

additional kids in our country start to smoke, and 1,000 kids will die because they started to smoke today. Today, and every day, when those 3,000 take their first cigarette, they consign—one-third—all with names, all with families, all with potential careers and dreams and hopes and aspirations—one-third will be consigned to die because they took up a habit that can kill you. And 300,000 to 400,000 people a year die in this country from smoking and smoking-related causes.

Smoking rates among high school students—10th and 12th graders—have increased for the last 6 years in a row. In my State of North Dakota, according to statistics 39 percent of high school kids under age 18 smoke.

We can do something to stop this, and that is the genesis of the tobacco legislation. Senator MCCAIN, from the Commerce Committee, the committee on which I serve, passed a piece of legislation to the floor of the Senate. I voted for it. Senator CONRAD, my colleague from North Dakota, has done exceptional work in this area working with Senator MCCAIN.

Incidentally, Senator CONRAD produced his own piece of legislation with a task force.

But we are attempting, on the floor of the Senate, to pass a piece of legislation that tells the tobacco industry: "You cannot addict America's children. We won't allow it."

In this debate, we are describing the record of the industry, because some still deny that the industry is targeting our kids. I do not think they can deny it any longer with any credibility. I think unearthing all of these memos, strategies, and words of the industry itself, saying—"We're going after your kids"—I think that destroys any credibility anybody had who says that the tobacco industry isn't targeting America's kids.

What does this legislation do? The legislation will increase the cost of a pack of cigarettes. The legislation on the floor will increase it by \$1.10 a pack over 5 years.

What is going to happen with this money? Let me describe how the money will be used. First of all, the largest share of the money, 40 percent, will be returned to the States to compensate the States for the costs they have incurred as a result of tobacco-related illnesses—for example—the substantial increase to health costs, Medicaid, and others. The substantial increased costs that the States have incurred as a result of tobacco-related causes will be reimbursed by this price increase of tobacco.

The medical costs of smoking are estimated to be somewhere around \$50 billion a year annually. Lost economic productivity, as a result of the medical conditions caused by smoking, is somewhere around \$47 billion a year. The States incur medical costs of about \$4 billion just caring for smokers. This legislation will reimburse them and their taxpayers for that range of costs

that I have just described, somewhere close to \$100 billion.

Twenty-two percent of the funding—aside from funding I have just described that will go to States—will be devoted to public health programs. Half will be dedicated to educate children about the dangers of smoking, to fund programs to reduce youth smoking, and a counteradvertising program to offset the extensive marketing efforts of the industry.

Rather than create the big bureaucracies that the tobacco industry claims would happen, what will happen is, these funds will be used by the States to try to develop efforts and coordinate advertising and other smoking cessation programs that we are convinced will work to teach and to persuade America's kids not to begin smoking.

Twenty-two percent of the funding will go to health and medical research largely through the National Institutes of Health (NIH). Frankly, I cannot think of anything we do in this country that has more impact, value and importance to every American than investments in health research.

What is happening at the National Institutes of Health is really quite remarkable. From breathtaking changes and breakthroughs in health coverage to health remedies which attempt to deal with diseases and problems. And what we are trying to do is to increase the amount of investment and research for health care at the National Institutes of Health. That makes a great deal of sense to me.

So we are talking about a range of things—offsetting the costs the States have, smoking cessation programs, counteradvertising programs, prohibition on the industry's advertising, substantial investments in the National Institutes of Health, and a range of other things—that I think will be very beneficial. It will also allow someone 20 years from now to say that these companies were unable to devote advertising and unable to devote efforts to try to addict 14-year-olds. First, because you cannot advertise to them, and second, because we are going to counteradvertise, and we are going to have smoking cessation programs and other efforts to try to prevent you from addicting America's children to cigarettes.

There is in this piece of legislation some assistance for farmers, as well, because tobacco farmers will be impacted by this legislation, and we should be mindful of the problems caused for tobacco and to tobacco farmers as a result of this piece of legislation. Senator FORD has crafted an amendment that I think goes a long way in addressing the issue that will affect tobacco farmers from this legislation. We will be talking about that, I think, next week.

We have liability issues that are dealt with in this piece of legislation. I mentioned advertising restrictions. We had a problem affecting veterans that I think has been solved thanks to the

work of Senator ROCKEFELLER from West Virginia and Senator WARNER, as well as the Senator from Arizona, Senator MCCAIN.

Those are the issues that I think are very important to our country with respect to the tobacco bill. My hope is that in the coming days, whether it be 3 or 5 days or a week and a half, that we will pass in the Senate a piece of legislation that all of us can be proud of.

I defy anybody, I defy one person of any political persuasion or of any philosophical bent, I defy one person to stand up on the floor of the Senate and defend this sort of behavior: Page after page after page of evidence that this industry knew that the teenagers of this country were their target audience and deliberately tried to addict children to smoking. I defy anybody to read this evidence and then tell me that is not the case. If you believe, as I do, that this industry has seen dollar signs on the heads of America's kids, and you believe that is wrong, then we must believe, together, that we have a responsibility to pass legislation of this type.

I am not saying every word is sacrosanct. There are plenty of ideas here to add to this that perhaps can improve it. I say at the end of the day we had better pass a piece of legislation that acknowledges the bankruptcy, the moral bankruptcy approach we have seen when we unearthed the information from the bowels of the tobacco industry.

COMPANY MERGERS

Mr. DORGAN. Mr. President, I spoke 2 weeks ago on a subject that I care deeply about. I want to just make a couple of additional points about it, and that is this orgy of mergers that is occurring in America today. You can't wake up and take a look at the business section of any newspaper in the country without seeing another big megamerger announcement.

I come from, I believe, the Jeffersonian side of my party and share very deeply the notion that the broad-based political freedoms in this country are nurtured by broad-based economic freedom. Broad-based economic freedom comes from dotting the landscape all across this country with individual entrepreneurs, businesses, broadly based and owned businesses all across this country. That represents the free enterprise system, people having dreams and hopes and starting a business and nurturing this business.

It doesn't mean to say that big is always bad or that small is always beautiful. It is just to say this country works best, our free enterprise system works best and the market system works best when this is not dominated by enterprises that choke competition. We have decided in law a long, long while ago those that are choking down competition and trying to clog the arteries of the marketplace are violating

the law. There is precious little enforcement these days. Antitrust activities are kind of out of favor. But we are seeing an alarming growth of mergers in this country.

As I start, let me again say not every merger is bad. I am not here to say that. There are times when the mergers of a couple companies make sense. But what is happening now is a wave of mergers that ought to be alarming to this country. Former Senator Hart, Phil Hart from the State of Michigan, did a lot of work on this issue. There is a building named after him here on Capitol Hill. He is probably the last person in Congress to talk much about merger activity and antitrust enforcement. It is not sexy and it does not win any friends. But it does lose friends.

Let me describe what happens. This chart shows merger completions in the last 15 years. Take a look at the exponential growth of mergers. This merger mania means you have fewer enterprises. They are buying each other, merging, some hostile takeovers, and two become one. It is like getting married. You have two people that court each other; you have two companies that court each other and they get married. You read it in the paper, but you don't even know they are dating. Sometimes it is a forced marriage as the case with hostile takeovers.

Here on this chart are all the marriages going on in corporate America—two become one. The railroad industry—we used to have a lot of railroads. Now we have a very few railroads. They tell us what they are going to haul and how they are going to haul it. If you don't like it, tough luck. The airline industry—we used to have a lot of airlines in this country. Now we have a few. They have retreated into regional hubs and dominate the hub and say here is where we will fly and here is what it will cost. If you don't like it, go buy a jet. The telecommunications industry—you talk about what is happening in telecommunications. All of these big telecommunications companies are looking around for suitors to find out who they can romance and who they can add to their collection. Pretty soon, ten companies become five and five become one. We have Baby Bells—they are not so baby anymore. Now they are getting married. So there are fewer Baby Bells because they are combining.

Let me just go through a couple of other charts to describe this circumstance. Here we have the value of merger activity in this country. In 1998, \$1.7 trillion. It is moving up exponentially. Those who say that we believe in the free enterprise system, those who say that the market system is critically important to the success of this country ought to be concerned about this.

Let me show a chart briefly with respect to the largest mergers. I showed this 2 weeks ago and it has since changed because we had a chemical company and a pharmaceutical com-

pany that started dating and then they decided to announce they were getting married—Monsanto and American Home Products. On this chart are the 25 largest corporate U.S. mergers through June 2, 1998. Seventy billion, CitiCorp wants to join with Travelers Group. Fifty-nine billion, BankAmerica wants to join with National Bank.

While I am speaking about it, the banks, they of course, are a go-go industry with respect to mergers. Last year, there were 599 bank mergers. The biggest banks are merging as quickly as you can open your paper these days. About 75 percent of the domestic banking assets are held by 100 of the largest banks. The Federal Reserve Board has a policy. In fact, if you are big enough, they call it "too big to fail." If you are big enough, you are never going to be allowed to fail because the consequences of the failure would be too detrimental to the country. There used to be 11 too-big-to-fail banks. Eleven is now 21 because all the big banks are getting bigger. So the next merger you see with one of those banks, there is no risk to them. They can't fail. The American taxpayer has to pay the risk of a merger that turns sour.

Small community banks especially understand this problem. Let me talk about the testimony of the president of the Independent Bankers Association of America. He says "The evidence shows that increased concentration in banking has not benefited bank customers." He adds that "larger banks charge higher fees, bank mergers have an adverse effect on consumer deposit prices, and small business lending receives a short shrift in a world of ever-larger banks."

Banks are just one area. I just stop to say that if you take a look at this list, it is banks, railroads, telecommunications companies, defense companies. Frankly, I think it is alarming. I think Congress ought to pay some attention to this.

I represent a lot of farmers. Family farmers aren't merging. They are out there fueling up a tractor, trying to plow in seeds, hoping to get a crop. But when they market, they market back up through the neck of the bottle. If they market meat, if they are raising a cow and are going to market the meat from the cow. In 1980 the big four packing plants had 36 percent of the market. In 1994, the big four meatpacking plants in this country had 82 percent of the market. This means that if you are a farmer trying to market up through the neck of that bottle, the products of meat—in this case perhaps pork or beef—you are discovering that you are marketing up towards a monopoly. On the top they tell you what they will pay you for it. The same is true for the grain farmer.

My point is it doesn't matter whether you are on Main Street or running a family farm. If you are operating in an economy in which big interests are clogging the marketplace arteries, you have to be concerned that this system

doesn't work for you. Congress has a responsibility and there are laws on the books that would require us to look carefully and closely at merger proposals to see, is this in the best interests of the country or will this injure the marketplace? Will this injure the free enterprise system? In some cases, maybe not; in some cases, maybe it will. In those cases, Congress has a responsibility to act.

We had a circumstance with respect to airlines. For example, not too many years ago we had a whole raft of merger proposals go to the Department of Transportation. The then-Secretary of Transportation never met a merger she didn't love. It didn't matter what it was. "Just bring them up, and we'll try to merge them. We say amen, and we stamp 'Approved.'" The result is that we have had fewer airlines that retreated into regional monopolies. I think whether it is railroads, airlines, meatpacking plants, banks, or telecommunications companies, this country functions best and our market system and free enterprise system functions best when you have robust, aggressive competition. I worry very much that those who are supposed to be minding the store are paying precious little attention to some of these issues.

Finally, let me say an encouraging word about one person who is paying some attention, and that is Joel Klein over in the Justice Department. I will not talk about any of the specific cases before them, because I am not interested in doing that. But he is someone who heads the Antitrust Division. I hope this Congress provides substantial resources so that he has the capability and the people over there to investigate these mergers to determine whether they are in the best interest of the country or whether they violate the law with respect to antitrust. I want those who are supposed to be the referees with respect to the market system to make sure that competition abounds and the market system works. I want Mr. Klein, head of the Antitrust Division at Justice, to have the resources necessary to do that, and I hope my colleagues agree with me.

I am going to speak at greater length at another time. I apologize to the Senator from Arizona. He has been waiting. I wanted to make the point on mergers. I hope my colleagues on both the Republican and Democratic sides who have an interest in this issue and an interest in making certain that those mergers that are fine proceed unimpeded, but those that restrict and constrict and impede the market system ought to be looked at with a fine-tooth comb to determine whether they ought to be approved or rejected. I will have more to say on this at some point later.

With that, I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Chair recognizes the Senator from Arizona.