

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 here and the way we "pay" for things and not "pay" for things.

Let me quote from an article that was in the Washington Post on Saturday, "Veterans Livid About 'Willful Misconduct' Tag on Smokers."

Veterans groups were furious last week when Congress voted to finance the pending highway bill by denying billions of dollars to veterans suffering from tobacco-related illnesses. This week, the groups were stunned to discover that the lawmakers actually went further than that and declared any veteran who smoked on active duty could be considered to have engaged in "willful misconduct."

That is the same standard that the Department of Veterans Affairs uses to deny benefits to alcoholics and drug abusers. The comparison has made veterans groups livid and yesterday they vowed to force a second vote on the issue.

"We're hoping to get one more shot at it," said Bob Wallace, deputy executive director of the Veterans of Foreign Wars. The groups have sent messages out to their memberships hoping to flood Capitol Hill with protests from the nation's 26 million veterans.

The veterans groups delivered their complaints to President Clinton at a Memorial Day breakfast. . . .

A spokesman for the House Transportation and Infrastructure Committee said Congress will consider the technical corrections bill soon but many members may be unhappy to have to vote directly on the veterans issue.

Besides denying compensation, the highway bill also may have gone so far as to block the VA from taking care of veterans who become ill on active duty with tobacco-related illnesses, such as lung cancer and heart ailments, a VA official suggested. The VA long has accepted those individuals for care and benefits, but a spokesman said VA lawyers are now debating whether the new law will allow their continued care.

That is pretty remarkable, Mr. President. That is pretty remarkable.

What the Congress has done is to "retroactively redefine conduct that was not only legal but it was also encouraged by the military," said Phil Budahn, a spokesman for the American Legion, the Nation's largest veterans organization. He and other veterans noted that the military provided free cigarettes to service personnel as recently as the Vietnam War.

Until the highway bill came along, Congress had avoided the issue. Because denying the tobacco benefits would create a budgetary savings of as much as \$23.8 billion over five years, promoters of the highway bill latched on to the idea as a way to pay for increased highway spending.

PVA's Fuller said Congress simply saw the VA as a "cash cow" and used the veterans' money for bridges and highways.

"They saw the money, and that's all they wanted to do," said Dave Autry, associate national director of Disabled American Veterans.

Mr. President, I will not read further. I ask unanimous consent that the article be printed in the RECORD.

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

[From the Washington Post, May 30, 1998]

VETERANS LIVID ABOUT "WILLFUL MISCONDUCT" TAG ON SMOKERS

(By Bill McAllister)

Veterans groups were furious last week when Congress voted to finance the pending highway bill by denying billions of dollars to veterans suffering from tobacco-related illnesses. This week, the groups were stunned

to discover that the lawmakers actually went further than that and declared any veteran who smoked on active duty could be considered to have engaged in "willful misconduct."

That is the same standard that the Department of Veterans Affairs uses to deny benefits to alcoholics and drug abusers. The comparison has made veterans groups livid and yesterday they vowed to force a second vote on the issue.

"We're hoping we get one more shot at it," said Bob Wallace, deputy executive director of the Veterans of Foreign Wars. The groups have sent messages out to their memberships, hoping to flood Capitol Hill with protests from the nation's 26 million veterans.

"This battle isn't over until it's over," said Richard Fuller, chief lobbyist for Paralyzed Veterans of America. "We've got a lot of members who got bamboozled on this."

The veterans groups delivered their complaints to President Clinton at a Memorial Day breakfast, but they acknowledged yesterday were is little likelihood that he will veto the highway measure. As a result, the groups are trying to stir up their members enough to lobby Congress and force major changes through a "technical corrections" bill, which normally is designed to make uncontroversial fixes in legislation.

A spokesman for the House Transportation and Infrastructure Committee said Congress will consider the technical corrections bill soon. But many members may be unhappy to have to vote directly on the veterans issue.

Besides denying compensation, the highway bill also may have gone so far as to block the VA from taking care of veterans who become ill on active duty with tobacco-related illnesses, such as lung cancer and heart ailments, a VA official suggested. The VA long has accepted those individuals for care and benefits, but a spokesman said VA lawyers are now debating whether the new law will allow their continued care.

Despite rulings by VA lawyers that say the department must consider tobacco-related illnesses service-connected, the department has rejected virtually all the claims it has processed for compensation for smoking-related ailments.

The VA has approved only 299 claims of the 8,391 claims it has received, officials said. Thus far, 4,290 claims were rejected, but a spokesman said many of those rejections were considered "temporary" and likely to be reversed after the veterans submit additional information.

The VA is processing another 3,802 claims. But under the highway legislation, the VA would be blocked from approving any more claims.

What the Congress has done is to "retroactively redefine conduct that was not only legal but was also encouraged by the military," said Phil Budahn, a spokesman for the American Legion, the nation's largest veterans organization. He and other veterans noted that the military provided free cigarettes to service personnel as recently as the Vietnam War.

In late 1992, a Bush administration appointee declared that the VA should pay for veterans' smoking-related illnesses. But the Clinton Administration has sought to distance itself from that position, because of the expected cost of billions of dollars. Instead, it called for legislation to overturn that ruling by the VA's general counsel and a subsequent ruling by its own appointees that made it easier for veterans to file tobacco claims.

Until the highway bill came along, Congress had avoided the issue. Because denying the tobacco benefits would create a budgetary savings of as much as \$23.8 billion over five years, promoters of the highway bill

latched on to the idea as a way to pay for increased highway spending.

PVA's Fuller said Congress simply saw the VA as "a cash cow" and used the veterans' money for bridges and highways.

"They saw the money and that's all they wanted to do," said Dave Autry, associate national director of Disabled American Veterans.

Veterans groups, renowned for their Capitol Hill clout, mounted a massive campaign to derail the legislation, urging their members to write and call lawmakers to demand their benefits. So far, the effort has been unsuccessful.

In the recent past, such congressional actions would have been unlikely. Some said the response from Capitol Hill may reflect the smaller number of veterans in Congress and the fact that the overall veterans population is declining. Lawmakers apparently don't fear their wrath as they once did.

The veterans said House Speaker Newt Gingrich (R-GA.) did convene a meeting of veterans groups last week in an effort to end their opposition by promising to increase payments for education under the Montgomery G.I. Bill.

"The answer was 'no.' We would not cut benefits for one veteran to provide benefits for another," said Fuller. The bill contained the education increases, nonetheless.

VA officials said the administration's proposed legislation on the veterans tobacco issue would not have classified smoking as "willful misconduct" and would have allowed the VA to continue processing and paying any pending claims for tobacco-related illnesses. It would, however, block the filing of new claims as soon as the law was enacted.

In letters of Gingrich, VA Secretary Togo D. West Jr. said the administration believed that use of tobacco "like the consumption of alcohol . . . is not a requirement of military service" and that any veterans who becomes sick as a result of smoking should not be given government compensation.

Sen. John D. "Jay" Rockefeller IV (D-W.VA.), ranking Democrat on the Senate Veterans Affairs Committee, said yesterday he will offer an amendment to the tobacco settlement legislation to earmark \$2.7 billion over five years for improved VA health care. That would be a small step, he said, toward compensating the VA for the cost of caring for smoking-related illnesses.

Mr. MCCAIN. Mr. President, shortly I intend to ask unanimous consent to have the pending amendment set aside in order to propose an amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AKAKA. 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. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, shortly, after some consultation, we would like to propose an amendment concerning veterans and tobacco. I expect to have that agreement shortly.

While we are waiting, I want to quote from some letters that we have received from some of the veterans organizations in America.

This one is from the Disabled American Veterans:

DEAR SENATOR MCCAIN: On behalf of the more than one million members of the Disabled American Veterans (DAV), I write to express our extreme disappointment that Congress chose to raid veterans' disability compensation to pay for an already bloated transportation bill. This action was particularly egregious because it also came on the eve of Memorial Day, a day set aside by a grateful Nation to pay tribute and honor to those men and women of our Armed Forces who made the ultimate sacrifice so that all Americans, and many others around the world, could savor the freedoms we so richly enjoy.

What I find so amazing is the willingness of the leadership and many others in Congress to debase the legislative process to ensure an offset for huge spending increases for transportation. Congress pulled out all the stops to guarantee that the end justified the means. Clearly, the American public, and particularly veterans, were the losers in this battle.

To reach the unjustified end—robbing veterans' disability compensation to pay for transportation programs—this Congress took the unprecedented action of usurping the authorizing committee's jurisdiction. As the authorizing committee was considering the merits of the issue of paying disability compensation for tobacco-related illnesses, the Congressional leadership laid claim to all of the so-called "savings" from veterans' disability compensation, \$10.5 billion, for transportation programs during the Senate Budget Committee deliberations. Further, the Senate's vote to take away this benefit was based on gross inaccuracies and misrepresentations contained in the Republican Policy Committee's talking points.

The Congressional Budget Office (CBO) estimated the "savings" from veterans' disability compensation at \$10.5 billion. Although that figure was used by the Senate Budget Committee and passed by the full Senate by a margin of 6 votes, the transportation conference report on H.R. 2400 used the Administration's higher figure of \$15.5 billion. This was done behind closed doors and without the knowledge of many of the transportation bill conferees. It was also accomplished with total disregard for the sense of the Congress, passed by an overwhelming majority in the House, and the motion to instruct the conferees not to use veterans' disability compensation to fund transportation.

It was appalling to watch how quickly the Administration lent its support to this misguided effort to plunder veterans' programs when the Congressional leadership chose to use the Administration's higher cost-savings estimate, thereby guaranteeing fewer cuts in the Administration's favorite programs.

Even worse was how quickly the leadership moved the transportation bill conference report to a vote to ensure that members would not defect after going home and meeting with their constituents on Memorial Day.

The vote is now a part of history, as is what Congress has done to veterans. However, as Congress focuses on the appropriation process in the upcoming weeks, I call upon you to make your voice heard to ensure that veterans' programs receive adequate funding.

While Congress can never make up for the injustice it recently perpetrated against veterans, it can ensure that the Department of Veterans Affairs (VA) health care system receives at least \$1.1 billion in appropriations above the Administration's proposed budget to allow VA to provide necessary medical care to our Nation's sick and disabled veterans. Congress must also provide sufficient

funding for VA to increase its employment levels in Compensation and Pension above the 7 new employees provided in the Administration's proposed budget. Too many veterans die before their claims can be properly adjudicated and too many dependents and survivors are forced to accept a small fraction of what the veteran would have been entitled to had he or she survived the enormous delays encountered in an understaffed adjudication division.

Instead of the patriotic speeches that veterans hear twice a year, on Memorial Day and Veterans' Day, and during tough debates on the floors of Congress, I call upon you to get involved, in a meaningful way, and make your voice heard to ensure that VA receives adequate funding. Please do not sit back and wait for others to do what is right. Let your colleagues know that you support adequate funding levels for VA.

Thank you for your support of our efforts to obtain adequate resources to substantially improve the quality and timeliness of the VA benefits delivery and health care systems.

Mr. President, I ask unanimous consent that this letter and letters from the Paralyzed Veterans of America, the Veterans of Foreign Wars of America and the Vietnam Veterans of America be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, DC, April 9, 1998.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the 2.1 million members of the Veterans of Foreign Wars and all of America's 27 million veterans, I am writing to express our dismay regarding your recent support of the Craig/Domenici amendment to the Budget Resolution to deny VA compensation for smoking related disabilities to pay for excessive spending in the Transportation Bill. This amendment represented a raid on veteran's entitlements.

The VFW views this proposal as being an egregious affront to this nation's veterans. It is a matter of fact and record that the government bears significant culpability for the tobacco-related health conditions of many veterans. In the midst of Congress's vigorous effort to hold the tobacco industry accountable for the cost and disabilities brought about by smoking, we would ask you why the Government is to be held to a lesser standard? Prohibiting VA compensation for smoking related disabilities effectively grants an unwarranted pardon at the expense of ill veterans.

Another point, the Craig/Domenici amendment assumes such a prohibition will, in fact, be enacted into law to cover the cost of \$10.5 billion for highway and transportation projects in violation of the Budget Agreement. If this does not come about, VA may be forced to make drastic cuts in the area of veterans health care (funded with discretionary dollars) in order to meet this obligation. This would be an absolutely unconscionable assault on veterans in need.

We urge you to consider your position on this matter. The upcoming House/Senate Conference on the budget presents a clear opportunity to correct this injustice. The VFW strongly believes that sick and disabled veterans should be top priority and should not take a back seat to road paving.

Sincerely,

JOHN E. MOON,
Commander-in-Chief.

PARALYZED VETERANS OF AMERICA,
Washington, DC, February 25, 1998.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the members of Paralyzed Veterans of America (PVA), I must express our outrage at the egregious proposal to restrict the payment of certain benefits for service-connected disabilities in the name of fiscal responsibility and at the same time to using the accrued "savings" for other programs. The Administration has proposed legislation that would deny benefits to veterans for disabilities relating to tobacco use in the military. The rationale for slashing these benefits is that to live up to its commitments will be too expensive for the federal government. This alone is cause for outrage in light of the years of government promoted and fostered tobacco use by military personnel.

Compounding this travesty is the fact that we now hear of members of Congress proposing to use these monies, saved in the name of fiscal responsibility, to fund other programs and projects including highway construction. For too long veterans' benefits and programs have been cash cows for other federal programs. Veterans have contributed billions of dollars for deficit reduction through reduced or eliminated benefits, and every year veterans are asked to do more. Veterans' health care is in crisis with appropriations being frozen over the five-year term of the Balanced Budget Act, and in fact the requested appropriation for FY 1999 is a cut even below the freeze level. It is intolerable to propose cutting benefits for service-connected disabled veterans and using this money for non-veteran, pork barrel, programs.

We strongly oppose the Administration's proposal and find any attempts to use this money for programs that do not benefit veterans to be duplicitous at best.

Sincerely,

KENNETH C. HUBER,
National President.

DISABLED AMERICAN VETERANS,
Washington, DC, May 29, 1998.

Hon. JOHN MCCAIN,
U.S. Senate, Russell Office Building, Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the more than one million members of the Disabled American Veterans (DAV), I write to express our extreme disappointment that Congress chose to raid veterans' disability compensation to pay for an already bloated transportation bill. This action was particularly egregious because it also came on the eve of Memorial Day, a day set aside by a grateful Nation to pay tribute and honor to those men and women of our Armed Forces who made the ultimate sacrifice so that all Americans, and many others around the world, could savor the freedoms we so richly enjoy.

What I find so amazing is the willingness of the leadership and many others in Congress to debase the legislative process to ensure an offset for huge spending increases for transportation. Congress pulled out all the stops to guarantee that the end justified the means. Clearly, the American public, and particularly veterans, were the losers in this battle.

To reach the unjustified end—robbing veterans' disability compensation to pay for transportation programs—this Congress took the unprecedented action of usurping the authorizing committee's jurisdiction. As the authorizing committee was considering the merits of the issue of paying disability compensation for tobacco-related illnesses, the Congressional leadership laid claim to all of

the so-called "savings" from veterans' disability compensation, \$10.5 billion, for transportation programs during the Senate Budget Committee deliberations. Further, the Senate's vote to take away this benefit was based on gross inaccuracies and misrepresentations contained in the Republican Policy Committee's talking points.

The Congressional Budget Office (CBO) estimated the "savings" from veterans' disability compensation at \$10.5 billion. Although that figure was used by the Senate Budget Committee and passed by the full Senate by a margin of 6 votes, the transportation conference report on H.R. 2400 used the Administration's higher figure of \$15.5 billion. This was done behind closed doors and without the knowledge of many of the transportation bill conferees. It was also accomplished with total disregard for the sense of the Congress, passed by an overwhelming majority in the House, and the motion to instruct the conferees not to use veterans' disability compensation to fund transportation.

It was appalling to watch how quickly the Administration lent its support to this misguided effort to plunder veterans' programs when the Congressional leadership chose to use the Administration's higher cost-savings estimate, thereby guaranteeing fewer cuts in the Administration's favorite programs.

Even worse was how quickly the leadership moved the transportation bill conference report to a vote to ensure that members would not defect after going home and meeting with their constituents on Memorial Day.

The vote is now a part of history, as is what Congress has done to veterans. However, as Congress focuses on the appropriation process in the upcoming weeks, I call upon you to make your voice heard to ensure that veterans' programs receive adequate funding.

While Congress can never make up for the injustice it recently perpetrated against veterans, it can ensure that the Department of Veterans Affairs (VA) health care system receives at least \$1.1 billion in appropriations above the Administration's proposed budget to allow VA to provide necessary medical care to our Nation's sick and disabled veterans. Congress must also provide sufficient funding for VA to increase its employment levels in Compensation and Pension above the 7 new employees provided in the Administration's proposed budget. Too many veterans die before their claims can be properly adjudicated and too many dependents and survivors are forced to accept a small fraction of what the veteran would have been entitled to had he or she survived the enormous delays encountered in an understaffed adjudication division.

Instead of the patriotic speeches that veterans hear twice a year, on Memorial Day and Veterans' Day, and during tough debates on the floors of Congress, I call upon you to get involved, in a meaningful way, and make your voice heard to ensure that VA receives adequate funding. Please do not sit back and wait for others to do what is right. Let your colleagues know that you support adequate funding levels for VA.

Thank you for your support of our efforts to obtain adequate resources to substantially improve the quality and timeliness of the VA benefits delivery and health care systems.

Sincerely,

HARRY R. McDONALD, Jr.,
National Commander.

Mr. MCCAIN. Mr. President, before I yield the floor, I thank Senator BOND and Senator SPECTER, as well as Senator ROCKEFELLER and Senator CAMPBELL, for their advocacy on this issue. I believe the amendment that we are

proposing, which will provide \$3 billion—\$600 million a year—taken out of all four of the funds that are funded by this bill is appropriate. I don't believe it is enough, given the number of veterans who are afflicted by tobacco-related illnesses, but I think it is a step in the right direction. I hope it will provide some solace and comfort to the obviously outraged and injured veterans community in America.

I understand that everybody has their priorities around here. Highways are important. Bridges and subways are important. I was up in Massachusetts recently, I say to the Senator from Massachusetts, and the "Big Dig" in Boston Harbor, which may never be completed—it may be one of the ongoing projects in history—is important. But I have to ask a question that I think deserves an answer: Are our priorities such that the men and women who served in the military, who we encouraged to smoke up to and including the Vietnam conflict, are to have a lower priority than a highway or a bridge?

I am puzzled and obviously somewhat angered that the procedure happened as it did where a veteran who incurs a tobacco-related illness is now labeled "malicious conduct." That is just something I do not understand nor, frankly, do most of my colleagues. I hope it can be fixed. I understand there may be a technical corrections bill to the highway bill, and I hope it can be fixed. But at the same time, I feel in the strongest terms that we ought to address this issue of tobacco-related illness as it applies to veterans.

UNANIMOUS CONSENT AGREEMENT

Mr. MCCAIN. Mr. President, I ask unanimous consent that the pending amendments and motion be laid aside to consider the McCain-Kerry-Rockefeller-Bond-Campbell-Specter amendment relative to veterans and that no further amendments or motions be in order prior to the vote. I further ask unanimous consent that the vote occur on, or in relation to, the amendment on Thursday morning, notwithstanding rule XXII.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 2446 TO THE MODIFIED COMMITTEE SUBSTITUTE

(Purpose: To ensure funding for Veterans' Administration treatment of tobacco-related illnesses, and for other purposes)

Mr. MCCAIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself, Mr. KERRY, Mr. BOND, Mr. CAMPBELL, Mr. ROCKEFELLER and Mr. SPECTER, proposes an amendment numbered 2446 to the modified committee substitute.

Mr. MCCAIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 403, beginning with line 3, strike through line 19 on page 407, and insert the following:

SEC. 1301. VETERANS' ADMINISTRATION TOBACCO-RELATED HEALTHCARE AND COMPENSATION PROGRAMS.

(a) IN GENERAL.—The Secretary of the Veterans' Administration shall use amounts under subsection (b) to carry out tobacco-related healthcare activities under chapter 17 of title 38, United States Code, and to provide other appropriate assistance for tobacco-related veterans' health care illnesses and disability under such title.

(b) FUNDING.—From amounts in the trust fund established under section 400, not less than \$600,000,000 per year are to be used to carry out Veterans' Administration tobacco-related healthcare activities under subsection (a) to the extent and only in the amounts provided in advance in appropriations Acts, to remain available until expended.

(c) PUBLIC HEALTH SERVICE ACT AMENDMENTS.—Section 1981C of the Public Health Service Act (as added by section 261 of this Act) is amended—

(1) by inserting "veterans," after "uninsured individuals," in subsection (a)(1)(D); and

(2) by inserting "veterans," in subsection (b)(1)(H) after "low-income,".

Mr. MCCAIN. Mr. President, before I yield the floor, I want to say a word about Senator BOND especially who has done hard work on this issue.

He defended the issue in the Veterans' Affairs Committee, along with Senator SPECTER, Senator ROCKEFELLER, and Senator CAMPBELL. I am very grateful for his efforts. And I know the veterans of Missouri as well as this Nation are deeply appreciative of his efforts. I also know that the Senator from Missouri, and perhaps the Senator from Pennsylvania, and the Senator from West Virginia, Senator ROCKEFELLER, may have additional requirements in order to address this issue. And as he and I know, this is just a beginning to try to address this problem.

Mr. President, I yield the floor.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I thank my colleague from Arizona. I am delighted to join with him, with Senator ROCKEFELLER, and with others, in proposing this fix, which in our judgment is compelling beyond description. I think the reactions that we received from members of the veterans community were to be expected and, frankly, were really an unfortunate consequence of some of the things that happen around here.

I think the veterans community had every right in the world to question whether people here had lost all sense of priority and all sense of connection to the kinds of commitments that we make along the way and certainly the good faith relationship between those who have served their country and had a certain set of promises made to them—I might add, not things that they requested originally, not things that were the conditions automatically

of their service, but were, in a sense, the rewards to that service given at a time later on. And all of a sudden to find that, in the hurly-burly of the moment, people are so little connected to the meaning of that service, that there is sort of a grab that takes place for money for bridges and roads in the transit bill, to the exclusion of legitimately rightfully earned benefits that come as a consequence of serving the country, is really quite extraordinary. I think their anger was well placed and understandable.

I am pleased that this afternoon we are going to take sort of the largest step we can take, in the context at least of this bill, but which will have a significant impact in redressing that by providing about \$600 million available each year over a 5-year basis to the Veterans' Administration for the use for smoking-related disease, compensation and health care. I think that that is most appropriate.

I am delighted that the Senator from Arizona and I were able to get sort of a consensus to be able to immediately move to send a very clear message to the veterans community that the Senate recognizes what occurred and does not concur with that particular action and is moving now to try to address it.

As we do that, Mr. President, I also—and I know my colleague from Missouri wants to speak, so I will not take a long time here—but I do want to also highlight that the entire purpose of this legislation is geared towards children and towards reducing the level of smoking in our society. I will have more to say about that in the course of the afternoon.

But I think it is critical that we remain focused on the smoking-related aspects of this legislation rather than some of the other attempts to sort of grab some of the revenue and use it for worthy but nevertheless nonrelated causes. And I think it is critical that we try to maintain the fundamental purpose of the legislation.

This morning, out on the swamp, we met with a young group of kids who were part of Smoke-Free Efforts in America. Some 18 kids joined with a bipartisan group of Senators—Senator DEWINE, Senator CHAFEE, Senator MCCAIN, Senator KENNEDY, Senator CONRAD, and other Democrats—and, together with these kids, the point that was trying to be made was that there is only one reason that the U.S. Senate has come to the point of considering this tobacco legislation. That single point is to try to do the best job we can to reduce the level of teenage smoking and ultimately reducing the number of children who, when they become adults, will die early as a consequence of learning how and becoming addicted to smoking as teenagers, realizing that, of the 45 million Americans who smoke and are fundamentally addicted to smoking, 86 percent of them started as teenagers.

That is the purpose that brings us to the floor. And for those who have been

concerned about costs, we will reiterate again and again and again, the true tax on America is not the voluntary tax paid by somebody who picks up a pack of cigarettes, it is the involuntary tax paid by millions of Americans to pay for the \$80 billion a year of medical costs for those who are smoking, and to pay for the 420,000 people a year who die as a consequence of smoking-related diseases, and the \$25 billion of health care, under Medicaid and Medicare, that is picked up by everybody in the United States involuntarily in order to pay for the results of a narcotic, killing substance that we allow to be sold across the counter.

While we are not, obviously, prepared to stop that altogether, we know enough about the addiction and enough about the downside of the disease that we are prepared to have the FDA finally regulate it and we are prepared to try to minimize the exposure of our children to this killer substance.

That is what this debate is about. It is not about some concoction on the Senate floor to try to find additional revenue. Dr. Koop, Dr. Kessler, the American Cancer Society, the American Lung Association, the Treasury Department, a host of entities, have all agreed, the single best way to reduce the level of teenage smoking is to raise the price. And, most importantly, the tobacco companies themselves have made that statement clear in their own memoranda, in their own documents.

So that is what we are here for. That is what I hope the U.S. Senate will accomplish.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I rise in support of the amendment by Senator MCCAIN and my colleague from Massachusetts, Senator KERRY.

I ask unanimous consent that Senator COVERDELL be added as a cosponsor of this amendment.

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

Mr. BOND. He sent a message in asking to be listed as a cosponsor.

I want to follow up on the comments of my distinguished friend from Massachusetts, a distinguished veteran himself. He talks about the purpose of this bill being to deter teenage smoking. And I believe that we must keep our focus on that as the principal goal.

Personally, I believe that raising the price of cigarettes alone is not going to be enough. I think we have to have advertising restrictions and a counteradvertising campaign. But we also must have sanctions on teenagers. If it is illegal, and if they purchase—knowingly purchase—cigarettes in violation of the law, there ought to be sanctions; there ought to be graduated sanctions. There ought to be sanctions that apply to their parents as well, because just raising the price and putting burdens only on the sellers may make this a thrill-seeking opportunity for some teenagers. I believe that among

the amendments, we need to adopt that there be tougher sanctions on teenagers.

Let me address this amendment that Senator MCCAIN and others have presented. I was one who strongly objected to the use of the particular offset from the veterans smoking program for the highway measure. I was joined in that by my colleague, Senator SPECTER, the chairman of the Veterans' Affairs Committee. And as I think all our colleagues know, Senator SPECTER has been temporarily sidetracked with an operation. Our thoughts and prayers are with him and his family. We expect him to be back very shortly.

Before he left, he and I discussed the need to offer an amendment on this measure to provide adequately for veterans health care issues. And this is a very good start. I will want to confer with Senator SPECTER's staff and others to find out what else we can do to make sure that the veterans of this country are adequately cared for in terms of their health care.

Let me go back and tell people where this came from, because a lot of people were surprised when this became the offset. Well, this was the offset because it was insisted upon by the administration in its negotiations with the Congress. The smoking program for veterans came about as a result of an official in the Veterans' Administration, and yet the OMB and the White House said, "We're not going to pursue this program."

I have the pleasure and the responsibility of appropriating money for the Veterans' Administration. And over the last several years, I have routinely put more money in, with the support of my ranking member, Senator MIKULSKI. The committee, and the full committee, put in more money than has been recommended for veterans health care by the administration to make sure we keep our word to the veterans to take care of their health care needs. And in this instance, the White House has told the Veterans' Administration not to proceed with the program. When the VA officials came before our committee, I asked them if they were prepared to implement the program. They said they were not.

I asked what they needed. They suggested hundreds of millions of dollars in administrative costs to handle the claims. They said they were not planning on administering the program.

So they started the program through the action of an official in the Veterans' Administration, and then the higher political authority said it was time to cut it off. In negotiations with the relevant committees in the House and the Senate, they said this must be the offset for the highway bill. The highway bill was passed by both Houses and it was time that we spent highway money on highways and transportation needs.

I do oppose the use of spending offsets from the veterans health care to pay for it under the budget rules, but

in this amendment, and perhaps in additional amendments, we will have an opportunity to restore from the proceeds of the tobacco taxes money badly needed for veterans health care programs. We have met with the veterans budget group, the representatives of veterans who have suggested about a billion a year in addition is needed for veterans health care programs. That is the target that Senator SPECTER and I have. We will work to see if we can, through this piece of legislation, restore funding for veterans health care to make sure that we do care for our veterans.

Our veterans are going through a time of change. The veterans' needs are different. There is more need for outpatient facilities, more need for veterans homes, more need for long-term care rather than acute care. I commend Dr. Kizer, the head of the veterans health side, for his extraordinarily strong efforts in spite of the difficulties posed in reforming the Veterans' Administration health care to make sure that the health care being provided to the veterans is what they need.

There have been some tough measures taken. In my State, they cut off the surgery center in one community on our southern border because they said they weren't doing enough surgeries to maintain proficiency. Frankly, this was not popular when you looked at it from the community as a whole. But I can tell you, the veterans who were to receive surgery, and their families, are certainly better served if those veterans can be given that service in an area where they perform frequent operations and maintain their proficiency. We have opened, instead, veterans primary health care facilities around the State so veterans don't have to travel 100 or 150 miles one way to get primary health care.

I commend the Veterans' Administration for moving in the right direction to make health care readily accessible to those veterans who are entitled to health care programs. We need to continue on that path. We need to continue to see that we are providing the kind of health care services in the location and in the format where they are most needed. This amendment by Senator MCCAIN is an excellent step in the right direction.

I will go back to work in an hour with the Environment and Public Works Committee, which is having a meeting on the technical corrections, because I agree with the comments of Senator MCCAIN that putting phraseology about willful misconduct as it relates to cigarette smoking is totally uncalled for. At this point, no one seems to be able to pinpoint the draftsmanship of it. But wherever it came from, it was wrong. I think it was wrong to take the money as an offset in the first place. But it is certainly unacceptable for us to have a policy statement saying that veterans who smoked the cigarettes that were given

to them by the military—at smoking times designated by the military when they turned the smoking light on, when they provided cigarettes, the C rations, when they provided cigarettes in smoking areas—to say they were doing something wrong when they took advantage of the cigarettes and smoked is not only nonsensical, it is outrageous. We apologize to the veterans of America. We need to change that. That is totally unacceptable.

We hope by passing this amendment that we will begin to get the resources that are needed to the Veterans' Administration to provide for the health care needs of our veteran population. The Veterans' Administration is doing some wonderful things. They have made great advances, treating injuries that came out of wartime. They are now becoming more and more experienced and more skillful in dealing with problems that aging veterans have. We do have a significant aging veterans population. That makes the localized, primary care facilities, privately contracted health care clinics for veterans much more accessible and therefore convenient to veterans. We need to have these additional resources available to the Veterans' Administration so we can meet our commitment to the veterans and make sure that they receive the kind of health care they have a right to expect and which we think they have earned.

I appreciate very much the leadership that Senator MCCAIN has provided on this. With all of the other cosponsors, I am confident we will have an opportunity to get a good, strong vote on behalf of this measure. I urge my colleagues to support the amendment when it comes before the Senate on Thursday. As I indicated, we will be conferring with Senator SPECTER as he recuperates. I know he has strongly supported veterans and wanted to be here for this amendment. We are doing this in his behalf and will continue to work with him to provide additional resources for veterans as and where we can find them and they are necessary.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. KERRY. Mr. President, I know the Senator from North Dakota, Senator CONRAD, is coming to the floor to take a few minutes to share some thoughts with colleagues. But before he arrives, I just wanted to take a minute to refocus some of the discussion that we had earlier this morning, and perhaps in the waning hours of a week ago, and that is to address this question that has been raised by a number of opponents to the bill.

The tobacco industry is now spending multimillions of dollars across the country. A number of colleagues heard in their home States their names being mentioned in radio ads as opponents are being ginned up to try to stop this bill. Americans should understand as they listen to these advertisements.

I heard one of the advertisements that Dr. Koop is doing. Dr. Koop wisely asks every American to stop and consider the source of the advertising against the bill. When you hear people talk about big tax or big Government, or to stop the big hand of Washington from reaching in, all of these things try to elicit a kind of primal response that most of us have in America about politics and Washington and being told what to do, and so forth. It is all a very legitimate feeling, but the tobacco companies are trying to once again fake it with Americans. They are trying to once again cloak the reality of what is happening here. They are, ironically, doing so even as they settle lawsuits in certain parts of the country that have them doing the very things that they are fighting us doing on a national basis.

Let me be more specific. In Minnesota, they have just come to a settlement for literally billions of dollars over a number of years. They have agreed to most of the terms that the attorney general was fighting for. They are going to engage in many of the programs that we are hearing colleagues come to the floor saying, no, no, no, don't do that. But the tobacco companies are actually entering into agreements with the attorneys general to do these very things. If you take the amount of money that the tobacco companies have agreed to in these States individually and you extrapolate that and apply it to the concept of a national settlement, you in fact wind up with more money being raised and dispensed than we are trying to do in this legislation.

So there is an enormous amount of duplicity—both duplicity, I suppose, and hypocrisy in what the big tobacco companies are trying to do. Dr. Koop says, "Be wary of who is sponsoring these ads." When you hear the list of sponsors, you know that the very same people who told America that they weren't selling an addictive substance, the very same people who said to America, "Oh no, no, no, we are not targeting young people," are back again with a series of advertisements to try to distort the debate.

The fact is that we have also heard a lot of focus about the cost of raising the tax on a pack of cigarettes, raising the fee on cigarettes, a tax, or whatever you want to call it. The price of cigarettes go up; that is the bottom line. The bottom line is that the cigarette companies themselves signed onto an agreement earlier in the summer, last year, that would have wound up doing exactly that. They agreed to raise the price. And the reason they agreed to raise the price was because

everybody agreed that by raising the price, we would reduce the numbers of young people who would access cigarettes. We also know, according to every analysis, that the more you raise the price—every 10 cents that you raise the price, there is a 5 to 7-percent reduction in the numbers of kids who are smoking. So these are not pennies of taxes, these are lives of children that you are saving because we know that every 3,000 kids who get hooked on smoking every day, 1,000 of them are going to die early.

We know that from the statistics. We know that 420,000 people die every year of tobacco-related diseases. It is a phenomenal, staggering number of people. It is phenomenal enough that we lose something like 58,000, I think it is, in traffic accidents, or due to driving under the influence, and so forth, over a year in America. We are talking about, five, six times that now that we lose, as a consequence, or six or seven times that that we lose as a consequence of smoking—every year. And every one of those people don't just suddenly die without any cost, except in the case, I suppose, of those who have heart disease related to smoking and suffer a massive coronary. But for those suffering from cancer of the larynx, or cancer of the throat, or cancer of the pancreas, or any of the forms of cancer, or kidney disease, which come from smoking, those are prolonged and very expensive diseases.

We know with a certainty that people with those diseases are paying many tens of thousands of dollars more than people who aren't suffering from those smoking-related diseases. The truth is also that many of those people don't have health insurance, or many exhaust their health insurance. Then what happens? Mr. President, then every single American is taxed. It is the tobacco tax; it is the unwanted, unasked-for tobacco tax in America that every single one of our citizens pays to cover the cost of the deaths, the cost in the loss of productivity, the cost of the health care—\$80 billion a year—and the Medicare costs of tobacco-related disease alone, which is \$24 billion; \$24 billion is parceled out by Americans, right out of their pockets, to cover the costs of other Americans smoking.

So we need to stay focused and understand that all of the 98.5 million American households are each paying the unwanted tobacco tax of \$1,370 a year for smoking. That is the cost of not passing a tobacco bill. That is the cost of leaving the situation the way it is today.

America, if you want a tax cut, you want this bill passed because this bill offers tax relief by reducing the numbers of young people who will become smokers and, ultimately, the amount of our hospital and health care costs in this country. This is a tax cut bill. The only people who pay an additional tax are voluntary. If you go and buy a pack of cigarettes, which nobody is forcing

you to do, you pay an additional amount for that pack of cigarettes.

Now, they pay that amount in Canada. They pay that amount in Europe. When we finish raising the price of a pack of cigarettes in the United States by the \$1.10 that is in this bill, we will still be lower in the cost of a pack of cigarettes than some European countries. We will be at the mean, at the average of most European countries. That will reduce smuggling between the United States and Europe. It will equalize our payments, and it will allow us to do the other things that the Senator from Missouri, Mr. BOND, just said we need to do—the outreach programs, the cessation programs, the counteradvertising programs, all of the things that buttress the raising of the price and help us create a compliance rate in this country that is significant.

I must say also it is a known fact that cigarettes are a gateway drug, and they are a gateway to marijuana or to other drugs. It is a known fact, just as marijuana is a gateway drug to other drugs. So if you want to deal with the drug problem that we have heard a number of colleagues come to the floor and talk about, if you want to reduce the dramatic increase in the number of our young people smoking marijuana, then this is a way to also begin. This is not just an anticigarette program. This is an antinarcotic substance program. It is an antidrug program. And the way you provide a comprehensive drug program—just ask Gen. Barry McCafrey—is by having a comprehensive program on the demand side.

I saw today that Admiral Kramek, Commandant of the Coast Guard, just retired, and I have dealt with Admiral Kramek over the last years through the Commerce Committee on the Oceans Subcommittee. Year after year, he would come before our committee as the Coast Guard has been charged more and more with the responsibilities for dealing with drugs but less and less money has been going to them, less and less capacity to do the greater amount of work on the demand side and interdiction side.

So here is an opportunity for us to do something further with respect to the overall drug policy of this country. If our young people can be the beneficiaries of the kind of cessation and self-esteem programs that are part of this effort and part of our States' efforts now, we have a much greater hope of having young people who will be able to say no—not just say no to this narcotic, smoke that goes into their lungs, but say no to the other narcotic smoke that goes into their lungs.

So this is a program that in our best estimate is a very significant tax reduction, long-term investment in the young people of our country. It is a way to reduce the overall costs of smoking to our Nation. It is time for the Senate to take that action which hopefully can resolve some of the remaining issues that we have on this legislation.

I am very hopeful that we can work out an approach in a number of those difficult areas that still remain so that we could rapidly move forward. I think there is a capacity to do that if Senators are determined to try to act in good faith, and that will obviously be the test of the next days.

I see the Senator from North Dakota is now here, and I yield the floor.

Mr. CONRAD. Mr. President, I thank the Senator from Massachusetts for the extraordinary leadership he has brought to this issue. The Commerce Committee was given jurisdiction over this matter, and the Commerce Committee reported out a good beginning, a bill that provided a floor from which we could move in this Chamber to strengthen the provisions that were reported out of the Commerce Committee. Indeed, over a series of weeks, there was a negotiation between members of the Commerce Committee and representatives of the White House, and others, to improve what was reported out of the Commerce Committee, and, indeed, this bill was improved and improved dramatically, and in no small measure because of the leadership of the Senator from Massachusetts, Mr. KERRY. I want to recognize the tremendous contribution he has made to this legislation.

Mr. President, sometimes I think we get lost around here as to what this bill is about. Some of our colleagues talk about this as a tax bill. They talk about it as every other kind of legislation other than what it really intends to do. This legislation is intended to protect the public health and to reduce youth smoking. That is the fundamental reason for this bill.

I know it gets confusing because we have had some of our colleagues who really are the apologists for the tobacco industry who are out here trying to confuse the issue, and they are talking about every subject under the sun other than protecting the public health and reducing youth smoking. They are talking about all kinds of issues that are really sideshows, and they are doing it to try to distract attention from the fundamental question: are we going to protect the public health? Are we going to do something serious about reducing youth smoking? I think it is very simple. This debate is about kids, and it is about health. It is about stopping the tobacco industry's cynical attempt to hook our kids on a deadly and addictive product.

At the end of the day, the hard reality is this is the only legal product sold in this country when used as intended by the manufacturer that addicts and kills its customers. That is harsh language, and I am not somebody who is given to harsh language. I am a Scandanavian. We Scandanavians typically do not talk in harsh terms. But after chairing the task force on tobacco on our side of the aisle for 6 months, I must say I have developed a very strong view about what this industry is doing to our country and

what it is doing to our kids. That impression was indelibly changed by the release of what had been secret documents, documents we had never seen before. Document after document after document, that were the industry's own documents, revealed what they have been up to—what they knew and what they told the American people. And the two are at very great variance.

We all remember when the executives of the tobacco industry came before Congress and swore under oath that their products did not cause serious disease problems. They swore under oath that their products were not addictive. They swore under oath that they had not targeted our children. And they asserted that they had never manipulated nicotine levels to further addict our kids.

Now, with the release of their documents, we now know that each and every one of those claims, each and every one of those statements, was false. I do not know how else to say it. It is just as clear as it can be. They did not tell the truth. The fact is they knew at the time they were here swearing under oath that their products caused serious health problems. They knew that they were targeting our kids. They knew that their products were addictive. In fact, in their internal memos they talked about how important that was to the effectiveness of their various campaigns to children. The fact that their products were addictive strengthened their position financially. And it is now absolutely clear from reading their documents that they knew they were manipulating nicotine levels to further hook kids.

All these things are very clear. Let me just show you one chart. I developed, after the work on this task force, the "Top Ten Tobacco Tall Tales," and the corresponding truths. No. 10, the tall tale told by the tobacco companies was they do not market to children. That is what they said. They came to my office and said, "Oh, no, Senator, we don't market to children; it is illegal to sell to children. There is no way we would condone marketing to kids."

Well, the truth is from their own documents. This is from a Brown & Williamson document that was released in the court actions, and I quote:

The studies reported on youngsters' motivation for starting, their brand preferences, as well as the starting behavior of children as young as 5 years old . . . the studies examined . . . young smokers' attitudes towards addiction, and contained multiple references to how very young smokers at first believe they cannot become addicted, only to later discover, to their regret, that they are.

These are their documents. I could speak a whole afternoon just from their documents. They are the most damning things that could be presented in this debate, because one document after another indicts this industry. They have lied to the American people, and their own words reveal it.

Why is it important to take on this battle and win it now? Let me just re-

view a few of the facts on tobacco use and its cost to society. Despite decades of misinformation, there can be no question that tobacco imposes enormous costs on society. Some of our colleagues have said: Look, you are going to impose a regressive price increase on those who are the customers. Mr. President, this industry has been imposing costs on all of us, and they have been doing it for a long time. That is the hard reality.

First, there are the human costs. Obviously, they are the most important. Tobacco is the No. 1 preventable cause of death in America today. Mr. President, 425,000 of our fellow citizens die every year from tobacco-related illness. That is a fact. That is one tobacco-related death every 75 seconds. Every 75 seconds, somebody dies in this country because of tobacco-related illnesses. That is a fact. For each of those deaths, there are dozens of Americans who are struggling with terrifying illnesses and terrifying diagnoses from their habits and their lifetime of smoking addiction. There are dozens of friends and relatives and loved ones who must also pay the price and experience the pain caused by tobacco products.

Second, there are future costs. Three thousand children start smoking every day in this country. One thousand of them will die prematurely from smoking-related illnesses. If we don't act to stop kids from starting to smoke, we condemn those children to a future painful death. They are not adults making a decision fully informed; they are subject to a massive advertising and marketing campaign by this industry, targeted directly to them.

Make no mistake, that is precisely what this industry has done. Again, their documents reveal that they have targeted teenagers, and they have targeted them because they have understood they have to have replacement smokers for the 425,000 of their customers who die every year. They know it is best to get them when they are young. That is when kids are looking to rebel, looking to make a statement as to their maturity. What better way than to take up the habit of smoking? That has been the message of the tobacco industry, and they have done it knowingly. Make no mistake about it, they have done it absolutely knowing what they were doing, and the documents reveal it.

Third, there are the financial costs. The Treasury Department reports that tobacco use costs American taxpayers \$130 billion a year. We hear from our friends, some who are on the other side, who say: Wait a minute, if we increase the prices, it is going to impose a regressive tax on those who are the customers. How about all the folks in this country who are having costs imposed on them, \$130 billion a year? They didn't choose to have these costs. They didn't choose to pick up the tab for somebody's lung cancer. They didn't choose to pick up the tab to

cover the cost because of lost productivity in this society. Those costs are being imposed on them, and those are regressive, and they are far higher than the health fee that we would be imposing here to redress the imbalance of \$130 billion a year. That is what this industry is costing America, and we are asking \$18 billion or \$20 billion as a balancing mechanism, imposing a health fee to start to ask this industry to bear a fairer share of the costs they are imposing on all the rest of us. That is not unreasonable or unfair.

Of the \$130 billion a year of costs being imposed on American taxpayers by this industry, \$60 billion is direct health care costs—higher costs for Medicare, higher costs for Medicaid, and for private health insurance. When we hear them say: Gee, you are going to raise the prices, and that is going to be regressive and have an adverse effect on low-income people in this country—nothing could have a more regressive effect, nothing could have a more unfair result than sticking \$130 billion in costs onto the American taxpayer, costs that are borne disproportionately by those with low incomes, because they are the ones who smoke the most. They are the ones who have most of the health-related disease. They are the ones who are disproportionately picking up the tab. These are costs that are borne by all taxpayers, and, as I say, it is time to redress the imbalance.

As I headed this task force, we heard from the victims. We had hearings all across the country, and we listened to the victims. I can remember so well a young woman named Gina Seagraves, who testified in New Jersey about her mother dying at a young age, and what it did to their family, how devastating it was when her mother died, how it really disrupted their entire family.

I remember very well a big, tough football coach who came and testified. When he testified, you could barely hear him. He spoke in a very raspy voice, and he spoke that way because, as he told the committee, he had developed cancer of the larynx, and when it was diagnosed the doctor said, "We have one chance to save your life, and that's for you to undergo a laryngectomy and have your larynx taken out. And if we do not do it now, you are going to die."

This big, tough football coach told us of the terror he felt when the doctor looked across the examining table from him and told him, "If we don't operate, and operate now, you are going to die." He told us about how he feels now when he goes back to the high school where he is also the assistant principal, and he sees kids lighting up. He thinks to himself how much he had hoped that his story could prevent some of them from taking up the habit, because he started when he was 14 or 15 years old, was unable to quit, was addicted. He said: "You know, if I could just convince a few of these young people that they are going to suffer the same fate

I did, maybe I could make a difference. Maybe I could prevent some of the suffering that I have experienced."

Those were not the only victims we heard from. We heard from a Mr. Harold Taylor, who testified that he began smoking when he was 15, eventually developed cancer of the throat. His larynx and his vocal cords were removed, much like Mr. Fravenheim. The operation left a hole in his neck, and he will have to live with that for the rest of his life. Because of that hole in his neck, he can never again breathe through his nose or mouth. He told what it is like to have this particular disability. He has lost his sense of smell. He can no longer enjoy the smells that we take for granted. He said he always loved to walk into his wife's kitchen and smell whatever was cooking there.

He walks in now and doesn't smell a thing. He has also lost his sense of taste. He has told us he is unable to distinguish between a bowl of spaghetti and a bowl of beans.

We also had the opportunity to hear from a Ms. Janet Sackman from Long Island, NY. Ms. Sackman had a successful modeling career. Ironically, she was a model for the tobacco industry. That success had a tremendous price. In 1983, she was diagnosed with cancer of the larynx and had her vocal cord and larynx removed. She completely lost her ability to talk. She was only able to testify because she learned esophageal speech, which is very, very difficult.

She was encouraged by the company that hired her to take up smoking. In fact, it was in her contract. They required her to take up smoking in order to be paid to be a model for the tobacco company for which she worked.

To listen to these victims is a powerful experience. This particular woman's suffering has continued. In 1990, after being diagnosed with lung cancer, she had one-third of her lung removed. Again, this was a woman who took up smoking not because she wanted to, but because she was a Lucky Strike model, and Lucky Strike in her contract required her to take up smoking. She did, became addicted, and now has suffered these incredible health threats.

A third witness, Mr. Alan Landers, was a Winston man, Winston cigarettes. He was a representative of the company. He was told to portray smoking as stylish, pleasurable, and attractive. Indeed, he is a very handsome man, a very stylish man. He was required to smoke on the set to achieve the correct appearance.

The tobacco industry did not tell Mr. Landers what they knew at the time, because as early as the 1950s, tobacco industry scientists had already established from their own research that smoking caused very serious health risks.

In 1987, Mr. Landers learned the true danger of cigarette smoking when he was diagnosed with lung cancer. Al-

though 95 percent of lung cancer victims do not survive, Mr. Landers has had large sections of both lungs removed and is suffering from emphysema, while he waits for his day in court. I can tell you, Mr. Landers knows that his chances of ever getting to court are limited because he is under a death sentence.

I could go on and on talking about the victims from whom we heard. Everywhere we went, every community we visited, people came up to us and said, "You know, my father died of a tobacco-related illness;" "my mother," "my aunt," "my brother," "my sister"—the emotional pain that is out there brought on by the use of these products is staggering.

I grew up in a family where virtually nobody smoked. My grandfather did. He died at a ripe old age. I don't know if a tobacco-related illness was a part of his death, although I wouldn't be surprised if it was. He was a heavy smoker. Of the others in my family, very few ever took up the habit. But in traveling around the country, holding the hearings of this task force, we heard over and over and over of the addiction, disease, and death caused by these products.

Some have said, "What are you going to do about it? What business does the Government have to do anything about this? The Government ought to stay out of it. This is a personal decision whether somebody smokes or not." That is true, it is a personal decision. But you know what? There is more than the individual involved, because this industry, as I have described, is imposing enormous costs on all the rest of us. I chose not to smoke, but I am picking up the tab for those who have chosen to smoke. Mr. President, \$130 billion a year are the costs that are being imposed by this industry—\$130 billion, \$60 billion in direct health care costs every year—\$60 billion; Medicare, \$20 billion; Medicaid, \$12 billion, \$13 billion a year. We are paying for costs imposed by that industry, and they are not covering the tab, make no mistake about that.

That is the hard reality of what is occurring. If we want to do something about it—every witness who came before our committee said there is no silver bullet, you have to have a comprehensive approach. You have to do all kinds of different things to reduce the level of youth smoking.

Why is youth smoking so important? Because we know that 90 percent of smokers take up the habit before they are 19, about half before they are age 14. When somebody is not hooked when they are young, they probably are not going to get hooked. That is in the tobacco industry documents. They knew they had to get people when they were young. They knew when somebody didn't start when they were young, they probably were not going to take up the habit.

Some of the comments in the tobacco industry documents are startling. I re-

member one is: How are you going to get somebody to take up what is really a dirty habit and unpleasant? You have to convince them that it is cool, you have to convince them that it shows maturity, that it is stylish.

The cynicism of this industry in trying to hook kids is really incredible. Here is a 1972 Brown and Williamson document:

It's a well-known fact that teenagers like sweet products. Honey might be considered.

They are thinking about putting honey in cigarettes to attract teenagers.

Smoking a cigarette for the beginner is a symbolic act. I'm no longer my mother's child. I'm tough. I'm an adventurer. I'm not square. As the force from the psychological symbolism subsides, the pharmacological effect takes over to sustain the habit.

That was from a 1969 draft report to the board of directors of Philip Morris.

Here is a good one. When the industry comes up here and says, "We never targeted kids," this is a quote from a 1973 RJR marketing memo:

Comic-strip-type copy might get a much higher readership among younger people than any other type of copy.

Talk about cynical; talk about people who are thinking about themselves and didn't give a hoot what the effect was on somebody else. And they say they didn't target kids?

I have read the documents. Document after document shows they directly targeted kids as young as 12 years old. That is who they are going after. These Joe Camel ads, do you think they designed those to go after adults? No, no, no. They designed those ads because they knew that they were slipping among the youth market, and they were trying to figure out a way to get to the kids. So they said comic-strip-type might get a much higher readership among young people. That is where Joe Camel came from. How brilliant that strategy was. It really worked to hook kids.

Here is another 1973 Brown and Williamson memo:

Kool—

That is a brand—

Kool has shown little or no growth in the share of users in the 26-plus-age group. Growth is from 16 to 25-year-olds. At the present rate, a smoker in the 16 to 25-year-age group will soon be three times as important to Kool as a prospect in any other broad-age category.

You have to wonder what these people thought when they went home at night after writing these memos, after coming up with these strategies, after coming up with these marketing schemes to hook kids. I wonder if they were proud of themselves when they went home at night.

Here is another 1973 memo from an RJR assistant director of research and development. And I quote:

Because brands of the new type continue to show vigorous growth in sales; because a high proportion of beginning smokers are learning to like Marlboro, the leading brand of the new type; and because we have no current brand in this newly identified, major

segment of the market; it has become appropriate for us to consider moving our present brands in the direction of the new type of cigarette.

And why? Because they needed to hook beginning smokers. Well, it goes on and on and on. The documents are so overwhelmingly clear.

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

That is a 1976 draft report, "Planning Assumptions and Forecast for the Period 1977-1986 for R.J. Reynolds Tobacco Company."

"Evidence is now available to indicate that the 14- to 18-year-old [age] group is an increasing segment of the smoking population" and they have to establish a successful brand there if they are going to be successful.

Mr. President, I go back to the basic question: What do we do? We know we have a problem. We know people are suffering from addiction, disease and death. As I said earlier, every witness that came before us said you have to have a comprehensive approach. No single thing will address this health threat, and that is what the McCain bill does. It pursues exactly the sort of comprehensive approach that every public health expert has testified is necessary.

Yes, it contains price increases. And why? Because every study, every public health expert has told us that price increases are the most effective thing to reduce consumption and use, especially important among young people. The studies indicate that for every 10-percent increase in price, you get a corresponding 5- to 7-percent reduction in consumption among youth.

These studies are consistent. They are clear. They are not done by the tobacco companies. They are not done by the apologists for the tobacco companies. They are done by the scientific community. They are done by the Congressional Research Service. They are done by the National Institutes of Health. They are done by the American Cancer Society, the American Lung Association. Those are the people that I intend to listen to in this debate.

I am not going to be listening to the sweet swan song of the tobacco lobby who, by the way, have hired virtually every lobbying firm in this town. In fact, I am told they have hired a lobbying firm for every U.S. Senator. And I would not be surprised if it is true.

As you look at the list, they are spending hundreds of millions of dollars on this attempt—hundreds of millions of dollars to mislead the American people; hundreds of millions of dollars to influence public opinion; hundreds of millions of dollars to try to fool people here in the Congress of the United States.

I had a man call me from North Dakota the other day. He got on the phone with me, and he said, "Senator,

I'm against that tax bill." I said, "What tax bill are you talking about?" He said, "I don't know." He said, "I had somebody call me and ask me if I was against taxes. I told them I was, and he said, 'I'll connect you with your Senator right away.'" He said, "I didn't even have to call. They connected me to your office." And he did not even know what the bill was about, but he knew he was against it because they asked him if he was against taxes.

I tell you, these guys are shameless. They are shameless in what they have said up here. They are shameless in the negotiating strategy they pursued on this legislation, and they are shameless in what they are saying to people trying to mislead them about this legislation.

This bill, sponsored by Senator MCCAIN—yes, it contains price increases because that is central to any strategy to actually reduce consumption and to save people's lives. But it does much more than that. It clarifies the Food and Drug Administration's authority to regulate advertising targeted to children. It gives the Food and Drug Administration authority to regulate the manufacture and distribution of tobacco products, to protect children and reduce the ill-health effects associated with tobacco use. It includes provisions to reduce youth access to tobacco products, including a requirement that States enact laws to make it illegal for minors to purchase or possess tobacco products.

It provides look-back surcharges to create an incentive for companies to stop targeting children and to hold those companies accountable that fail to reduce youth smoking of their brands. It requires document disclosure.

Mr. President, an awful lot of what we have learned we have learned only because of the Minnesota trial. I want to commend Attorney General Humphrey of Minnesota who was tough and determined and who won a massive lawsuit against the tobacco industry. In winning that suit, he was able to release millions of documents that formed the basis of our knowledge of what this industry has been doing. Thank goodness for what he has accomplished because, as I say, I could read from these documents for days on end, these documents that indict this industry, because this industry knew that their products were killing people. They absolutely knew their products were addictive. They absolutely knew that they were targeting kids and they absolutely knew that they were manipulating nicotine levels to further—hook customers.

It was written across the pages of these documents time after time after time. There is no question, none, about what these guys were doing. It was cynical. It was manipulative. And it was targeted at kids.

I have nothing against anybody that seeks to engage in a legal business and make a profit. That is the American

way. I am proud of people that do that. I come from a business family myself. I am educated in business. But I tell you, to make your livelihood targeting kids for addiction and disease is not a very proud way to conduct oneself. This industry was so incredibly cynical in the way they operated. They ought to be ashamed of themselves. They say now, well, they have a new culture. Well, I tell you, I do not see it. I do not see their new culture. I see them operating just as they have in the past.

I have indicated some of the provisions of this bill. There are others, as well, that are important. Because this legislation also funds tobacco control programs, including smoking cessation, countertobacco advertising, smoking prevention, education and health research. You know, if there is nothing else that comes out of this—I hope we are able to discourage people from smoking—but I hope we are also able to fund medical research to help the victims of the past. I hope we are able to do some things that will be positive for those that have already suffered. I hope we are able to find the cure for cancer. I hope we are able to find a cure for emphysema or at least treatments that can reduce the suffering of people who are inflicted.

But this bill does more than that. It also includes environmental tobacco smoke provisions to protect nonsmokers in public buildings because one of the things we have learned from the research of the industry itself is that secondhand smokers also suffer. And what they suffer is irreversible. We did not know that before. We used to think, well, not just the smoker is going to be affected and be affected adversely. I think all of us knew for a long time that was the case. But we probably did not realize that those of us who are around smokers also are affected, and the way we are affected is irreversible. It cannot be improved. That is what the latest scientific evidence tells us.

So it is important to do something about limiting where smoking can occur so nonsmokers are not having imposed on them the health risks because somebody else has made a choice that they are going to smoke. That is fine. That is their business. But it is not their business to have an adverse effect on somebody else's health, and certainly not on a child.

This legislation also provides generous assistance to tobacco farmers and their communities for the effect they will experience. Clearly, this is a comprehensive approach. It is multifaceted because that is what the experts say is necessary. We don't need experts to tell us what will be effective here. I have heard from all the experts. They came before our task force. We heard from hundreds of them. I respect them. This is a matter of common sense. We don't need an expert to tell us if you raise the price, consumption goes down. That is Economics 101. We don't need an expert to tell us if you do

countertobacco advertising that warns people of the health risks of tobacco products, that will have an effect. Why else would the industry spend billions of dollars a year advertising tobacco products? Because they know advertising works. Countertobacco advertising, we also know, will be effective. And we also know you have to fund smoking cessation and smoking prevention programs, because that helps people.

Now, it is true that very few people are able to quit. Seventy percent of the smokers in America today say they want to quit. Only 2 or 3 percent a year are actually able to. That is because smoking is addictive. In fact, the testimony of the experts told us that smoking addiction is in the same class as cocaine addiction. We went to Brown University and had a hearing there. We had an addiction expert come before us. He said, if you think a smoking addiction is something easy to escape, but you think cocaine addiction is hard, don't be fooled, don't be misled. Because the fact is the one is as difficult as the other.

I will talk a little more about the look-back provisions because that is the pending business before the U.S. Senate. We may have forgotten that around here, but that is the pending business. That is the business before this body, the look-back provisions of this bill.

Before I go into that, I want to talk about an issue that has been raised several times by the opponents of this legislation. That is the effect of the bill on low-income people. It is very interesting around here to hear those who are the chief defenders of the tobacco industry all of a sudden develop a newfound concern for lower-income Americans. I must say, I would be more persuaded by their concern if many of those same people had not spent most of their Senate careers opposing the minimum wages, opposing the earned-income tax credit, and opposing other measures that would help low-income, working Americans. I would be more persuaded if these same Senators had not spent much of their time in the Senate pushing for special tax breaks, tax giveaways and tax loopholes for the wealthiest among us at the expense of programs that benefit lower-income Americans.

Before I talk further about the so-called regressive impact of this legislation, I just want to point out that inaction imposes a cruel tax on low-income Americans. The tobacco industry has deliberately targeted lower-income Americans as its customers. In fact, they are disproportionately the customers of the tobacco industry. They have gone after that low-income market. They have succeeded. And this industry that all of a sudden is so concerned about low-income Americans has charged them rates of profit that are three times the level of profit in the consumer goods industry in America today. The profit margins in tobacco are 30 percent—triple the profit margins of other consumer goods industries in America today. If they are

so concerned about low-income Americans in the tobacco industry, why don't they cut their profits if that is their concern. That is not their concern. Who are they kidding? Their concern is their bottom line. That is their children. And it comes out in every document that has been revealed in these court proceedings. They aren't concerned about low-income Americans other than trying to hook them, addict them, and let them suffer the consequences of disease and death that accompany the use of these products.

The simple fact is that a failure to act will kill low-income Americans and their children in disproportionate numbers. The Senators who now say they are concerned for low-income Americans are nowhere to be found when we talk about protecting children or providing cessation programs for low-income Americans. Instead, they spend their time talking about the costs that this legislation will impose on lower-income Americans. They completely leave out the rest of the story—the fact that lower-income Americans will disproportionately benefit from this legislation.

The facts are that this legislation will reduce costs on low-income Americans more than it will increase costs on them. First, the nonpartisan Congressional Budget Office has concluded that the income distribution tables our opponents have been using exaggerate the effects on lower-income people. The fact is that people's incomes are not the same throughout their lives, and their expenditure patterns reflect that. Opponents also count on what we see as a claim that this legislation will hurt lower-income people because study after study has shown that lower-income smokers are much more likely to respond to a price increase by quitting or reducing their use of tobacco products.

The Congressional Budget Office has estimated the price increase will reduce average consumption of tobacco products by about a third. That means that lower-income Americans will reduce their consumption by even more than a third. So they will actually reduce their overall spending on tobacco products, and for every dollar they pay in increased costs for each pack of cigarettes, they will save more than \$1 by purchasing fewer packs.

Third, the health benefits of reduction in smoking will be largest for low-income populations. By not smoking, lower-income Americans can reduce their lifetime health costs by \$14,000, on average, because lower-income people are the least likely to have health insurance. The direct health cost benefits to reducing smoking will go disproportionately to lower-income Americans.

Finally, the main focus is, and should be, on our children. Lower-income Americans love their children just like every other American loves theirs. They want to make certain that their children get a healthy start in life. I don't believe they will say that a few hundred dollars is too much to pay to

ensure that their kids don't get addicted to these deadly products.

The bottom line, nobody is going to pay the increased fees associated with this bill unless they decide to go to the counter and buy these products. There is nobody saying you have to buy cigarettes in America. Nobody has to pay this additional fee unless they decide they want to, unless they decide they are going to buy cigarette products. You only pay it if you buy the product. Frankly, if you buy the product, you ought to pay it because otherwise you are imposing costs on everybody else in society. Mr. President, \$130 billion a year is what is being taken out of this society by the use of these products.

I will, at a later time, talk about the pending amendment, the Durbin-DeWine amendment, but I think at this point I am going to turn it back to the Senator from Arizona, Senator MCCAIN, and again thank him for his leadership. His courage and his character shine through in this entire debate. I want to thank him very much for his leadership.

Mr. MCCAIN. Mr. President, again, I thank my friend from North Dakota for his kind remarks and for all his effort on behalf of the young people of America. I am very appreciative. I tell my friend from North Dakota that I think we will prevail on this issue.

AMENDMENT NO. 2446, AS MODIFIED

Mr. MCCAIN. Mr. President, I send a modification to the desk.

The PRESIDING OFFICER. The amendment will be so modified.

The amendment (No. 2446), as modified, is as follows:

On page 407, insert the following:

SEC. 1302. VETERANS' ADMINISTRATION TOBACCO-RELATED HEALTHCARE AND COMPENSATION PROGRAMS.

(a) IN GENERAL.—The Secretary of the Veterans' Administration shall use amounts under subsection (b) to carry out tobacco-related healthcare activities under chapter 17 of title 38, United States Code, and to provide other appropriate assistance for tobacco-related veterans' health care illnesses and disability under such title.

(b) FUNDING.—From amounts in the trust fund established under section 400, not less than \$600,000 per year are to be used to carry out Veterans' Administration tobacco-related healthcare activities under subsection (a) to the extent and only in the amounts provided in advance in appropriations Acts, to remain available until expended.

(c) PUBLIC HEALTH SERVICE ACT AMENDMENTS.—Section 1981C of the Public Health Service Act (as added by section 261 of this Act) is amended—

(1) by inserting "veterans," after "uninsured individuals," in subsection (a)(1)(D); and

(2) by inserting "veterans," in subsection (b)(1)(H) after "low-income."

NUCLEAR WASTE POLICY ACT OF 1997—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the hour of 4 p.m. having arrived, there will now be 2 hours of debate, equally divided between the proponents and opponents of H.R. 1270.