Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. HARKIN. Madam President, I hear all kinds of rumblings that the Republican side of the aisle, at some time today, is going to try to kill or will effectively kill the tobacco bill. I want to take a few minutes to talk about that and try to recap, if I can, why we are here and why we have spent so much time on the tobacco bill.

Three thousand kids every day take up smoking; 1,000 of them will die prematurely. Teenage use of tobacco products is at a 17-year high. And 42.7 percent of high school kids are now using some form of tobacco products. Ninety-one percent of 3-year-olds in this country recognize Joe Camel, and recognize him in a friendly manner. And thanks to the court cases that we have had in several States, we now have the industry documents that reveal years and years and years of lying and deception by the tobacco companies.

That is why we are here. That is why we have a tobacco bill—to put an end to teen smoking, to put an end to the lies and deceptions of the tobacco companies, to save kids' lives.

The Republican leader was on the floor here a week and a half or so ago. I happened to be on the floor at the same time. And Senator LOTT of Mississippi, why, he said, we have to remember what the end game is. Well, I got to the floor shortly after, and I said, yes, we do have to remember what the end game is. The end game is to put an end to what I just talked about and to reduce teen smoking. That is the end game. That is why we are here—to cut down on teen smoking.

But Senators on the other side of the aisle here today, and in the past 4 weeks, have had another agenda. They have had tax cuts, drug money, and limits on attorneys' fees, et cetera, et cetera, and on and on.

Let us look at the RECORD. On Friday, June 5, the majority leader, Senator LOTT, said, and I quote, ''If we don't add something on marriage penalty, tax relief, and on drugs, there won't be a bill. There will not be a bill.'' In other words, the majority leader is saying, if we do not load a lot of stuff onto this bill—marriage penalty, tax relief, drugs—there will not be a bill. That is what he said on June 5.

On June 7, on one of the talk shows, CNN's Sunday Night ''Late Edition'' interview with Wolf Blitzer, here is Senator LOTT again, 2 days afterward:

> Instead of focusing on trying to get something constructive done, what we have now is game playing and rhetoric. What we need is leadership.

Mr. Blitzer said, ''When will there be a vote''—talking about the MCCAIN bill.

Senator LOTT, 2 days before on June 5—Senator LOTT had said, ''. . . there won't be a bill until we add the marriage penalty, tax relief and drugs.''

Now, two days later, Mr. LOTT says:

> Well, at this point, it is dead in the water and there may never be a vote on the MCCAIN bill. The problem is greed has set in. It is the usual addiction in Washington to taxes and spend. This has gone way beyond trying to do something about teenage smoking. This is now about money grubbing. This is about taxing people and spending on a myriad of programs. . ..We have lost our focus.

What kind of brave new world are we living in around here? On June 5, the majority leader says there won't be a bill unless we load it up. Two days later, he says we have loaded the bill up, we can't have a bill because we have lost our focus, because it ought to be about teen smoking.

Game playing. You want game playing? That is where the game playing is coming from. It is coming from the leadership in the Senate. That is where the game playing is coming from.

I will say it loud and clear right here. The leadership has never wanted this bill, and they want to kill it. What we want—and I don't just mean Democrats, I mean a lot of Republicans, too, we want to put an end to teen smoking, and we want this bill. But, unfortunately, the Republican leadership and some on that side are going to try to make good on their threats to kill the bill.

I understand the Senator from Texas, Senator GRAMM, was on the floor a few minutes ago sort of crowing about killing the bill. Well, I hope those reports are wrong. I hope we have the bipartisan support to pass the bill.

But it seems to me at this point in time the choice is very clear: You are either for tobacco company profits or you are for our kids. You are either for cutting down on the lies and deceptions of the tobacco companies, or you are for saving our kids' lives and keeping them from smoking. That is what it has come down to. Don't let anybody kid you.

Now I heard the Senator from Kentucky, Senator MCCONNELL, a while ago—I happened to be listening—talking about all the taxes, all the taxes the people are going to have to spend if we raise the price of cigarettes. I got to thinking about that. Guess what. Not one person in this country has to pay those taxes. What an interesting set of taxes—taxes you don't have to pay. If you don't smoke, you don't pay the taxes—simple as that. It doesn't tax everybody. You have the freedom to choose. If you want to pay the taxes, smoke; if you don't want to pay the taxes, don't smoke. Yet to listen to the other side talk about it, why, you would think that everyone in this country was going to have to pay taxes. Absolutely not true. Only if you want to smoke. Then you ought to be more than happy to help pay for those who get sick and to help do something about keeping teenagers from smoking.

I don't think I yet have met one adult who has smoked a long time—10, 15, 20 years—I haven't met one yet who has said, ''I would recommend a young person take up smoking.'' I haven't met one yet. Every single one of them says, ''Don't do what I did. Don't get in the habit. Don't become an addict like I am.''

That is what this bill is about—keeping kids from becoming addicts, addicts every bit as bad as if they took up cocaine or heroin—nicotine addiction. And it is the gateway drug to the others. You want to cut down on marijuana? Cut down on teen smoking of cigarettes. You want to cut down on teen use of smoking crack? Cut down on their smoking cigarettes first. You want to cut down on kids who get into the drug culture? Go after cigarettes first. It is a gateway drug. It is a drug, make no mistake about it, and a highly addictive drug. And it just so happens to be legal.

But we know from industry documents today that they have known for years that nicotine is addictive. They have known for years that it is carcinogenic. They have known for years about the medical costs of addiction to tobacco. Yet through all their advertising, they have lied about it. All this fancy advertising of Joe Camel and that rugged Marlboro Man on that horse and all these young people—do you ever see a tobacco ad that has a lot of old people hacking and smoking and spitting in it? No. All the tobacco ads have nice young people, and they are healthy, and they are vibrant. They look like they are having a great time, and if it weren't for tobacco, they probably wouldn't be having a great time. That is the kind of deception used by the tobacco companies. That is what we are trying to put an end to.

Taxes? No one has to pay these taxes. I see the Senator from Kentucky is on the floor. No one has to pay these taxes, not one single person, if they choose not to smoke. But if they do, then, yes, we want you to pay more for cigarettes, because we want to use that money to stop kids from smoking, which is what you want, too.

Every adult I have known who is addicted to nicotine says kids shouldn't take it up. But these tobacco companies will continue to hook kids because they know that is their replacement smoker. They know that 90 percent of adult smokers who are hooked on nicotine start smoking before the age of 18. If they don't start smoking by that time, chances are they will never take it up and become addicted. That is why we are here. That is the end game—to keep our kids from smoking.

Killing this bill is a death sentence for millions of kids. Killing this bill would be a historic cave-in to the special interests of this country. It would be a historic cave-in to the $40 million in deceptive ads that the tobacco companies have put out across this land over the last month. It would be a historic cave-in to an industry that has deceived and lied to the American people for the last half century.

Make no mistake about it, tobacco executives and all of their PAC directors who have all of that money to start giving out to campaigns, they are watching. They are watching, and they are rubbing their hands together, and they are saying, ''Oh, boy, they are going to kill that tobacco bill.'' And they are going to know who their friends are. They are going to know who their friends are—the ones who killed this bill. And I am sure they will be helpful to their friends.

Well, I hope we can send a message to our kids that these well-funded special interests, no matter what they have done and how much money they have spent, that they can't win today, that they can't win in this body, that this body still represents the rank and file of American people and not just those with a lot of money and a lot of power.

If the Republican leadership and those on that side kill this bill today, we will be back, time and time and time again. We will be back. We will be back with amendment after amendment after amendment on bills that come up to this floor. We will not back down. We have come too far to rein in the tobacco companies, we have come too far to stop our kids from smoking, to back off now.

If the Republican leadership and the Republicans succeed in killing this bill today, it might be the end of the debate on the tobacco bill, but it will not be the end of tobacco debate on the Senate floor and it will not be the end of amendments and bills that we will bring up to try to get to the end game to keep our teenagers from smoking.

If the Republican leadership succeeds in killing this bill, I predict that there will be a major public backlash—a major public backlash. Why do I say that? A little bit of history.

Last year, about this time—actually toward the end of July—Senator CHAFEE, a Republican, and I, a Democrat, offered an amendment on the floor of the Senate to provide the necessary money to the FDA to enforce the ID checks in stores and outlets, wherever cigarettes were sold across the country. We offered the amendment and we had a vote. We lost. That was in July. Well, I used a parliamentary maneuver to ensure that we could have one more vote on it when we came back after the August recess of last year. So I filed my parliamentary appeal on that. We broke here in August and we went home.

We came back in September, and the first vote we had when we came back in September was the same vote of Senator CHAFEE and Senator HARKIN on providing the money to the FDA for the ID checks—the same vote that had lost in July. Guess what. This time it carried overwhelmingly. I submit that a large part of that was because a lot of people went home in August and a lot of the groups—I am talking about all of the public health groups, such as the American Heart Association, The Lung Association, the American Cancer Society, and a host of others—got to people and said, wait a minute, we want to enforce these ID checks. We don't want young people buying cigarettes and tobacco products. There was a public backlash. I predict the same thing will happen if this bill is killed today.

Despite over $40 million in ads that have dominated the airwaves over the last month by the tobacco companies—despite all that—the public still supports this bill by over 2 to 1. This was a survey taken June 12 through June 15 by Market Facts TeleNation, an independent polling firm, of 924 adults. Margin of error, plus or minus, is 3.2 percent.

The question was:

> As you may know, the Congress is currently considering the McCain tobacco bill, which creates a national tobacco policy to reduce tobacco use among kids. Based on what you know about the bill, do you favor or oppose Congress passing the McCain bill?

Those who favored, 62 percent; opposed, 31 percent.

That was June 12 to June 15. This is the 17th, so that was earlier this week. That is after $40 million was spent by the tobacco companies to persuade the public that what we are doing is raising these huge taxes and spending all of their money on a variety of nonsense programs. I am sure we have all seen the ads. How can you miss them? Turn on the TV and there is another ad. And still, through it all, the American people are seeing through it. They have caught on to the tobacco companies. They know they have been lying to them for 50 years. Ask any older adult today—I am talking about somebody in their sixties, seventies, or eighties—who has been addicted to nicotine. Ask them if they believe the tobacco companies told them the truth 30 or 40 years ago when they took up tobacco. They know the tobacco companies lied to them through their slick advertising, ads that show doctors smoking and nurses smoking, and all kinds of things, saying that Camels were better for your throat than other cigarettes. Still, the American people, 2 to 1, want this bill.

That is why I predict that if this bill is killed, there is going to be a tremendous public backlash. The public is going to know who killed this bill: the Republican leadership in the U.S. Senate. Make no mistake about it.

I yield the floor.

Mr. AKAKA. Mr. President, the Senate is engaged in an historic debate over tobacco control legislation. This bill is the most important public health issue of the decade. Yet, it appears that we are losing sight of the foremost purpose of the bill. If this bill was a Christmas tree, its branches would be drooping to the floor because of the weight of the unrelated amendments. These extraneous amendments were added at the insistence of the majority to broaden the appeal of the legislation. Yet, critics of the bill cite these amendments as reasons to topple the tree.

First, a majority of Senators voted to strip the liability provisions from the tobacco bill. With this vote, we lost a powerful incentive for the tobacco companies to accept provisions of the bill that require their consent. Industry cooperation is critically important to a comprehensive national tobacco policy, and to obtain voluntary acceptance of the sweeping advertising restrictions.

As my colleagues know, advertising is one of the most important factors in attracting young people to tobacco products, and restrictions on advertising must be a central component of the efforts to reduce youth tobacco consumption. Industry acceptance will also be essential to the lock-back provisions that will penalize companies that fail to meet youth tobacco reduction targets.

The majority then passed an amendment to divert $2 billion from public health initiatives into programs having nothing to do with tobacco. This amendment takes money allocated to public health and puts it into drug interdiction, the Coast Guard, education vouchers, and a multitude of other items. We have abandoned the fundamental objective of this public health legislation.

The Senate then approved an amendment providing a massive tax cut to reduce the marriage penalty and increase the deductibility of health insurance for the self-employed. These provisions not only strip huge sums from the bill, but also take funds from the general treasury in future years. As a result, the majority of my colleagues voted to weaken the Social Security system for future generations. Money that would have been used to reduce the incidence of youth smoking will instead be used to finance a tax cut. Make no mistake about it, this action severely hampers the effectiveness of the programs designed to reduce tobacco use. The money stripped from the bill would have paid for core public health initiatives such as health research, counter advertising, and smoking cessation and education programs.

We are losing sight of the grim statistics on youth tobacco consumption that have been repeated here on a daily basis. Every day, 3,000 kids become smokers. One third will die to tobacco related diseases. We have an obligation to act.

Despite my strong objections to these changes, we must pass a measure out of the Senate and allow the process to continue. The bill retains provisions that address the problems of youth tobacco consumption. For example, the tobacco price increase in the bill should dramatically reduce the number of kids who begin smoking and who may ultimately die from smoking related diseases. Statistics show that for every ten cents added to the price of cigarettes, approximately 700,000 fewer teens will being smoking and more than 200,000 premature deaths will be avoided. The bill also provides for a national counter-advertising campaign

aimed at discouraging young people from using tobacco products. It also funds health research at the National Institutes of Health and the Centers for Disease Control and state and local tobacco education and prevention programs.

Two other components of the bill that will have a large impact on our efforts were added during floor consideration. The first is the increased investment of funds into early childhood development and after-school activities. The second is the strengthening of the look-back provisions which hold individual tobacco companies responsible for their portion of the youth market.

Mr. President, the Senate still has a landmark opportunity to save the lives of future generations. If this effort is defeated it will show that the majority bowed to the tobacco industry and sold out the youth of America.

TOBACCO WAREHOUSE

Mr. FAIRCLOTH. Mr. President, I would like to engage in a colloquy with the Chairman of the Agriculture Committee regarding the role of warehouseman in the tobacco debate. There are 356 tobacco quota warehouses in eleven states. For over 60 years tobacco auction warehouses have played a role in the federal government's tobacco program. By law, warehousemen collect specified fees, supervise inspections, keep records and otherwise act on behalf of the U.S. Department of Agriculture.

In 1935, the Tobacco Inspection Act was passed under the jurisdiction of the Agriculture Committee to designate approved auction warehouses and to protect growers by providing standards of classification and inspection of tobacco. In fact, from the onset of North America's tobacco commerce in 1619 successive governments have used tobacco warehouses as the primary channel for regulating the leaf tobacco trade. According to Professor Allan C. Fisher, Jr., between 1619 and 1731, various colonial governments in North America passed a total of eight legislative acts pertaining to tobacco warehouses. In effect, these laws made tobacco warehouses the agents of government for ensuring that the inspection and sale of leaf tobacco remained fair to growers.

Even now, by law, warehousemen collect specified fees, supervise inspections, keep records and otherwise act on behalf of the U.S. Department of Agriculture. The Supreme Court, in a 1939 case upholding the inspection law, state that warehousemen and auctioneers act as agents for growers and the government.

In summary, tobacco warehouses were established by and are regulated by the federal government. Therefore, assistance to warehousemen is a necessary component of any legislative action that effects federal tobacco policy.

Mr. LUGAR. I acknowledge the importance of warehousemen under the current tobacco program and that some of those warehousemen may be adversely affected when the current program is eliminated. That is why I have made it clear in my amendment that warehousemen may be considered as recipients of some of the $1 billion in economic assistance grants to states. I believe that it will be important for state and local governments to determine the level of assistance to individual warehousemen in their localities. Local officials will be better able to assess the economic impact on individual warehousemen and can make adequate compensation accordingly.

Mr. FAIRCLOTH. I appreciate the Chairman's recognition of the importance of warehousemen and his efforts to include them in this amendment. The Senator is correct. Tobacco warehouses have no other business than operating as agents for the growers and the government. They are as integrally tied to the tobacco program as are farmers and quota holders.

For these reasons I believe that comprehensive tobacco legislation must provide compensation for tobacco warehousemen—and that such compensation should be specific, certain and equitable.

By the term ''specific,'' I mean that the legislation should denote warehousemen as individuals who shall rightfully receive a measure of compensation, just as it provides for a measure of compensation for growers and quota holders.

By the term ''certain,'' I mean that the legislation should provide for a procedure to ensure that such compensation is a definite Federal responsibility calculated by Federal authority according to factors that Congress establishes in the statute.

By the term ''equitable,'' I mean that the compensation should be based upon an appreciation for a warehouseman's equity investment in his business and that the formula for determining the appropriate compensation should be related to the volumes of tobacco that each warehouse has historically handled.

It is essential that three elements are thoroughly addressed. It is my judgment that the managers' amendment in its current form falls short in meeting these criteria.

My question to the distinguished Chairman is this: will you work with me and other Senators, as the legislative progress continues, to ensure that warehousemen are not left out of my comprehensive tobacco legislation?

Mr. LUGAR. Indeed, it is always a pleasure to work with the Senator from North Carolina, I will do what I can to ensure that warehousemen who are adversely affected by comprehensive tobacco legislation are not forgotten as the tobacco legislation proceeds through the legislative process.

Mr. WARNER. Mr. President, I rise today to express my strong opposition to the tobacco bill that is currently before the Senate.

As you know, on June 20, 1997, a group of state attorneys general, plaintiffs' lawyers, public health advocates, and representatives of the major cigarette manufacturers announced a sweeping settlement that would restructure the tobacco industry and revolutionize the nation's tobacco control efforts. The agreement, reached in good faith among the parties, would settle lawsuits brought by forty states seeking to recoup Medicaid spending for smoking-related illnesses and ban certain class-action lawsuits against the tobacco industry.

The only reason that the Senate is even considering the current bill is because the proposed settlement required the approval of Congress and the President before taking effect. This measure differs significantly, however, from the terms of the original settlement. Although the bill makes some progress toward the important goal of eliminating youth smoking, it has also become a vehicle for regressive higher taxes and a creation of more federal government. In fact, the attorneys general who negotiated the original settlement are opposed to this bill in its current form.

Mr. President, S. 1415 contains over $500 billion in new taxes. By some estimates, as much as $800 billion in new taxes could be imposed on the American people as a result of this bill. But even more alarming than the sheer size of this tax increase is the fact that two-thirds of the tax burden would fall on Americans earning less than $35,000 per year.

Indirectly, the bill ''deputizes'' tobacco firms as tax collectors.

In view of our country's current economic prosperity and budgetary surpluses, I believe that the American people are entitled to forms of tax relief, not increases in taxes.

The total result of the bill's proposed tax could, in my view, be disastrous. It would primarily burden lower-income Americans. It could create a new black market for cigarettes similar to the underground market that currently exists for illegal drugs. Canada has experienced this terrible problem as a result of its high taxes on cigarettes. Further, it could tempt children to obtain cigarettes illegally or to illegally or improperly obtain the funds to purchase cigarettes. There is simply no justification for imposing over half a trillion dollars in new regressive taxes on the American people.

Traditionally, families and the states have been responsible for dealing with the legitimate and important objective of deterring youth smoking. Indeed, every state in the country has enacted laws making youth smoking and selling tobacco products to minors illegal. I believe that these laws should be vigorously enforced, both against adults who sell tobacco products to minors and against children who illegally attempt to purchase these products. Congress should not intrude on a responsibility that is properly and legitimately under the purview of the citizens of a state and their state governments.

Many small family firms, indeed many businesses and communities throughout Virginia, depend on the cultivation, sale, and taxation of tobacco. They do so legally. In addition, Virginia's ports depend heavily on the shipment of tobacco and related products. The industry directly employs over 12,800 Virginians and supports over 150,000 additional jobs indirectly, generating more than $2.2 billion in payroll taxes annually. The bill before us would have unfair consequences on all of these thousands of honest, hard-working Virginians.

I would remind my colleagues, however, that one need not represent a tobacco-producing state to represent a large number of constituents who would be adversely effected by this legislation. Indeed, thousands of Americans across the country work in other industries that interact with the tobacco industry, such as convenience stores, shippers, packers, suppliers of agricultural products and equipment and vendors. Each of these industries, and many others, are likely to suffer tremendously if this bill is enacted. Most of these enterprises, particularly convenience stores, are small businesses and are struggling every day for survival.

I would further remind my colleagues that one need not represent a tobacco-producing state to stand for the principles of smaller government, lower taxes, and personal responsibility.

Last Thursday, Virginia Governor Jim Gilmore convened the Tobacco Workers' Unity Summit. As a governor who is respected nationwide for vigorously enforcing Virginia's laws against the sale of tobacco to children while passing the largest tax cut in Virginia history, I consider Governor Gilmore's to be an important voice in this debate. In his opening remarks at the Unity Summit, Governor Gilmore said, ''We will not be successful in combating youth smoking if we leave the matter to the tax commissioner rather than the law enforcement officer.'' I agree.

The them of the Unity Summit was ''Protecting Our Children . . . Protecting Our Jobs.'' I ask unanimous consent that a list of participants which I will send to the desk be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TOBACCO WORKERS' UNITY SUMMIT

LONGSHOREMEN AND DRIVERS

Ed Brown: International Vice President, International Longshoremen's Association.

John G. Heckman: Executive Assistant to the President of Highway Express.

BAKERS, CONFECTIONERY AND TOBACCO WORKERS INTERNATIONAL UNION

Robert T. Curtis: Vice President, BCTWIU.

Barry Baker: International Representative, BCTWIU.

James B. ''Sonny'' Luellen: President, Local #203T, BCTWIU.

Marian Spratt: Leaf processing worker, Danville, Virginia.

BUILDING CONSTRUCTION TRADES

Ray Davenport: President, Virginia State Building & Construction Trades Council.

Walter F. Merritt: Millwright, Atlantic Industrial Corp. & Member, Local 1402 Millwrights.

RETAIL AND WHOLESALE

Ronnie Volkening: Government Affairs Manager, Southland Corporation Dallas, Texas.

Frank C. Beddell: President, Virginia Petroleum Jobbers.

Jo Kittner: President, Virginia Retail Merchants Association.

Duncan Thomas: President and CEO, Q Markets Convenience Stores.

Read deButts: Executive Director, Coalition for Responsible Tobacco Retailing Wholesale.

David Strachan: President and CEO American Wholesale Marketers Association.

Kevin J. Koch: Corporate Vice President, McLane Company, Inc. Temple, Texas.

INTERNATIONAL ASSOC. OF MACHINISTS AND AEROSPACE WORKERS (IAMAW)

Stephen Spain: Directing Business Agent, Lodge #10, IAMAW.

Nathan Grooms: Printing Pressman, Reynolds Metals Printing Plant Local #670.

Harlan Young: Machinist, Molin Machine Corporation.

GROWERS

Donnie Anderson: President, Virginia Tobacco Growers Association.

Wayne Ashworth: President, Virginia Farm Bureau.

Gary Hodge: Executive Director, Tri-County Council for Southern Maryland. Advisor, Southern Maryland Tobacco Board.

Haywood J. Hamlet: CEO General Manager, Virginia Dark-Fired Tobacco Growers Association.

Joe H. Williams: State Board, Dark Fired Tobacco Advisory Committee Chatham, Virginia.

Jerry Jenkins: Flue-Cured Tobacco Advisory Committee Blackstone, Virginia.

LEAF INDUSTRY

Harry Lea: President, Virginia Flue Cured Warehousemen Association.

Todd Haymore: Director of Corporate Communications, Dimon, Inc. Danville, Virginia.

Hart Hudson: R. Hart Hudson Farms and Dixie Tobacco Warehouse South Hill, Virginia.

SUPPLY AND SUPPORT INDUSTRY

Frank E. ''Pepper'' Laughon: Chairman of the Board, Richmond Cold Storage Co., Inc.

Karen Crawford: Plant Manager, Shorewood Packaging Danville, Virginia.

Thomas J. Kirkup: General Manager, Flexible Packaging Division, Reynolds Metals.

Ted A. Lushch: Owner, Jerry Brothers Industries Richmond, Virginia.

Bo Fear: Vice President, Westvaco Consumer Packaging Division.

Jean Dunn: Baling Operator, Hoechst Cellanese & Member, UNITE Local 2024, Gaithersburg, Md.

Susan Gregorek: Joint Board Representative UNITE Mid/Atlantic Regional Joint Board.

James Fifer: President J.E. Fifer Sheet Metal Fabricators, Inc.

Ralph Bauwens: Plant Manager, Jewett Machine Mfg. Co., Richmond, Virginia.

Harold C. Hill, Jr.: Vice President, Inside Sales & Customer Service Fi-Tech, Inc.

ECONOMIC ANALYSIS

Virginia Lieutenant Governor John Hager.

Barry Duval: Virginia Secretary of Commerce and Trade.

Martin Feldman: Director of Research, Solomon Smith Barney, New York, New York.

Dr. Dixie Watts Reaves: Agricultural Economist, Virginia Polytechnic University.

Dr. Thomas J. Towberman: Commissioner, Virginia Employment Commission.

Hugh Keough: President, Virginia Chamber of Commerce.

PREVENTING UNDERAGE SMOKING

Virginia Attorney General Mark Earley.

Gary Aronhalt: Virginia Secretary of Public Safety.

Colonel Wayne Huggins: Superintendent, Virginia State Police.

Curtis Coleburn: Policy & Judicial Director, Virginia Alcoholic Beverage Control Board.

Henry Stanley: Chief of Police, Henrico County, Virginia.

Dana Schrad: Executive Director, Virginia Association of Chiefs of Police.

Mr. WARNER. Mr. President, these are the people who have been left out of the debate in the Senate—the people who stand to lose their livelihoods if this bill is passed.

The participants of the Unity Summit were universally opposed to the bill that is currently before us, and they all signed the following Tobacco Workers' Unity Pledge:

We the undersigned urge President Clinton and the U.S. Congress not to forget the hard-working men and women whose livelihoods are linked to tobacco.

These men and women include truckers and longshoremen, paper and steelworkers, machinists and growers, convenience store clerks and warehouse workers.

These working Americans labor long and hard hours to pay their taxes and put food on the table for their families.

These working families should not be forgotten by those who hold power in Washington.

We urge policy makers in Washington to find ways to protect children from access to tobacco products that will not result in thousands of working men and women losing their jobs.

We urge the Administration and Congress to remember that protecting our children is a vital law enforcement issue, not an excuse to raise taxes.

We also urge the President and the Congress to remember that you will not protect our children by putting their parents out of work.

The bill before us will create far more problems for the American people than it could ever hope to solve. The bill has lost sight of the important objective of stopping children from smoking and has fallen prey to a multi-billion dollar money grab. The bill has blinded us to the American tradition of insisting on personal responsibility from adults and protecting our citizens from government intrusion into their personal lives.

Ms. MOSELEY-BRAUN. Mr. President, I would like to take a moment to share my thoughts concerning S. 1415, the National Tobacco Policy and Youth Smoking Reduction Act.

The fundamental goal of this bill was supposed to be to drastically reduce the number of children who become addicted to cigarettes. However, sometime during the last three weeks of debate on this bill the Senate seems to have lost its focus on that objective.

We have debated three different amendments regarding lawyers fees—as if the states are incompetent to enter into legal contracts—and adopted one

of them. We have spent the better part of a week on the marriage penalty and health insurance deductibility for the self-employed. Now, I happen to believe that those two issues are very important, and need to be addressed. But this bill is not the proper vehicle for addressing them. This bill is supposed to be about reducing smoking—particularly teen smoking.

I still view this bill as the best means of focusing on the main goal. For all of its faults, the bill still gives the FDA the power to insure: that no human, animal, or cartoon image is used to advertise tobacco products; that tobacco companies do not advertise in color on the backs of magazines; that cigarettes are not advertised on bill boards or other outdoor signs; that tobacco products are not displayed in close proximity to products—like candy—that would be attractive to children; that cigarettes are not advertised on the Internet; and that payments are not made to celebrities to smoke in movies or on television.

And this bill sets targets for reducing smoking by our young people and penalizes tobacco companies if they fail to meet those targets. This is only fair because tobacco companies have targeted our children. Aware that nearly 89 percent of all smokers begin smoking by age 18 and eager to maintain its market, the industry specifically targeted children in the hopes of creating life-long addicts.

Its efforts have paid off handsomely. Today, more than 3 million American children and teenagers smoke cigarettes. Seventy-one percent of high school students have tried cigarette smoking and about one-third of high school students are current smokers. Teen smoking has risen for five years in a row. And if nothing is done, 5 million Americans who are now children will die prematurely from tobacco-related diseases.

But tobacco products are responsible for enormous damage to all of our citizens, not just children. Smoking accounts for nearly one in five deaths in the United States. It is related to over 419,000 U.S. deaths each year—more than alcohol, car accidents, fires, suicides, drugs, and AIDS combined. Approximately half of all continuing smokers die prematurely from smoking. Of these, 50 percent die in middle age, losing, on average, 20 to 25 years of life.

We now have proof that the tobacco companies knew precisely what the impact of their products would be. According to their own internal documents, these companies hid the truth regarding both the dangers associated with smoking and the addictiveness of their products. It is therefore time for the tobacco industry to be held accountable for marketing a product it knew to be unsafe. Fortunately, that is something that this bill accomplishes.

I remain concerned about the regressive nature of the $1.10 per cigarette tax that this bill will levy and I believe that it addresses issues that, while important, have nothing to do with tobacco legislation and should be addressed separately. Despite the many problems that the Senate has faced during the last three weeks, I think it is a real mistake to kill the tobacco reform legislation at this time, and make no mistake about it, that is what is happening here today.

Mr. President, we must tackle the issue of teenage smoking and this legislation may very well be our only opportunity to do so. I would not want to see this bill become law in its current form, but there are still ample opportunities to improve if we allow the legislative process to go forward. Mr. President, I urge my colleagues not to kill this bill today; I urge them to think of our children and the children that will follow them and to cast a vote to prevent another generation of young Americans from becoming addicted to tobacco.

Mr. FAIRCLOTH. Mr. President, I urge my colleagues to vote to kill this bill. It is no more than a massive $577 billion tax increase on working class Americans. Almost one trillion dollars in taxes and penalties to fund the largest expansion of government in years. Almost one trillion dollars to throw tens of thousand of North Carolina factory workers out of their jobs. Almost one trillion dollars to throw tens of thousands of farm families off their land.

Back in 1993, we denounced the Clinton tax increase, the largest tax increase in world history. Today, some of us seem interested in passing this tobacco tax bill, the second largest tax increase in world history.

I would like to compare the two bills.

The 1993 tax increase was for ''fighting deficits.'' The 1998 tax increase is for ''fighting teen smoking.''

The 1993 tax increase totaled 240 billion dollars over the first 5 years. The 1998 tax increase totals $103 billion over five years.

The 1993 tax increase paid for a massive increase in new spending. The 1998 tax increase pays for a massive increase in new spending.

The 1993 tax increase was progressive. The 1998 tax increase is regressive.

The 1993 tax increase targeted ''those who succeeded in the decade of greed.'' The 1998 tax increase targets smokers—mostly working class Americans.

The 1993 tax increase was done in the name of ''the children.'' The 1998 tax increase is in the name of ''the children.''

The 1993 tax increase enlarged the Washington bureaucracy. The 1998 tax increase enlarges the Washington bureaucracy.

The 1993 tax increase taxed the American people. The 1998 tax increase taxes the American people, not the tobacco companies.

It literally requires the tobacco companies to pass on the entire tax increase to the American people—mostly blue collar people. Those earning less than $40,000 per year will pay sixty-one percent of these new taxes.

It will raise taxes on the one-pack-a-day smoker by $1015 per year. That's a fifty percent federal tax increase on those earning less than ten thousand dollars per year. Those earning more than $75,000 will pay less than one percent more from this tax increase.

We should all be deeply concerned about the ''tax and spend'' approach that the bill takes to resolving a social problem. The bill reaches right into the pockets of hard-working low- and middle-income adults who have every right to smoke if they choose. And, it takes their hard-earned dollars to create yet more federal programs and to pay trial lawyers billions of dollars. At least the Senate saw the light on my efforts to cap these fees.

We're literally grabbing money from the poorest Americans to buy trial lawyers more than Lear jets. Pure greed, Mr. President, pure greed.

To what end are we taxing the American people here? It is unclear whether price increases really have the effect of getting kids to stop smoking or to prevent them from starting.

And what is the real motivation here? If it really were to cut smoking, we wouldn't phase in the tax, we would drop it right at once. But we're not doing that because the tax-and-spenders want the revenues. I know they're not doing it for the tobacco companies.

We all know that this isn't about smoking—it's about money.

The consequences are irrelevant. Facing huge profit margins, a new industry will crop up bringing cigarettes into the country tax-free. It will be boom time for smugglers.

Just consider how much smuggling already occurs. Ten percent of the cigarettes consumed in America today are smuggled from low cigarette-tax states to high-tax states.

Just ask the Canadian border patrol about the smuggling that occurred in 1993 when the Canadian cigarette excise exceeded the U.S. excise by as much as $3.50 per pack.

Increased smuggling means that not only is the additional tax not paid, but the existing federal excise of 24 cents per pack would also be avoided, as would the state excises.

Organized crime must be absolutely licking its chops at the prospect of smuggling a legal product into the country and then using its existing distribution networks to sell it. One thing's for sure—the market demand for small planes in about to jump sky high.

The effect of smuggling is to create two classes of smokers—those who smoke only legal cigarettes and those who smoke smuggled cigarettes. Those who smoke smuggled cigarettes will see a decline in price since these cigarettes will escape the existing federal and state taxes.

Thus, if smokers respond to price changes, smokers of smuggled cigarettes will smoke more, while smokers

of legal cigarettes will smoke less. Netting these changes out will be interesting, but it must be done to develop a reasonable revenue estimate.

Then there are the jobs that will be lost in the industry all along the production and legal distribution chain.

This means reduced income and payroll tax receipts to the Federal government. The official figures do not include these revenue losses, of course, because that would require a level of dynamic analysis the estimators are unwilling to try, but the revenue losses will be real nonetheless.

Another element thus far ignored is that the cigarette tax increase will reduce projected federal budget surpluses through its effect on the Consumer Price Index (CPI). The CPI includes cigarettes on a tax-inclusive basis.

A per pack tax hike of $1.10 will cause an estimated one-time and permanent increase in the CPI of just under four-tenths of a percentage point. A higher CPI automatically increases federal outlays because many programs, like Social Security, are indexed to the CPI.

Phasing the tax hike in over five years as described in the McCain bill, the Tax Foundation calculates that federal outlays will rise by almost $11 billion over the next five years and by over $29 billion over the next ten years. Similarly, many tax provisions are indexed to the CPI, like the personal exemption, the standard deduction, and the tax brackets.

An increase in the CPI reduces tax receipts for a given amount of gross income. The Tax Foundation estimates that the cigarette-tax induced increase in the CPI would reduce federal income tax receipts by about $8 billion over the next five years, and by almost $19 billion over the next ten years.

Combined with the spending increases, the cigarette tax hike would reduce future budget surpluses by almost $19 billion over the next five years by over $48 billion over the next ten years.

I know that lots of people in this town are jubilant at the prospect of this legislation passing. The plaintiffs' lawyers would become fabulously wealthy; the public health community would get all of its favorite projects generously funded; and, of course, the bureaucrats will get write volumes of new rules.

The ones who won't be so happy are the working class families who have been targeted to pay for it all.

In short, the McCain bill, through its highly regressive tax provisions, inflicts enormous costs on lower- and middle-income families. Let me put this regressive tax in concrete terms. The increased excise tax payments under the McCain bill are projected to total some $577 billion over the next 25 years. This is without the ''look back'' penalties that will add hundreds of billions of dollars to the package.

Where are the cries about regressive taxes? We're all so used to the long speeches about taxes on the poor. Or is that argument just used for convenience? This is the largest tax increase on the poor in years—if not in all time!

It is estimated that, based on projections of the actual increases in the prices of tobacco products, the true cost over the next 25 years will be in the range of $380 billion for families earning less than $30,000 per year.

It will be more than $735 billion for families earning less than $75,000 a year.

These are truly staggering numbers.

After all, 98.5% of cigarettes are legally purchased by adult smokers, and therefore higher excise taxes will unfairly (and regressively) penalize adult consumers who choose to smoke.

So, we're talking about hundreds of billions of dollars in new taxes to *try* to stop 1.5 percent of tobacco users from illegally buying tobacco. Why not just impose penalties on children who try to purchase tobacco? Well, I suppose, because it wouldn't be a jackpot for trial lawyers and Washington bureaucrats. The fact that it might help the children is irrelevant.

Mr. President, I, for one, was not elected to sock the American taxpayer with more taxes. If teens are really our target, we owe it to the taxpayer to first explore other non-price measures to combat youth smoking.

Turning to the bill's reliance on new government programs, I find it highly ironic that we are here debating a bill that will increase the size of the federal bureaucracy when this Congress is supposedly committed to reducing the federal government.

We also need to think long and hard about the bill's Orwellian approach—giving the federal government more power to look over our shoulders regarding the personal choices we make.

I urge my colleagues to learn from experience. Too many times in the past, Washington has raised taxes in the name of one feel-good social program or another.

This legislation is going to result in a massive price increase for the entire smoking population, including the 98 percent of legal adult smokers. I think it is important that my colleagues are aware of all the facts before they vote on it.

We should be concerned that the McCain bill will set a terrible precedent that will haunt us for years to come. If we begin to use the tax code as a coercive means of social engineering, then I submit that there is no end in sight.

Today, smokers will be asked to pay a huge share of their income to the federal government and tomorrow, who will be next?

We were supposedly sent here to see to it that the tax and spend era of big government ends. I'm not sure we're holding up our end of the bargain when we propose to pass legislation along the lines of the bill we're debating today.

This bill perpetuates a tax and spend mentality that our constituents have rejected. It sets us sliding down the slippery slope. It is a bad bill, Mr. President, and we need to move on to other matters.

Mr. McCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mr. McCONNELL. Madam President, I ask unanimous consent that the Senate continue consideration of S. 1415, for debate only, until 4:30 p.m. today.

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

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

VISIT TO THE SENATE BY MEMBERS OF THE PARLIAMENTARY DELEGATION OF THE REPUBLIC OF CHINA ON TAIWAN

Mr. HELMS. Madam President, I appreciate the distinguished Senator from Kentucky and his courtesy in yielding to me. We will not take long. I just could not resist the opportunity to bring this distinguished delegation to the Chamber. We have the parliamentary delegation of the Republic of China on Taiwan, headed by the Honorable Yao Eng-Chi, the official diplomatic representative to the United States.

RECESS

Mr. HELMS. Madam President, I ask unanimous consent that the Senate stand in recess for 3 minutes so Senators may pay their respects to this fine delegation.

There being no objection, the Senate, at 4 p.m., recessed until 4:05 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. FAIRCLOTH).

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. McCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. McCONNELL. Madam President, there has been a lot of discussion over the last 4 weeks about teenagers and smoking. I would like to begin my comments at this moment by asking who might have more influence over teenagers and smoking—Joe Camel or Leonardo DiCaprio? If we continue on this bill—and it is my fervent hope that we will not, as I believe it is not in the best interest of the country—or if it should come back, as those on the other side of the aisle are promising that it will, we will not have another tobacco debate that doesn't deal with the real culprit, which is the influence of Hollywood on our children and their encouragement, after watching fashionable movies, to take up this habit in which none of us believe teenagers should engage.