in cigarette price will reduce youth smoking. So we ought to end the debate on the floor of the Senate about ''tax and spend.'' This did not originate in the Senate, did not originate with Democrats, did not originate as an idea of some political party that wanted to find revenue. It originated out of scientific analysis and economic analysis that tells us to a certainty that if the price of cigarettes goes up, then the number of people who smoke goes down.

Then the next question for the Senate is, all right, if you have raised the price, and you have X amount of new revenue coming in, what is the best way to use that to continue to be able to reduce teenage smoking and to have an impact on the impact of smoking itself? That is what we are doing. That is precisely what this bill seeks to have an impact on. It is not, in the final analysis, a regressive burden on low-income families; it is a progressive idea that literally sends a generation of American kids into a world that will be healthier and safer no matter how much money their parents earn. It helps relieve all Americans of $130 billion that we lose each year in medical costs, lost wages, sick days, and all of the fallout from smoking.

As my colleagues come to the floor of the Senate and talk about the cost of this bill—the cost of this bill is the cost of trying to limit young people from smoking. The cost of not doing that is $130 billion a year that every American is paying—even nonsmokers. Every single American is required to fork out of their tax dollars every year at least $1,370 per person in America to pay for the costs of other people smoking. That is what we pay now. The hidden tax on America is the tax of smoking itself for all of the diseases and trauma that come as a consequence of that.

It helps—this bill—I believe, to relieve an individual smoker of over $19,000, on average, in lifetime smoking-related medical costs—more than double the average amount of a year of tuition at a public university.

I want to point, Mr. President, to the chart here that talks about the annual costs of smoking. We have 1 million kids who begin smoking every single year. There are already 45 million smokers in the United States. And, as we know, those 45 million smokers, 86 percent of them started right here as young children smoking. The costs of this break down to 420,000 deaths a year—a year. Those are people in a hospital bed, in a pulmonary ward, with tubes sticking out of them, can't breathe, oxygen, around-the-clock nursing, extraordinary medical costs—420,000 deaths a year; more people, as we know now, than died in all of World War II, all of Korea, Vietnam, Desert Storm, put together, every year—every year—in the United States.

We have an opportunity to do something about that, and we are sitting here playing politics about it rather than trying to find the best way of doing something about it—420,000 deaths every single year directly related to smoking; $80 billion in lost productivity to the country as a consequence of the sickness and the disease that people pay the price for as a consequence of smoking; $80 billion in just total health care costs. That is just the cost for caring for 420,000 people dying and for the people who are not dying or are not yet dead in the outyears. There are 420,000 people who die a year as a result, but in the preceding year—and the preceding years—they are just sick, but very sick, and cost enormous amounts of money.

So we are spending $80 billion a year because 86 percent of those adults got hooked when they were kids. Here we are in the U.S. Senate with an opportunity to stop them from getting hooked as kids, reducing the number of adults smoking, reducing the amount of health care, reducing the number of deaths. There is $24 billion just in Medicaid and Medicare costs that come out of the pocket of every American. That is the cost.

You want to talk about taxes? It is the cigarette tax on every American that is obscene because most Americans didn't ask for that. At least raising the pack of cigarettes is voluntary. You can choose whether you are going to go in and buy them. You can choose whether you will buy one pack or one carton. You can choose how much you will pay out of your own pocket. But these costs, no American gets a choice about these costs. These are forced on every American. These are put to every American as a consequence of our allowing a narcotic drug to be sold over the counter in America. It is time we did something about it.

Now, some have suggested that we ought to take some of this money and reduce the marriage penalty. I would like to reduce the marriage penalty. Even though some Americans who get married aren't affected by it, some are. We need to find a way to balance, how to do it smartly.

But if we take this money and don't put it into the effort of researching addiction and don't put it into our children in terms of confidence building, all of the things they need for self-esteem to make judgments not to smoke, to help with child care, to help with the after-school times, which is when most of these kids go out and start smoking, when there is no parent home—when school lets out at 2 o'clock in the afternoon and they are hanging out on the street corner with their friends and we don't have enough time to give them something constructive to do—that is when it happens.

Instead of providing that kind of constructive oversight with this money, some want to get rid of the marriage penalty. You get rid of the marriage penalty and you will not have done anything to reduce these kids from smoking. I am for getting rid of the marriage penalty, but don't take it out of the ''hide'' of the effort to get our kids unhooked from cigarettes. That doesn't make sense. That is not the smartest tradeoff we have been presented with in the U.S. Senate. Surely we could find a way to agree to vote on the marriage penalty—and I will vote to get rid of it—at the appropriate time.

If we can't do that, then let us at least whittle down some kind of sensible tax rebate to the people who we are supposedly expressing the greatest concern about—poor people—who are going to be paying more because they are buying cigarettes, and target that in some kind of responsible way. If we did that, then, I think, we really would be consistent with the effort to try to reduce teenage smoking. That is what we have to keep focused on here. Every time we get diverted, let us come back to what this is about: It is only about stopping our children from smoking, finding the way to reduce the numbers of kids who smoke. And we have to find the most sensible ways to try to do that.

Now, it seems to me that what the Senator from Arizona has described in his opening statement really lays out a series of things that we believe are able to try to do that. In the inner cities of our country, there is a 78-percent likelihood that a child is going to start smoking before the age of 18. What does that mean? It means you will have a young woman who is more than two times more likely than a woman who doesn't smoke to have a low-birthweight child. It means you will have the highest rates of juvenile emphysema and asthma in our urban centers. It means we will have a generation on the road to cancer of the mouth, throat, larynx, esophagus, pancreas, bladder, and kidney. Cigarettes are killing more children than ever before in our most underserved communities. The obligation of this legislation is to find a way to try to reduce that.

What do we do in this bill? We hear people coming out here and talking about ''bureaucracy and government.'' We have left most of the options here to the States. In fact, there are minimal numbers of mandates. The mandates are simply sort of a Federal effort to say we want to make sure they

stay on the target of trying to reduce kids from smoking but gives the States a pretty fair recipe as to how to do that. And it leaves the States the option of giving a tax cut. As the Senator from Arizona said, they can make their own choice. The big hand of Washington doesn't have to step in and tell them what to do. If they decide they want to take some of the money that comes back from this revenue and give them a tax cut, they can do that. We don't stop them.

So it seems there is ample opportunity here. But most importantly, this bill sets up a structure for some cessation programs for counteradvertising, for research. Every single one of those are related to stopping children from smoking. We don't know all that science can tell us about addiction yet. Therefore, we have laid out a certain component of funding here to fund additional research on a national basis to try to learn more. Maybe we can come up with some kind of vaccine, Mr. President. Maybe we will come up with some kind of a magical combination of education and early input that makes it exceedingly difficult for people to make the choice to smoke. Maybe there is some easy antidote. We don't know yet. Whatever it is that triggers the mechanism in the chemical structure that makes people addicted, we ought to be researching. That is what we do. We put money into research so we can reduce the impact on our society of the $80 billion a year of medical costs. We have counteradvertising. We have learned that is a very, very significant way of reducing people from smoking. There are very significant evidences of that. It seems to me that we ought to keep our eye focused on that.

Let me try to document that a little bit with an example. In Massachusetts, we were able to fight our State's addiction to cigarettes by a combination of raising tobacco prices and funding tobacco-control programs, exactly what we are talking about doing in this legislation. In 1992, Massachusetts voters approved Question 1, a ballot initiative, to increase the excise tax on cigarettes by 25 cents. The funds from that 25 cents were spent on cessation, outreach, a Smoker's Quitline, media campaigns about the dangers of tobacco, as well as research. The Smoker's Quitline, which is 1–800–TRY-TO-STOP, received over 35,000 calls through June 1996. It distributed 23,000 cessation materials. The media campaign is entitled ''It's Time We Made Smoking History'' and it reached 94 percent of the children in my State. The Tobacco Education Clearinghouse distributed over 2 million pieces of tobacco information literature in English, Portuguese, Spanish, Vietnamese, and other languages, and 66 primary health care sites have provided smoking cessation programs with individual cessation counseling and advice to 36,000 patients. Forty-nine youth tobacco education programs sponsored 2,570 community tobacco education events, which reached 950,000 Massachusetts youth. Thirty-three population at-risk programs provided tobacco education and cessation activities to targeted racial, ethnic, and gender groups.

What were the results of these efforts? The annual per person cigarette consumption in Massachusetts dropped by approximately 30 percent from 1992 to 1997. The plan is working. There is no denying that. So what we are talking about in this bill is not pie in the sky, it is not some made-up notion of a do-good/feel-good concept. It works. It has proven to work. The only question before the U.S. Senate is whether we are prepared to maximize our efforts to reduce young people smoking and reduce the tax on Americans of smoking that occurs today, even for those who don't smoke and haven't asked for that tax.

The research shows that we are not talking about some Massachusetts—this is not a miracle or pie-in-the-sky. This can work all around the country. In the last 10 years, States from Minnesota to California to Arizona have invested in similar community-based antismoking campaigns. The American Stop Smoking Intervention Study for Cancer Prevention has provided funding to 17 States for smoking prevention programs, and they have managed to cut tobacco consumption by 10 percent in just 4 years.

So, Mr. President, here you have it. In our State, we have a 30-percent reduction. In California, Minnesota, and Arizona, where they have made these efforts, small as they are, there has been a 10-percent reduction. What we are saying in this legislation is that if we can take this tobacco revenue and apply it to teenage smoking reduction efforts, we will reduce the number of Americans who are addicted, we will reduce the number of Americans who die each year because of this, we will reduce the amazing cost to our society of the burden of our health care, and we will reduce the Medicare and Medicaid component that is associated with it, the tax burden.

This is a tax cut plan. This will reduce the cost to America over time, and that is why it makes sense. We also know that counteradvertising works. We need to be empowered—and this legislation seeks to do that—to reach millions of young kids in ways that will change their attitudes about smoking.

I know that my colleague from Oklahoma expressed concern last week about the increase in marijuana use in the United States and the increase in smoking. I share that concern with him. There is an inexcusable rise in the level of marijuana smoking taking place. One of the reasons is that there has been a fallback on the commitment that was made a number of years ago to the kinds of proactive efforts of sports stars, role models, advertising, and other efforts that are so essential to helping kids perform the roles and attitudes necessary not to smoke.

For decades, we have had the tobacco industry pushing cigarettes that taste sweet. I read a Wall Street Journal article where a former tobacco sales representative is quoted as arguing, ''This cigarette is for somebody who likes the taste of candy, if you know what I'm saying.'' Well, we know exactly what he means, Mr. President. What we ought to be doing is empowering local communities who know what he is saying to deliver a countermessage against youth smoking.

Mr. President, in States where they have run messages against youth smoking—places like Arizona—it has worked. It has brought children out of risk. Nationally, I don't think any one of us will ever forget some of the ads we have seen, like the Marlboro Man dying in a hospital bed from lung cancer. He was the guy who was sitting on the horse with the hat on and moustache, looking so macho, selling a generation of cigarettes. He died from lung cancer last year, regretting the smoking and regretting the image that he portrayed, and he made an advertisement about it. That is effective. There was an advertisement of a cigarette addict who lost her larynx to smoking through her tracheotomy. I have talked with teenagers who quit smoking the day they saw those ads. Can anybody say that the effect is going to be the same the day we get rid of the marriage penalty?

Come on, Mr. President, let's face it. The reality is that everybody understands if we can run an effective national effort in order to try to counter the impact on our children, we will make a difference. It is up to the U.S. Senate to make that difference now. We have a choice about our priorities. We can come down here and continue to wage the fight against the tobacco companies who continue to stand in opposition to a bill that tries reasonably to deal with the problem of smoking. I say to my colleagues, where it isn't reasonable, let's amend it. Let's come down to the floor with an appropriate substitute or amendment and let's pass it, if it is worthy. If it isn't, let's complete work on this legislation and do what we ought to do to reduce the access of smoking to our children.

It seems to me that it is not hard to discern that the purpose of this bill is genuine and it is simple: It saves children's lives. It could save a generation. And it does so with minimal bureaucracy, minimal intrusiveness, and minimal interference. I am open to any ideas that anybody has which will sustain a counteradvertising program, sustain the cessation programs, sustain research into addiction, but at the same time do it somehow with less ''bureaucracy'' or intrusiveness. I am confident the Senator from Arizona and I would accept an amendment if it did so in a way that sustained the fundamental purposes of this legislation.

So we have this opportunity, and there is no higher priority in the agenda of this Nation, there is no higher

priority in the business of the U.S. Senate. It is hard sometimes to make the words as meaningful as one wants to, hard to find a way to get over the partisan tug-of-war that takes place here, and it is hard sometimes to get the full measure of what this is about. The full measure of what this is about is not the measure of a price of a pack of cigarettes, it is the measure of a child's life, it is the measure of what it is like to have emphysema and be in a hospital because you haven't made the decision that was cognitive when you were young. It is the measure of our responsibility as adults and as citizens to be able to reach our children at a stage when they are most impressionable and subject to making these kinds of mistakes. That is the measure of what we are doing here. I hope the U.S. Senate will measure up and do what every American understands is in the interest of our Nation and in the interest of our children.

I yield the floor.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I thank the Senator from Massachusetts for his important statement and the important comments he has made. I will yield the floor in a minute to Senator WELLSTONE, who is waiting.

I want to make a couple additional points here. One of the aspects of this bill that has been raised is, of course, the legal fees. There is no doubt that that issue has to be addressed. The President tried to address it in one of his amendments, which I supported. I believe that he and others are working together to try to guarantee that most of the money goes to the public and would still leave the lawyers plenty of room to get rich. That is our goal here, and I think we can achieve that without too much difficulty on a consensus basis.

On the issue of the look-back, the so-called Durbin amendment that we are specifically debating, let me point out that if the so-called look-back provisions are made strictly company-specific—remembering that in the bill we have an uncapped company-by-company surcharge of $1,000 per youth smoker—there can be wild gyrations in the cost of a pack of cigarettes, which would really drive those specific companies out of business. If it were strictly company by company, if one company did not achieve the goals and had to increase its payments by a significant amount, those costs would have to be passed on, as we know, to the consumer. That would drive the tobacco company out of business.

I repeat, we are not trying to drive the tobacco companies out of business, we are trying to drive them out of the business of marketing to kids. What you would really end up doing if we adopted the Durbin amendment is basically cause wild gyrations in the cost of a pack of cigarettes and drive companies out of business. Mr. President, what we have done in the managers' amendment is basically strike a compromise between an overall penalty to the industry, but also a specific penalty of $1,000 per youth smoker, which, by the way, is double the amount a young person spends on cigarettes per year.

That is a very significant penalty. I would point out that the Durbin amendment would also increase the cost to about $7 billion where ours is approximately $4 billion.

Mr. President, I do not see the Senator from Massachusetts in the Chamber, but I think it is important for us to recognize something else here, too, that has been going on. I know that many of my colleagues dislike the tobacco companies. I have to say, in all candor, I have grown to like them less as I have been seeing my name splashed all over newspapers, television and listened to it on radio for about the last month, but let us not forget what we are trying to do here. Are we trying to just drive tobacco companies out of business, which probably would not upset me if I did not believe and know that 40 million adult Americans would still smoke.

If American tobacco companies went out of business, two things would happen: One, there would be a Marlboro or a Camel or another coming out of Mexico, El Salvador, whatever; they would be exporting cigarettes into the United States, which we would not have nearly as much control over. So people would not stop smoking immediately if we drove all the tobacco companies out of business. So it is not in our interest to drive all the tobacco companies out of business, particularly since we would also be deprived of the funds to be used to try to convince children in America not to smoke.

So with all due respect to my colleague, what I see going on here, interestingly, from both ends of the political spectrum is such punitive amendments that we will drive the tobacco companies out of business. Now, we will feel good; we will be able to go back and tell our constituents: I voted for this amendment; I voted for that amendment; I took away any protection that they had; I voted to increase the price of a pack of cigarettes; I voted to make those punitive provisions stronger and, by God, I showed those tobacco companies.

Well, that may be a short-term gain, but it will not solve the problem of kids smoking. That is why this bill had better not get too far out of kilter. Now, I do rely on the experts. I do rely on their opinion. I am not an expert. I am not an expert on smoking. I freely admit that. But I listened to the Treasury Department. I listened to the public health groups. I listened to the experts who told me that if it becomes too punitive, too big in penalties, too big a price for the tobacco companies to pay, they will do what the asbestos companies did and that is declare bankruptcy and go out of business. So it may feel real good to vote for an amendment that punishes the tobacco companies further.

Now, I will admit, Mr. President, I have some subjectivity here because I spent weeks and my staff spent hundreds, thousands of hours sitting down saying, what is the best, carefully balanced package we can come up with which achieves our goal. And that is why we received a 19-to-1 vote through the committee—because it had balance. We are in danger of knocking this thing way out of balance, if we haven't already.

Now, again, I will stop because the Senator from Minnesota is on the floor, but we could sit here day after day, week after week, if we want to, voting for amendments that punish the tobacco companies more and more. But that will not stop a kid from smoking. Every day that goes by 3,000 kids will start smoking. Today 3,000 kids will start smoking. Tomorrow 3,000 kids will start smoking.

So I urge my colleagues to understand what our goal here is—not to drive the tobacco companies out of business, but to stop kids from smoking. If you drive the tobacco companies out of business, which may make one feel good, one, you are still going to have 40 million adult smokers in America and probably kids smoking, too; and, two, you are not going to effectively address this problem that we are trying to through this legislation which was addressed on last June 20.

So I hope my colleagues will keep that in mind as we vote for amendments and show how macho and tough we are on the tobacco companies.

Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, first of all, let me say to my colleague from Arizona I had a chance yesterday to speak in the Chamber, and I have been wanting to say this while he is in the Chamber. I read a very eloquent and really beautiful piece in the Washington Post he had written about Senator Goldwater, who was, I suppose, on the opposite side of the spectrum from where I stand, but I talked about how especially in recent years—I never knew Senator Goldwater, never had a chance to talk with him, but in recent years as I have read about him and seen some of the things he said, I have so much respect for the way in which he kind of tied together personal, intellectual and political integrity.

I say to my colleague from Arizona, who will probably disagree with the rest of what I say over the next several minutes, I do believe when it comes to conscience and integrity we do have somebody who lives up to that very high standard Senator Goldwater set. And that is Senator MCCAIN from Arizona. The only thing I didn't agree with in the article the Senator wrote was when Senator MCCAIN said he will

just be a mere footnote in Senate history. I do not agree with that. I think Senator MCCAIN is an enormously important force here in the Senate and in the country, and I better not go any further with that because I am about to disagree with the rest of what he said.

PRIVILEGE OF THE FLOOR

Mr. President, I ask unanimous consent that David Vang, who as an intern in his last day in our office, be allowed to be in the Chamber during the debate today on this piece of legislation.

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

Mr. WELLSTONE. I thank the Chair.

Mr. President, I agree with really what both my colleagues have had to say, the Senator from Massachusetts, Mr. KERRY, and Senator MCCAIN, about what our goal is with this legislation, that we ought to keep our eye on the prize. The goal is to reduce youth smoking and to save the lives of children in our country and, I would argue, also children throughout the world.

In that regard, from my perspective, not from the point of view of being macho, I say to my colleague from Arizona, but from a point of view of what I think would be the best public policy that would make a difference, I think we took a step backwards when we did not raise the price increase of cigarettes to $1.50 per pack. Senator KENNEDY's amendment, I think, was on the mark because I think if we had done that over 3 years, demand, indeed, being elastic, would have gone down in a very significant way especially with young people.

But regardless of the debate on that amendment, we move forward. Senator MCCAIN has labored long and hard to make this a good bill. So have other Senators—Senator KERRY and Senator HOLLINGS and others. But again we all agree that the reduction of youth smoking and the protection of children's lives should be the primary goal of this legislation. So let us just say we are in agreement in that goal.

Now, we are forced to come to the floor of the Senate—and I am going to speak about Senator DURBIN's look-back provisions—and fight hard for children and young people for some protection because big tobacco for decades has employed legions of marketers who were paid to find ways in which they could addict our children and procure them as future long-term customers.

That is exactly what it has been all about. That was the mandate that the advertising agents received from the tobacco industry. This industry poured a tremendous amount of its wealth and its talent in what they viewed as their mission. And, oh boy, were they successful. We have heard it many times now; we hear it every day. Senator MCCAIN just recited the same statistic; 3,000 kids start smoking each day in our country alone, and a third of them, at least a third of them, will die a premature death due to tobacco-related illness. So these tobacco companies know how to market and they know how to do it well. They are experts. They have been experts at whispering in our children's ear and seducing them to smoke. So let us now get these companies to use their expertise to change the tenor of these whispers and to have them induce our children not to smoke. For a long, long, long time—too long a time—they targeted our children, they whispered in their ears, they seduced them to smoke. They have the expertise. Now what we are going to do is provide them with incentives to, in fact, get our children not to smoke. These companies are responsible, or have been responsible, for what Dr. David Kessler calls the ''pediatric disease of smoking.'' Let me repeat that, ''the pediatric disease of smoking.''

That is what the look-back provisions are all about. They are to make the tobacco companies responsible for meeting certain youth-reduction goals, and they hold them financially accountable if they fail to reach these goals. Senator MCCAIN is to be commended for the inclusion of look-back provisions in the bill which we have before us today. But I think, not from the point of view of trying to destroy the industry but from the point of view of how we can, in fact, make sure we have the right incentives to get these companies to make an all-out effort not to target children and, in fact, reduce the number of children who are smoking, I think we have to have stronger and better incentives. That is why I come to the floor to support the Durbin-DeWine amendment.

I think what this amendment does, which is most important, is that it makes the payments or the penalties for missing the youth-reduction targets more company specific as opposed to primarily industry-wide.

I am worried about the industry-wide approach for a couple of different reasons. First of all, I think what will probably happen is that the industry, as a whole, will just simply say: Look, there is no particular incentive for any one company to really go all-out to reduce teenage smoking and we will just kind of share the additional cost. But, you know what? In the long run, it will be more profitable to do that.

The problem is that there is a negative incentive for companies to try to live up to our goal. After all the goal is to reduce teenage smoking. The goal is to dramatically reduce this addiction. The goal is to dramatically reduce the death of people in our country. Therefore, it would seem to me that if some companies are doing all they can to meet that goal but other companies are not, and the industry as a whole doesn't do the job, then everybody ends up having to pay a penalty, and there is simply no incentive for a company to do right. The way it stands now, if a certain company does make the effort to stop children from smoking their cigarettes, but the rest of the industry doesn't, then the company that did make the positive attempt is punished more than any other. First, they are hit by the industry wide look back payments even though they made every good-faith effort to do the right thing. And, second of all, by doing the right thing they are financially burdened by the loss of their youth market.

So it seems to me the look-back provisions in the bill as they now stand are flawed, and I think to make the incentives or disincentives more company-based, more specific-company focused, is a much more effective public policy way of reaching our goal, which is to have a dramatic reduction of teenage smoking.

The Durbin-DeWine amendment is also, I think, a strong improvement because it raises the 10-year reduction goal from 60 percent to 67 percent. In our committee, the Labor and Human Resources Committee, which for a short period of time had jurisdiction over this legislation, Senator KENNEDY had an amendment which passed the committee which would have raised the goal to 80 percent, an 80-percent reduction in youth smoking. We heard from any number of different experts who said you can do that. We can do that and we should. This is truly one place where we ought to set the bar as high as we can because we are talking about children's lives. Children's lives are precious to all of us. So I think by going to 67 percent, we have made a solid improvement that is easily doable and I think we should set the goal this high.

Let me just finish up this way. I now come back to why I come to the floor to support the Durbin-DeWine amendment, which I think is a much more effective way of reducing youth smoking. I think the look-back provisions as they now stand are flawed. I do not think they are going to work well. So we want to have a piece of legislation which will be as strong as possible and will work well.

I say to my colleague from Arizona, no company gets put out of existence. Every single company that makes a good-faith, all-out effort to reach these achievable goals and reaches them, will not have any problem at all. Those companies will have no look-back payments to make. It is simple. There is no reason, no inherent reason in this amendment that Senator DURBIN and Senator DEWINE have brought to the floor, why any companies would have to worry about going out of existence if, in fact, they make a commitment to live up to these goals. And that is what it is all about.

I think the language of money is, in fact, the only language to which this industry has responded. While the pleas of parents and children and dying victims might fall on deaf ears, and they have for a long time, the clinking of coins is a sound to which they are most surely attuned.

So I think right now we have some provisions in the legislation that I do

not think will work that well. I think this amendment that Senator DURBIN and Senator DEWINE have brought to the floor makes a lot more sense. Because if companies choose to use their marketing powers to discourage teenagers from smoking, which is exactly what this look-back provision will encourage them to do, they will avoid any look-back payments and at the same time they will improve America's long-term health. I think that is what this legislation is all about.

Since I have some additional time here, I want to let my colleagues know that I will be introducing an amendment to extend the advertising protections that children here in the United States will enjoy, to extend those protections to children around the world. My understanding is that the amendment tree is filled right now, but I want to talk a little bit about this amendment. Again, as I have already said, the purpose of this legislation is the reduction of youth smoking. I believe the amendment I will introduce will further that goal and because it will it should have strong support from this body. What I am concerned about are some of the provisions in the legislation that deal with the international activities of this renegade industry. I think those provisions are inadequate.

What I want to do is to make sure that the advertising and marketing restrictions that we have in this legislation also apply to the international scope of these tobacco companies just the way Senator MCCAIN's bill was written when it passed out of Commerce Committee by a 19-to-1 vote. So, for example, if we are going to say: Look, industry, you are not going to be able to use cartoon characters to market your deadly products here in the United States of America; I would like to say to these companies: You are not going to be able to use these cartoon characters to market these deadly products in any market overseas.

I'd like to provide a little context for my colleagues. I will address this subject in more depth later on, but I wanted to draw from some interesting documents my State of Minnesota was able to obtain when Minnesota forced the tobacco industry to disgorge documents so revealing that the industry has been hiding them for years. An R.J. Reynolds document, penned in 1976, reads:

> Evidence is now available to indicate that the 14–18 year old group is an increasing segment of the smoking population. RJR-(tobacco) must soon establish a successful new brand in this market if our position in the industry is to be maintained in the long term.

Or this from Philip Morris, in 1981:

> Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens . . . The smoking patterns of teenagers are particularly important to Philip Morris.

The amendment I will introduce will basically say we need to put our foot down. We ought to say: No more. No more addicting of children. Tobacco industry, you need to cease and desist from diabolic marketing tactics which target children, which addict children, and which ultimately lead to the premature death of too many people, here and abroad.

Some statistics about what Dr. Kessler has called the pediatric disease of smoking. The World Health Organization projects a staggering global death and disease burden related to tobacco use. The WHO estimates that one-third of the world's population over the age of 15 currently smokes—one-third. This is equal to 1.1 billion smokers. Of those 1.1 billion smokers, over 90 percent live outside the United States and over 70 percent live in developing countries.

Let me simply mention a couple of other interesting statistics that I will again get a chance to develop in this argument a little later on. I will give just a few examples. Over the last decade in which U.S. sales have declined by 17 percent, U.S. cigarette exports have grown by a staggering 260 percent.

In 1996 alone, U.S. manufacturers exported a record 243.9 billion cigarettes—243.9 billion cigarettes. I have to say to my colleague from Arizona, I am not out here to bash, but I honestly and truthfully believe and can marshal evidence—and I will when we get to debate this amendment—that big tobacco has been absolutely shameless in its efforts to addict children, not only in our country but abroad as well.

For example, if we are going to say, look, this is about reducing teenage smoking, this is about saving children's lives, I think a child is a child. We are talking about all of God's children. These advertisements have been shameful. They have been irresponsible. But, unfortunately, they also have been very successful.

It is no surprise that when U.S. companies go into overseas markets, teenage smoking rates quickly climb. In Russia, from 1992 to 1993 smoking rates among 13 to 16-year-olds increased from 31.5 percent to 42.5 percent as a result of targeting efforts by tobacco companies.

Smoking rates among male Korean teenagers rose from 18 percent to 30 percent in just 1 year after the entry of U.S. tobacco companies. Let me repeat that: Smoking rates among male Korean teenagers rose from 18 to 30 percent in just 1 year after the entry of U.S. tobacco companies.

Just 2 years after Taiwan's cigarette market was opened to U.S. companies, the smoking rate among high school students increased 50 percent. In both Taiwan and Japan, U.S. brands jumped from 1 percent to 20 percent of the market in less than 2 years.

The United States National Cancer Policy Board has noted that the introduction of U.S. cigarettes in Japan ''had the regrettable effect of contributing to an increase in overall tobacco consumption, especially among those under the age of 20.'' That is from the U.S. National Cancer Policy Board.

My amendment will simply state that American tobacco companies, and those they control, are prohibited from selling, distributing or marketing tobacco products to children overseas, just as they will be prohibited from such activities in the United States.

I have to say to you, Mr. President, that the good news is the bill that was passed by the Commerce Committee by a 19-to-1 vote had basically the same language as this amendment. And I say let us get that language back in the bill.

My concern, as a United States Senator from Minnesota, is how can we dramatically reduce smoking among teenagers, among young people? How can we stop this shameless targeting of kids? Again, we had document after document after document. I know my colleague who is presiding has debated this. He has raised important questions—I always give that to him—and he argues his case forcefully about lawyers and lawyers' fees and all the rest. Fair enough. We have debated that, and we will debate it again.

I will say this: In the Minnesota court case which was recently settled, it is incredible the number of documents and the amount of information we were able to get out before the public.

Those documents tell a very disturbing story of an industry which in a very shameless way targeted kids and went all out to addict children. What I will be doing with this amendment that I will offer is to say, look, if we are going to be concerned about marketing to children in our country, then we also ought to be concerned about it with children abroad. The United States of America ought not to be known around the world, especially in these poor developing countries, as a country with an industry that is a leading exporter of death. That ought not to be our identity with people in those countries. I think the same marketing restrictions should apply. You no longer can use cartoon characters to push the buttons of children and addict them to tobacco in our country, and you are not going to do it in other countries either. That will be the gist of the amendment I intend to introduce.

Mr. President, I do not see any colleagues on the floor, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. REED. I rise today to speak on the amendment proposed by Senators DURBIN and DEWINE which would, in fact, strengthen the look-back penalty with respect to the tobacco legislation which we are considering today on the floor.

The key element to changing the tobacco legislation is providing for a very strong, very tough, and a very appropriate look-back provision which essentially would extract additional payments from the tobacco industry if they fail to meet the goals in reducing teenage smoking. This is at the heart and soul of the whole tobacco debate—preventing children from getting easy access to tobacco products, preventing them from engaging in an addiction which will lead to their premature death in too many cases.

When the tobacco industry announced their initial agreement a year ago with the attorneys general, they indicated a sincere desire, we hoped, to change the culture of tobacco, to change the culture of the way they deal with this product. Unfortunately, for many, many years, perhaps the whole history of the tobacco industry, they have been targeting young people as a means to boost their sales, as a means to enlist and, indeed, addict a whole generation of young people to be their customers. This approach, this marketing approach over many, many, many years, has led to the premature deaths of thousands of Americans. We have the opportunity now to stop that, if we do, in fact, legislate strong protections like a good, solid look-back provision.

The tobacco industry has, as I indicated, spent billions of dollars trying to ensure that children become addicted to tobacco. In many respects, sadly, the tobacco industry has become addicted to children. They just can't seem to thrive economically without them. We want to change that addiction. We want to change the addiction that affects children, and we would like to change the addiction that has affected the industry. We would like them, if they are to market their product, to do so to adults.

At the core of ensuring this happens is the requirement of having stiff assessments against the industry if they fail to meet the goals we have set out. That is at the core of the amendment proposed by Senator DURBIN and Senator DEWINE. I commend them for this amendment. It would strengthen significantly the protections and strengthen significantly the look-back assessments that the industry would pay if they fail to meet the goals of reducing teenage smoking.

We have seen, over the course of many, many years, the deliberate attempt on the part of the industry to attract young people, to attract teenagers, to get them smoking early, so that by the time they thought about it, they were already addicted to tobacco products.

The most revealing source of information about the industry's tactics has been the industry itself. In various litigation proceedings around the country, documents have been discovered and released publicly that indicate the systematic and very deliberate attempts by the industry to addict children. Documents obtained through the Mangini litigation further document these efforts. A presentation from a C.A. Tucker, vice president of marketing for RJR Industries, concluded, ''This young adult market, the 14 to 24 age group, represents tomorrow's business.'' Only, I think, would the industry think of ''young adults'' as 14-year-old children. And it is quite clear and quite obvious they were targeting these young children. They have done it in so many different ways.

They have also indicated in documents released by the Mangini litigation that they conducted extensive surveys of smoking habits of teenagers. They were trying to find out essentially what makes teenagers tick and how they can use those psychological forces to addict children to cigarette smoking. This hasn't changed and won't change this until we have a good, strong look-back provision.

The improvements which Senator DURBIN and Senator DEWINE are suggesting are just the right approach to make this look-back assessment a positive and forceful one. For example, they will move away from the industry-wide assessment contained in the underlining McCain bill and have more company-specific assessment. This makes sense, because if a company thinks that they can act inappropriately, they can take chances, play loose with the rules, market to kids, and their competitors will help bail them out because the penalty is assessed across all the companies—the good and the bad equally—there will be no real incentive to change the behavior of individual companies, to change the marketing approaches, to change the advertising approaches, to assume and to ensure that what we have is a situation where children are no longer subject to this type of advertising.

This company-specific approach is going to be, I think, the key. That is what is so critical about this amendment. If we don't have an industry-wide standard for the look-back assessment, we will never effectively change the behaviors of these companies. And, frankly, that is what we should be about. This legislation should not be about simply racking up huge payments from the industry. It should not be about how we spend those payments, necessarily. It should be quite a bit about changing behavior and the incentive of the industry so they stop trying to market tobacco products to children.

Another important aspect of this amendment that is critical is that this amendment would increase the target the industry must reach in 10 years from 60 percent to 67 percent. In essence, this amendment would require a 67-percent reduction in teenage smoking in 10 years. That is comparable to what the industry itself agreed to when they settled with the attorneys general. These two provisions—the company-specific approach, together with increasing the target reduction rate for teen smoking—are absolutely essential to having comprehensive tobacco legislation that will work and actually produce results. They will save the lives of thousands and perhaps hundreds of thousands of young people today, who otherwise will continue to be the targets of tobacco advertising, will continue to be the targets of the industry and will, I fear, fall under the sway of this tobacco addiction prematurely, shortening their lives and impacting the public health of America.

I urge my colleagues to do all they can to ensure that this amendment passes, and that we move from this amendment to consider other amendments that will also control the access of information that kids have about tobacco. I will propose an amendment that will condition the receipt of tax deductibility of advertising expenditures in compliance with the FDA rules for advertising. These amendments, together, are steps that we can and should take immediately to ensure that we succeed in changing the culture of the tobacco industry, that we succeed in ensuring that we take historic steps so that children in America will no longer be the victims of an industry that has preyed on them for too long.

I urge my colleagues to join myself, Senator DURBIN, Senator DEWINE, and the other cosponsors, in passing this act.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:30 p.m. recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. THOMAS).

The PRESIDING OFFICER. The Senator from Arizona.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate resumed consideration of the bill.

Mr. MCCAIN. Mr. President, as we resume debate on the issue of the tobacco bill, I want to discuss a very serious issue that arose concerning veterans and smoking and has to do with the highway bill, which some may think a little strange but probably has a lot to do with how we juggle numbers around around here and the way we ''pay'' for things and not ''pay'' for things.