

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I believe we are in morning business.

The PRESIDING OFFICER. That is correct.

Mr. DORGAN. I ask unanimous consent to speak for as much time as I may consume in morning business.

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

#### KIDS AND SMOKING

Mr. DORGAN. Mr. President, we have been debating the tobacco bill in the U.S. Senate and will continue to debate that piece of legislation into next week and perhaps even beyond. I will begin a discussion on the subject of kids and smoking, and I will read into the RECORD pieces of information from the tobacco industry itself. Then, at the conclusion, I will ask the question and have all Americans ask the question: Were the tobacco companies and was the tobacco industry in America targeting our children as customers for their tobacco products?

If the answer is yes, then the question is not any longer whether there should be tobacco legislation; the question will be exactly what kind of legislation must we pass and how quickly can we enact it.

Let me begin with a few quotes. These are quotes from the tobacco industry that have been unearthed in various lawsuits and discovery proceedings.

Brown & Williamson, a 1972 company document:

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

Talking about the potential of adding honey to cigarettes to make them more appealing to teenagers.

RJR tobacco company, 1973:

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

Talking about advertising, clearly a strategy that says—how do we advertise to kids? This from the RJR tobacco company.

Brown & Williamson, 1973:

Kool—The brand Kool—has shown little or no growth in share of users in the 26-and-up 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.

Is this a company interested in getting kids addicted to cigarettes? Sure sounds like it to me.

Philip Morris, 1974:

We are not sure that anything can be done to halt a major exodus if one gets going among the young. This group—now speaking of the young, according to Philip Morris—follows the crowd, and we don't pretend to know what gets them going for one thing or another . . . Certainly Philip Morris should continue efforts for Marlboro in the youth market . . .

R. J. Reynolds, 1974:

They represent tomorrow's cigarette business . . . As this 14- to 24-age group matures,

they will account for a key share of the total cigarette volume—for at least the next 25 years.

In a 1975 report, a Philip Morris researcher writes:

Marlboro's phenomenal growth rate in the past has been attributable in large part to our high market penetration among young smokers . . . age 15 to 19 years old . . . my own data, which includes younger teenagers, shows even higher Marlboro market penetration among 15- to 17-year-olds.

That is a 1975 report from a researcher in Philip Morris. These are internal company documents:

To ensure increased and longer-term growth for Camel filter—This according to a 1975 RJR memo—the brand must increase penetration among the 14- to 24 age group which has a new set of more liberal values and which represent tomorrow's cigarette business.

RJR Nabisco, 1975, talking about increasing penetration among 14- to 24-year-olds.

R. J. Reynolds, 1976:

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

Fourteen to 18-year-old kids. This is a tobacco document that says, "We have to go after this to maintain our position."

1978, Lorillard cigarette company:

The base of our business is the high-school student.

Philip Morris, 1979, writes:

Marlboro dominates in the 17 and younger category, capturing over 50 percent of this market.

What a cause for celebration at Philip Morris in 1979!

Marlboro dominates the 17-and-younger category, capturing over 50 percent of this market.

Marlboro Red, 1981, a Philip Morris researcher writes:

. . . the overwhelming majority of smokers first begin to smoke while in their teens. At least part of the success of our Marlboro Red during its most rapid growth period was because it became the brand of choice among teenagers who then stuck with it as they grew older.

Does this sound like a set of documents—and I am going to go on at some length to talk about these documents from the industry—does it sound like a set of documents from an industry without morals, without values? From an industry that sees 14-year-olds with dollar signs painted on their baseball cap?

Is that a company or an industry without values? I think so.

The Tobacco Institute, 1983. It says:

[Brown & Williamson] will not support a youth smoking program which discourages young people from smoking.

Well, there it is, I guess. They know who their customers are, and they target their customers. They try to addict these kids to cigarettes. And then they say, "We will not support a youth smoking program discouraging young people from smoking."

"Strategies and Opportunities," by R.J. Reynolds, 1984:

Younger adult smokers have been the critical factor in the growth and decline of every major brand and company over the last 50 years. They will continue to be just as important to brands [and] companies in the future for two simple reasons: The renewal of the market stems almost entirely from 18-year-old smokers. No more than 5 percent of smokers start after age 24 . . . Younger adult smokers are the only source of replacement smokers. . . . If younger adults turn away from smoking, the industry must decline, just as a population which does not give birth will eventually dwindle.

That is according to a strategies memo from R.J. Reynolds.

R.J. Reynolds, 1986, Camels.

[Camel advertising will create] the perception that Camel smokers are non-conformist, self-confident, and project a cool attitude, which is admired by their peers. . . . Aspiration to be perceived as cool [and] a member of the in-group is one of the strongest influences affecting the behavior of [young adults].

Well, those are just some, and the list is long.

After reading what has been unearthed from the bowels of the records of the tobacco industry about their attempts to addict our children to cigarettes, starting with a single sentence by one cigarette company that says "the base of our business is the high school student," does anyone doubt that we have a tobacco industry who, for years in this country, has decided that their customers must be children? Because when you reach age 30—just as one of the researchers suggested, and wonder what will further enrich your life that you are now missing, you will not conclude that smoking is the activity you have missed. No adult that I know says, at age 30, "Gosh, if I could just start smoking, I would further enrich my life." The only opportunity for new customers for the industry is to addict a child.

That brings me to the point of the legislation on the floor of the Senate. Some say this is punitive. Some say, "What's all the fuss about?" Well, fuss is about a country that says to the tobacco industry:

Tobacco is a legal product, but for adults, and it is amoral to try to addict our children, and we want to stop it. We want to say to the industry, "We will not allow you to continue to profit by trying to addict America's children to nicotine. We will simply not allow it. And if you don't like it, tough luck. And if you lose money, too bad. But you cannot continue with impunity in this country to try to addict America's kids to cigarettes."

There have been a lot of claims about this legislation. I want to talk about a couple of those claims. We know from statistics that America is full of a lot of wonderful people. I do not know anyone that I am acquainted with who would want to live elsewhere. It is not that the rest of the world isn't wonderful—this is just a great place. And we are blessed to be able to live here in this time.

But there are challenges. Among those challenges is that every day 3,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### COMPANY MERGERS

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

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

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