# OFFICE OF MANAGEMENT AND BUDGET

***Legislative Reference Division***
***Labor-Welfare-Personnel Branch***

**Telecopier Transmittal Sheet**

URGENT

**FROM:** Bob Pellicci -- 395-4871

**DATE:** 9/24 **TIME:** 11 am

**Pages sent (including transmittal sheet):** 22

**COMMENTS:** Attached is the revised version of Secretary Shalala's testimony for tomorrow's tobacco hearing. According to Rich Tarplin, the revised statement incorporates the agreed upon changes as discussed with Bruce Reed last evening. NOTE - "International Leadership" section is still open. Please advise when agreement on language is reached.

**TO:** Bruce Reed
Jerry Mande
Josh Gotbaum
Sherman Boone

**PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.**

ISSUE STILL OPEN

Sherman G. Boone
09/23/97 06:02:26 PM

proposed insert for page 16

Record Type: Record

To: jmcalpine @ ustr.gov @ INET @ LNGTWY

cc: Robert J. Pellicci/OMB/EOP, Jerald R. Manda/OSTP/EOP

Subject:

proposed re-write to incorporate your recommendations:

**International Leadership**

As President Clinton said last week, federal tobacco legislation must aim not only to reduce youth smoking, but to meet other health goals as well, including strengthening of international prevention and cessation programs and strengthening of international efforts to control tobacco. We recently heard from the world's health experts in Beijing about how tobacco will become the leading preventable cause of death in the world by the year 2020. By 2025, tobacco will claim 10 million lives each year. Seventy percent of these deaths will occur in developing countries, countries which truly cannot afford the high social, economic and medical costs incurred as a consequence of tobacco use. But the opportunities for prevention are real -- people in developing countries have not yet taken up the habit to the degree that we have in the United States and in other developed countries.

There is much that we can do to assist other countries interested in our help, bilaterally and multilaterally, through official channels and international institutions as well as through non-governmental organizations. At a minimum, we should give greater priority to preventing global tobacco use by increasing our investments in this area and taking a leadership role in mobilizing the international health community to discourage young people from starting to smoke and to encourage those that have the habit to quit. ~~We are aware that the resources that we currently can bring to bear are paltry by comparison to the marketing power of the international tobacco industry. This makes it all the more imperative that we begin to take stronger, more concerted actions now.~~

As ~~far as~~ tobacco is ~~concerned~~ a global issue, our international priorities should be the same as our domestic priorities. Consistent with domestic policy and international trade rules, it is the policy of the Clinton Administration to not interfere with a foreign country's non-discriminatory health-based efforts to control the use of tobacco. The Department of Health and Human Services will continue to ~~collaborate~~ work with the U.S. Trade Representative ~~and provide~~ in providing a health perspective to the relationship of health policy to tobacco trade policy, such as in trade negotiations, ~~in the trade policy process. HHS~~ is and will also working with the Departments of State, Commerce and Agriculture in ~~developing appropriate guidelines for~~ dealing with tobacco issues overseas. ~~Our U.S. embassies and missions should not to engage in activities that are likely to stimulate the~~

~~demand for tobacco products, or increase tobacco use, especially among young people.~~ While we should always protect American business interests to ensure fair and equal business practices, our trade and commercial actions should do no more than seek to ensure equal access to a shrinking global tobacco market. Our U.S. embassies and missions should not be engaged in activities that are likely to stimulate the demand for tobacco products, or increase tobacco use, especially among young people.

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

Testimony of

DONNA E. SHALALA

SECRETARY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Before

THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

September 25, 1997

DRAFT 1:23

Mr. Chairman, Senator Kennedy, members of the Committee, thank you for inviting me to appear today to discuss one of the most vital public health issues affecting our nation: the need to protect our children from the death and disease caused by tobacco use. When the President last week called for a sweeping plan to provide American families with the support they need to prevent youth smoking, he made clear his strong desire to work with Congress in a bipartisan fashion to enact national tobacco legislation. I can think of no better place to begin this effort than with the committee whose bipartisan leadership on public health issues has helped to bring about so many major advances in the prevention and treatment of disease.

When the President announced his plan, he was joined by a broad coalition of groups and individuals including former Surgeon General C. Everett Koop, former FDA Commissioner David Kessler, the American Medical Association, the American Heart Association, the American Cancer Society, the Campaign for Tobacco-Free Kids, and a bipartisan group of state Attorneys General. The President's plan builds on the Administration's own FDA rule and the efforts of many of the state Attorneys General, and offers a historic opportunity. Today, nearly 3,000 young people across our country will begin smoking regularly. Of these 3,000 young people, 1,000 will lose that gamble to the diseases caused by smoking. The net effect of this is that among children living in America today, 5 million will die an early preventable death because of a decision made as a child. We can change that if we are willing to take bold action necessary to protect our children and our grandchildren.

More than two years before his remarks last week, President Clinton and Vice President Gore began to lead the way on youth smoking with strong support from members of this Committee and others in the Congress. On August 10, 1995, they announced the proposed rule by the Food and Drug Administration to prevent young people from using tobacco products. One year later, they announced the final FDA rule. More recently, the President moved to protect hundreds of thousands of federal workers and public visitors by issuing an Executive Order to make federal buildings smoke-free.

As in all successful public health campaigns, many people helped bring us to this point – from the young child who speaks up at her town council meeting about how easy it is for her to buy cigarettes to the state Attorneys General who first challenged the tobacco industry in court and then took on the industry's lawyers at the negotiating table this past spring.

Building on that hard work, the President has challenged us all to go beyond the agreement reached this summer among many of the state Attorneys General, and the tobacco industry. To do so, we conducted an intensive analysis of their proposed settlement and other state suits using the knowledge and wisdom of scores of experts from inside and outside the Administration. Public health professionals, budgetary analysts, our best legal minds – all have reviewed the settlement. We reached out broadly to ensure that we had the benefit of the best thinking possible on how to protect the public health. The Vice President, White House Domestic Policy Advisor, Bruce Reed, and I listened to

leaders of the public health and tobacco control groups (including those representing minority communities), tobacco farmers, and representatives of affected industries such as convenience and grocery stores and advertising agencies. We heard from the industry lawyers, state Attorneys General, plaintiffs' lawyers, as well as from tobacco industry "whistle blowers" and scientists and doctors nationally known for their research on nicotine addiction. We met with Senators and Members of Congress from both parties and from all regions of the country. As a result, our analysis and our thinking on this crucial public health question were invaluably enriched.

As the President said last week, we have moved from confrontation, denial and inertia to the brink of action on behalf of our children. Mr. Chairman, we must get national legislation right. First, we must strengthen those institutions that are flexible, strong and capable enough to meet the future challenges of protecting our children from tobacco. And second, we must demand accountability from the tobacco industry in helping us achieve our public health goal of reducing youth smoking.

Let me now briefly describe the five key elements that the President has laid out as the Administration's road map in working with Congress to craft legislation to protect our nation's children.

The President believes that such legislation must include:

- A comprehensive plan to reduce teen smoking, including tough penalties if reduction targets are not met;

- Full express authority for FDA to regulate tobacco products;

- Changes in the way the tobacco industry does business;

- Progress toward other public health goals; and

- Protection for tobacco farmers and their communities.

## COMPREHENSIVE PLAN TO REDUCE TEEN SMOKING

As the President pointed out last week, one of the surest ways to help reduce youth smoking is to increase the price of cigarettes. Studies show that a 10 percent increase in cigarette prices leads to a 7 percent reduction in teen smoking. That is why the President has called for a combination of industry payments and penalties to increase cigarette prices by up to a dollar and fifty cents per pack over ten years, as needed, to help reach our youth reduction targets.

**Tough Penalties and Price Increases Aimed at Youth Smokers**

Reducing teen smoking has always been America's bottom line. It must be the tobacco industry's bottom line as well. To achieve this important goal, the Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30 percent in 5 years, 50 percent in 7 years, and 60 percent in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, and escalating – so that the penalties get stiffer and the price goes up the more that companies miss the targets. The penalties should be designed so that individual includes a combination of industry wide companies are accountable for their own actions - ~~and company or brand specific penalties.~~

This objective can also be achieved by increasing the base payments from the tobacco industry proposed in the settlement. Both increasing the base payments and strengthening the monetary penalties on the industry if youth smoking targets are not met would have the effect of raising the price of tobacco products, discouraging youths from smoking, and providing increased revenues for public health initiatives. The Administration looks forward to working with the Congress in deciding ~~whether one or a~~ the best combination of ~~both~~ of the two policies ~~is the best course of action.~~

**Counter-Advertising and Education Campaigns**

To succeed in reducing youth smoking, legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit. Legislation should provide for a public education and counter-advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.

Today's teenagers already have been exposed to billions of dollars worth of image advertising for tobacco. That doesn't count other kinds of exposure that glamorize tobacco use in more subtle yet very powerful ways, like smoking in the movies. These influences create a "friendly familiarity" for tobacco products that is hard to change in the minds of young people. That's why we need a counter-advertising campaign that's every bit as pervasive and powerful. Unfortunately, government funding for media campaigns has been extremely limited and unimaginative. There are no powerful ongoing national prevention campaigns. To end this silence, we need to work with experts in the private marketing world. They can advise us on the best messages, the best ways to target and time those messages, and the best ways to tie in with local programing.

We already have data that show comprehensive, intensive media campaigns can work. When combined with school and community activities and advertising restrictions,

media campaigns can reduce youth smoking. On a national level, the U.S. Fairness Doctrine campaign of the late 1960s taught us that tobacco counter-advertising can help reduce smoking -- as long as we deliver repetitive creative messages to wide audiences over several years.

Tobacco marketing has shifted away from traditional mass media advertising toward targeted promotional activities. In the same way, our counter-marketing campaigns need to include a strong grassroots component. National campaigns are critical to get our messages on young people's radar screens, but we know their behavior is most influenced in their homes, neighborhoods, and communities. That is why every state and the District of Columbia has dedicated funding to this effort, and we should should build upon it with funds from any national tobacco legislation.

Studies show that research-based school curricula can reduce or delay tobacco use among our youth by teaching them the skills they need to resist social pressures to smoke. The effectiveness of school programs is boosted when they are coordinated with community programs. Unfortunately, most schools have not adopted effective programs. Local education and health agencies need additional funding through this legislation to work as our partners in moving research to the classroom.

**Restrict Access and Limit Appeal**

The current FDA rule includes significant measures to reduce youth access to tobacco products, such as requiring retailers to check photo identification of anyone under 27, and limiting the advertising of tobacco products to young people, by, for example, restricting such advertising near school buildings. The Administration supports legislation codifying these measures, imposing even stronger restrictions on youth access and advertising consistent with Constitutional provisions, and establishing an effective retail licensing scheme with tough penalties.

## FDA JURISDICTION

Mr. Chairman, the President's second principle for comprehensive tobacco legislation is that FDA must have full authority to regulate tobacco products. We emphasize this point in part because the proposed settlement weakens the regulatory flexibility that FDA now has and which is necessary to deal effectively with future public health challenges presented by growing tobacco use.

In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has said it would support federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under such legislation, the FDA's authority over tobacco products must be as effective as its authority over other drugs and devices, and must be

sufficiently flexible to meet changing circumstances. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets; nor should it impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities.

## CHANGES IN THE WAY THE TOBACCO INDUSTRY DOES BUSINESS

Mr. Chairman, when we began to confront the tobacco industry's practice of marketing to teenagers, we faced a corporate culture that insisted on blocking access to information, on denying culpability and on sustaining unyielding attacks on opponents in courtrooms and in the media.

As we have progressed through the process of regulation and litigation, that culture may have begun to change. To foster that change and to make sure that the industry continues to face its responsibility for the problem of youth smoking, the President's third principle is to insist on measures to expose the industry's past misconduct, especially its efforts to market to children, and to change the way the industry does business.

### Ending the Marketing Aimed at Children

Sincere and comprehensive commitments by the industry, such as agreements to limit advertising to children, can serve to recognize the need for increased corporate responsibility. That is why the President reiterated his call to the tobacco industry to end

the marketing and promoting of tobacco to children.

**Document Disclosure**

To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, national tobacco legislation must provide for broad disclosure of industry documents, especially those containing scientific and health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents, including documents that the industry has inappropriately claimed to be privileged, as well as to disclose scientific and health-related information even in privileged documents.

**Corporate Compliance**

Tobacco companies should set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. The legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

## PROGRESS TOWARD OTHER PUBLIC HEALTH GOALS

Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research and other health objectives. Only a comprehensive approach will permit us to achieve our objective of reducing teen smoking.

I have already mentioned that we need a well financed nationwide media campaign to strip tobacco use of its glamour and appeal. We need ongoing state and community interventions to reach young people where they live and work; and we need well designed, research-based school programs to equip them with knowledge and resistance skills. We need surveillance and evaluation to help us gauge our success and retool our approaches; and we need prevention research to help us better understand why young people smoke and what we can do about it. And I cannot stress strongly enough that we must fund all of these activities at levels commensurate with the harm that tobacco causes our youth and our nation.

### Second-Hand Smoke

Over the past few years, we have learned more and more about the adverse effects of second-hand smoke – or environmental tobacco smoke (ETS) – particularly on children.

The U.S. Environmental Protection Agency estimates that ETS causes about 3,000 lung cancer deaths each year in nonsmoking adults. It has been linked with other health problems such as heart disease. ETS threatens the health of hundreds of thousands of children with asthma and other respiratory illnesses. It was for these reasons the President issued his Executive Order last month to make federal buildings smoke-free. Congress should take the next step. Comprehensive tobacco legislation should include provisions of the kind found in the President's Executive Order, to restrict smoking in workplaces and other public facilities.

**Cessation Research and Services**

Some 50 million Americans are current tobacco users and most of them want help to break their addiction. Motivation for these smokers doesn't seem to be the major obstacle. As I previously noted, about 70 percent of adult smokers say they would like to quit completely. However, only about 2.5 percent of all smokers permanently quit each year.

The good news is that there are methods that work. Simple advice from a health provider can boost cessation rates by as much as 30 percent, while more intensive counseling or nicotine replacement therapy can double this level. The more comprehensive and intensive the service, the higher the success rates can be. Details are spelled out in clinical guidelines available from the Agency for Health Care Policy and Research (AHCPR).

Smoking cessation is not just an adult issue. About 3 million teenagers are regular cigarette smokers. Unfortunately, teens who smoke like adults become addicted like adults. Young people vastly underestimate the addictiveness of nicotine. Of those who thought they would not be smoking in 5 years, 75 percent still are. Many teenagers also have the same intense interest in quitting as do adult smokers. But at present we know precious little about effective ways to help these young people quit. Developing these approaches should be a high priority of tobacco-related research. Just last week, the nation's leading researchers in cessation of tobacco use by teens met in Atlanta to discuss what we do know and what are the most promising leads for research. Comprehensive tobacco legislation should ensure that such research receives strong support. Legislation should also help enable smoking cessation services to reach and assist the millions of smokers who want to break their addiction to tobacco products.

**International Leadership** [replace with insert that follows]

We recently heard from the world's health experts in Beijing about how tobacco will become the leading preventable cause of death in the world by the year 2020. By 2025, tobacco will claim 10 million lives each year. Seventy percent of those deaths will occur in developing countries, where people have not yet taken up the habit to the degree that we have in the United States and other developed countries. The opportunities for prevention are real.

Wallace

At a minimum, we should give a greater priority to preventing global tobacco use by increasing our investment of tobacco settlement funds in this area. Through our partnerships with international organizations such as WHO, UNICEF and the World Bank, we need to assist other countries interested in developing comprehensive statutes to reduce youth smoking. In addition, we need to continue our progress regarding the export of tobacco products, making sure that the Department of Health and Human Services continues to collaborate with the U.S. Trade Representative and provides a health perspective to tobacco trade talks. We must never undercut another country's legitimate efforts to limit tobacco use.

**Resources for Health Research and Other Health Care Requirements**

The Administration believes that the primary objective of tobacco legislation is to reduce youth smoking, not to raise money. But comprehensive tobacco legislation also should take into account the health costs associated with smoking and the resulting need for public health investments. The legislation should generate sufficient resources to increase funding for smoking-related health research and contribute significantly to other important health objectives.

It is important to remember that tobacco use is responsible for 30 percent of the prevalence of cancer, one-third of cardiovascular disease deaths and 90 percent of chronic obstructive pulmonary disease. Smoking is the leading preventable cause of premature

death in the United States. And research continues to identify additional diseases and conditions – like SIDS, low-birth weight babies, respiratory illness in children, miscarriage, and birth defects such as cleft lip and palate – in which tobacco use is implicated.

Any national tobacco legislation must provide for a robust, comprehensive, and well funded tobacco research program that examines tobacco's impact on health, disease and quality of life. Research also must address issues at the national, state, local, and individual levels, informing the development of new federal and state policies, regulations and programs. The research should be broad-based, focusing on the biomedical, clinical, behavioral, health service, public health, and surveillance and epidemiological aspects of tobacco-related research.

This research program should include studies of tobacco use among youth. That seems obvious, but despite the fact that there are currently about 3 million young people under age 18 who are regular cigarette smokers, there are major gaps in research, surveillance, and evaluation data on youth smoking. We do not even have any state-level data on smoking among youth or consistent data on which brands are smoked by young people. Furthermore, little is known about effective strategies to help adolescents to quit smoking. Developing such approaches should be a high priority of tobacco-related research.

Let me make one more very important point with regard to a possible financing structure and funding. Comprehensive tobacco legislation affords us a unique opportunity to protect the public health; but that opportunity easily could be undermined if new funds simply displace current obligations. Specific protections are needed to prevent funds provided under any legislation from supplanting Congress's current appropriations to agencies engaged in tobacco-related research, as well as cessation and education activities. In other words, funding provided by this legislation must not replace any federal agencies' existing commitments to tobacco-related activities or other health commitments.

## TOBACCO FARMERS AND THEIR COMMUNITIES

The President's fifth principle is to protect the thousands of farmers whose livelihoods depend on reliable markets, and whose communities are built on the foundation of a tobacco-growing economy. We have a responsibility to these people. They have not done anything wrong. As the President said last week: "They're good, hard-working, tax-paying citizens, and they have not caused this problem. And we cannot let them, their families or their communities just be crippled and broken by this."

Mr. Chairman, we are trying to change America and make everybody whole. Farmers and their communities deserve a chance to have their lives and be made whole and go on with the future as well, and I can say I speak for the President and his entire Administration when I say we are determined to see that they are part of this.

Several possible solutions -- from enhanced assurance of quota stability and price protection, to the purchase on a voluntary basis of the quotas, to a comprehensive plan of rural and economic development in tobacco growing areas -- all of these options and others have been discussed. Whatever the best solutions, the President has made it abundantly clear that these protections must be included in any tobacco legislation.

## OUR WORK WITH CONGRESS

Mr. Chairman and Members of this Committee, the President's plan offers us a unique opportunity to help prevent young people from using tobacco, to reduce environmental tobacco smoke, and to help tobacco farmers and their local communities build a better economic future. We are eager to work with members of Congress in both parties, especially the members of this committee.

Congress has a formidable task. Several committees in each House must evaluate at least a part of this complicated policy area, and after an open, public review, write national legislation that the President and the American people can support. I can assure you that we in the Administration are eager to work with you and others in Congress to meet this responsibility and to make major progress on one of the most significant public health challenges facing our nation.

As an indication of how important we believe this opportunity is, the President has asked the Vice President to take the lead in building bipartisan support for our plan.

Thank you.

Also, first broad coalition that supports our plan, incl. AHA, AMA, ACS, Kooper Kessler, bipartisan AGs.

JRM - excellent

Pg 4 strike 2d and 3d paragraphs beginning "Our paramount concern..." and insert:

> Reducing teen smoking has always been America's bottom line. It must be the tobacco industry's bottom line as well. To achieve this important goal, the Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, ~~company or brand specific~~, and escalating -- so that the penalties get stiffer and the price goes up the more that companies miss the targets. The penalties should include a combination of industry-wide and company or brand-specific penalties.

Pg 5 insert the following new paragraph after "Counter Advertising and Education Campaigns"

> To succeed in reducing youth smoking, legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit. Legislation should provide for a public education and counter advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.

Pg 8 strike pages 8 through 11 and insert instead:

> In the long run, the agency must have maximum regulatory flexibility to protect all Americans, smokers and non-smokers, from the dangers of tobacco products as currently designed. FDA ~~must be free to move as quickly as possible to oversee~~ is willing to oversee the development and introduction of reduced-risk, less addictive nicotine-containing products.
>
> Mr. Chairman, let me be clear, we will never lose sight of the 50 million Americans who currently use tobacco products. As we have said many times, we believe strongly that prohibition will not work and we will not achieve our public health goals by merely denying adults access to the nicotine-containing tobacco products they crave. But ~~no consumer product should be allowed to maintain a marketplace based on addiction~~. Seventy percent of current adult smokers want to quit smoking completely. We must do more to help these 30 million Americans. We need an unfettered FDA hard at work on seeing reduced-risk, less addictive products become a reality in the marketplace.

Nothing should stand in the way of we should do everything we can to make it easier for people to quit or better yet, avoid getting hooked in the 1st place

In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has said it would support federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under such legislation, the FDA's authority over tobacco products must be as effective as its authority over other drugs and devices, and must be sufficiently flexible to meet changing circumstances. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets; nor should it impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities.

Pg 12 insert the following paragraph after the first paragraph:

To fully appreciate the behavior of the tobacco industry I want to share with you and the members of the committee a story we were told by a state official during one of our outreach meetings. As a public health professional he had devoted his entire career to combating public health hazards -- from infectious diseases such as tuberculosis to chronic illnesses such as cancer where his job involves changing individual behavior. Tobacco use was the only public health challenge that fought back. He described industry practices that included hiring the best attorneys in town, and an ensuing pattern of harassment. It begins with hand-tying letters, soon their file cabinets were being carted off and the contents were being xeroxed, then came the unfounded personal attacks appearing in the media. He concluded that it was as if the makers of high fat food products set out to fire all of the nutritionists.

Pg 13 insert the following new header and paragraph following the first paragraph:

**Corporate Compliance**

Tobacco companies should set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. The legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

Pg 13 insert the following new paragraph at the bottom of the page:

Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research and other health objectives.

Pg 16 insert the following sentence at the end of the first paragraph:

Legislation should also help enable smoking cessation services to reach and assist the millions of smokers who want to break their addiction to tobacco products.

Pg 16 strike the 2d and 3d paragraphs and insert the following:

As President Clinton said last week, federal tobacco legislation must aim not only to reduce youth smoking, but to meet other health goals as well, including strengthening of international prevention and cessation programs and strengthening of international efforts to control tobacco. We recently heard from the world's health experts in Beijing about how tobacco will become the leading preventable cause of death in the world by the year 2020. By 2025, tobacco will claim 10 million lives each year. Seventy percent of these deaths will occur in developing countries, countries which truly cannot afford the high social, economic and medical costs incurred as a consequence of tobacco use. But the opportunities for prevention are real -- people in developing countries have not yet taken up the habit to the degree that we have in the United States and in other developed countries.

There is much that we can do to assist other countries interested in our help, bilaterally and multilaterally, through official channels and international institutions as well as through non-governmental organizations. At a minimum, we should give greater priority to preventing global tobacco use by increasing our investments in this area and taking a leadership role in mobilizing the international health community to discourage young people from starting to smoke and to encourage those that have the habit to quit. We are aware that the resources that we currently can bring to bear are paltry by comparison to the marketing power of the international tobacco industry. This makes it all the more imperative that we begin to take stronger, more concerted actions now.

As far as tobacco is concerned, our international priorities should be the same as our domestic priorities. Consistent with domestic policy and international trade rules, it is the policy of the Clinton Administration to not

interfere with a foreign country's non-discriminatory health-based efforts to control the use of tobacco. The Department of Health and Human Services will continue to collaborate with the U.S. Trade Representative and provide a health perspective in the trade policy process. HHS is also working with the Departments of State, Commerce and Agriculture in developing appropriate guidelines for dealing with tobacco issues overseas. Our U.S. embassies and missions should not to engage in activities that are likely to stimulate the demand for tobacco products, or increase tobacco use, especially among young people. While we should always protect American business interests to ensure fair and equal business practices, our trade and commercial actions should do no more than seek to ensure equal access to a shrinking global tobacco market.

Pg 17 insert the following sentence at the beginning of the paragraph following the heading "Resources for Health Research...":

The Administration believes that the primary objective of tobacco legislation is to reduce youth smoking, not to raise money.

Pg 19 insert the following at the end of the first sentence at the bottom of the page:

We have a responsibility to these people. They haven't done anything wrong. As the President said last week: "They're good, hard-working, tax-paying citizens, and they have not caused this problem. And we cannot let them, their families or their communities just be crippled and broken by this."

Mr. Chairman, we're trying to change America and make everybody whole. Framers and their communities deserve a chance to have their lives and be made whole and go on with the future as well, and I can say I speak for the President and his entire Administration when I say we are determined to see that they're a part of this.

DRAFT 7:22

Mr. Chairman, Senator Kennedy, members of the Committee, thank you for inviting me to speak with you today on one of the vital public health issues affecting our nation: the need to protect our children from the death and disease caused by tobacco use. When the President last week announced his sweeping plan to reduce youth smoking, he made clear his strong desire to work with Congress in a bipartisan fashion to enact national tobacco legislation. I can think of no better place to begin this effort than with the committee whose bipartisan leadership on public health issues has helped to bring about so many major advances in the research, prevention and treatment of disease.

INSERT

~~The President's plan — building on the extraordinary efforts of the state Attorneys~~ General ~~— offers a historic opportunity~~. Today, 3,000 young people across our country will begin smoking regularly. ~~Tomorrow and the day after, and each day after that, another 3,000 young people will gamble with their own health and with their family's future health by becoming regular smokers.~~ Of these 3,000 young people, nearly 1,000 of them will lose that gamble to the diseases caused by smoking. We can change that if we are willing to take bold action necessary to protect our children and our grandchildren.

and Vice-President Gore

More than two years before his announcement last week, President Clinton began to lead the way on youth smoking with strong support from members of this Committee and others in the Congress. On August 11, 1995, they announced the Food and Drug Administration's (FDA) rule to prevent young people from using tobacco products. More recently, the President moved to protect hundreds of thousands of federal workers and public visitors by issuing an Executive Order to make federal buildings smoke-free.

As in all successful public health campaigns, many people helped bring us to this point – from the lone activist who speaks up at her town council meeting to the state Attorneys General who first challenged the tobacco industry in court and then challenged the industry's lawyers at the negotiating table this past spring.

Building on that hard work, the President has challenged us all to go beyond the agreement reached this summer among the state Attorneys General, the tobacco industry, and other interested parties. To do so, we conducted an intensive analysis of their proposed settlement using the knowledge and wisdom of scores of experts from inside and outside the Administration. Public health professionals, budgetary analysts, our best legal minds – all have reviewed the settlement. We reached out broadly to ensure that we had the benefit of the best thinking possible on how to protect the public health. The Vice-President, Bruce Reed, the Assistant to the President for Domestic Policy, and I listened to representatives of the public health and tobacco control communities, to tobacco farmers, to representatives of affected industries such as convenience and grocery stores and advertising agencies. We heard from the industry lawyers and state Attorneys General who sat across the table from each other negotiating the settlement, as well as from tobacco industry "whistle blowers" and scientists and doctors nationally known for their expertise in nicotine addiction. And we met with Senators and Members of Congress from both parties and all regions of the country. Our analysis and our thinking on this crucial public health question were invaluably enriched as a result.

As the President said last week, we have moved from confrontation and denial and inertia to the brink of action on behalf of our children. Mr. Chairman, we must get it right. Our actions in this area must be driven by two primary goals. We must strengthen those institutions that are flexible and capable enough to meet the future challenges of protecting our children from tobacco. And we must demand accountability from the tobacco industry in helping us achieve our public health goal of reducing youth smoking.

Let me now briefly describe the five key elements that the President has laid out as the Administration's road map in helping the Congress do its important work of crafting legislation to protect our nation's children. The President believes that such legislation must include:

- A comprehensive plan to reduce teen smoking, including tough penalties if reduction targets are not met;

- Full authority for FDA to regulate tobacco products;

- Changes in the way the tobacco industry does business;

- Progress toward other public health goals; and

- Protection for tobacco farmers and their communities.

## COMPREHENSIVE PLAN TO REDUCE TEEN SMOKING

As the President pointed out last week, one of the surest ways to reduce youth smoking is to increase the price of cigarettes. That is why the President has called for a combination of industry payments and penalties to increase cigarette prices by up to a dollar and fifty cents per pack over ten years, as needed, to reach our youth reduction targets.

By some estimates, a 10% increase in cigarette prices will lead to a 7% decline in youth smoking

**Tough Penalties and Price Increases Aimed at Youth Smokers**

Insert

Reducing teen smoking has always been America's bottom line. It must be the industry's bottom line as well.

~~Our paramount concern is to maximize the health benefits flowing from any legislation.~~ The Administration believes that ~~the so-called "look-back" provision in the proposed settlement must be restructured and strengthened so that it can achieve its stated purpose~~ of providing economic incentives to tobacco companies to achieve "dramatic and immediate reductions" in the number of youth smokers.

penalties are critical to meeting the targets for youth smoking and must provide strong

Under the settlement's look-back provision, companies would face a surcharge if specified goals for tobacco-use reductions by underage users were not met. However, as structured, the surcharge represents only a $1 penalty for a projected $1 of profit over the lifetime of each young smoker in excess of the targeted goal. For example, if the goal were a 50-percent reduction in 7 years, the penalty would be assessed on the number of young smokers above the 50-percent goal. This could make the industry indifferent about whether or not it meets the target.

Generally, this proposed surcharge is small in terms of the effect on the price of a pack of cigarettes (8 cents per pack) due in part to the $2 billion annual cap on industry-wide penalty payments. Moreover, the proposed settlement permits each company to seek up to a 75-percent abatement of its penalty if it has acted in good faith and in compliance with the requirements. Thus, the amount of the penalty is not likely to provide a strong incentive for companies to reduce youth smoking. Finally, because the penalty is assessed industry-wide and not on a company-by-company basis according to each firm's youth sales, there is little incentive for any one company to take actions to reduce its own share of the youth market.

~~While we look forward to working with the Congress on other details of the penalty provision,~~ the President specified last week that the penalties imposed on the industry for not meeting youth reduction targets should not be tax deductible, nor should the penalties be capped, ~~as they would be under the agreement with the Attorneys General. Finally,~~ these penalties must escalate in relation to the degree and duration of the missed targets in order to give the industry the strongest possible incentive to stop targeting children.

**Counter-Advertising and Education Campaigns**

Today's teenagers already have been exposed to nearly $20 billion worth of image advertising for tobacco. That doesn't count other kinds of exposure that glamorize tobacco use in more subtle yet very powerful ways, like smoking in the movies. These influences

create a "friendly familiarity" for tobacco products that is hard to change in the minds of young people. That's why we need a counter-advertising campaign that's every bit as pervasive and powerful. Unfortunately, government funding for media campaigns has been extremely limited. There are no ongoing national prevention campaigns. To remedy this silence, we need to work with experts in the private marketing world. They can advise us on the best messages, the best ways to target and time those messages, and the best ways to tie in with local programs.

Some studies have shown that

We already have data that media approaches can work. When combined with school and community activities, media campaigns can reduce youth smoking by as much as 20 to 40 percent. On a national level, the U.S. Fairness Doctrine campaign of the late 1960s taught us that tobacco counter-advertising can lead to dramatic declines in smoking – as long as we deliver many messages many times to wide audiences over several years.

Tobacco marketing has shifted away from traditional mass media advertising toward targeted promotional activities. In the same way, our counter-marketing campaigns need to include a strong grassroots component. National campaigns are critical for getting our messages on young people's radar screens, but their behavior is most influenced in their homes, neighborhoods, and communities. That is why every state and the District of Columbia has dedicated funding, and we should support this effort with funds from the national tobacco legislation.

Scientific studies show that research-based school curricula can reduce or delay tobacco use among our youth by teaching them the skills they need to resist social pressures to smoke. We know that the effectiveness of school programs is boosted when they are joined with community programs. Unfortunately, national surveys show that most schools are not adopting programs that have been proven to be effective. We need to be sure that local education and health agencies have the necessary funding from this legislation to work as our partners in moving effectively from research to the classroom.

**Restrict Access and Limit Appeal**

The current FDA rule includes significant measures to reduce youth access to tobacco products, such as requiring retailers to check photo identification of anyone under 27, and to limit the advertising of tobacco to young people, such as restricting advertising near school buildings. The Administration supports legislation codifying these measures, imposing even stronger restrictions on youth access and advertising consistent with the Constitution, and establishing an effective retail licensing scheme with tough penalties.

## FDA JURISDICTION

Mr. Chairman, the President's second principle for ~~national~~ comprehensive tobacco legislation is that FDA must have full authority to regulate tobacco products. We are clear on this point in part because the proposed settlement fails to provide FDA with the regulatory flexibility necessary to ~~deal effectively with future~~ public health challenges presented by tobacco use.

INSERT

In the ~~long run~~, the agency must have ~~the~~ maximum regulatory flexibility to seek out reduced-risk, less-addictive products. We will never lose sight of the 50 million Americans most of whom are addicted to ~~the~~ the nicotine in tobacco products

But no consumer product should be allowed to maintain a marketplace based on addiction. and with 70% of adult smokers saying they ~~want~~ went to quit smoking completely we must do more to help these 34 million Americans



Much has been made about the impact of the settlement on FDA's jurisdiction over nicotine. Let me be clear – the settlement considerably limits FDA authority. New substantive and procedural obstacles would be placed in the agency's way before nicotine levels could be reduced or eliminated.

The substantive hurdles require FDA to demonstrate that any rule it imposes: (1) will achieve a significant reduction in risk; (2) is technologically feasible; and (3) will not create a significant demand for contraband. The final hurdle is a matter of concern because it would require the FDA to prove a negative -- an impossible burden. But the safety standard also is troubling because it seems to limit FDA consideration to the health risks to current smokers, while preventing consideration of risks to future smokers and those affected by environmental tobacco smoke.

The combined effect of the new substantive and procedural requirements could significantly empower the tobacco industry in any legal challenges to FDA action. In contrast, current law gives FDA the flexibility to address the nicotine issue unencumbered by these new criteria, and with an appropriate degree of deference from any court that might review agency action. The bottom line is that these new criteria may prevent or seriously delay FDA in the future from reducing the nicotine content of tobacco products, if such reduction is warranted.

The proposed settlement contains other limitations on FDA's authority that will also deprive the agency of much-needed regulatory flexibility. Let me give three examples.

First, the settlement would permit health claims for conventional and so-called "less hazardous tobacco products." These reduced-risk products also could be exempted from advertising restrictions codified in any legislation. It is not at all clear that such claims should even be allowed for products that reduce risks but that remain dangerous and addictive. The settlement answers that question in the affirmative. We believe intense scrutiny of both the science and consumer perception of these claims is needed before we can resolve such a momentous question. That scrutiny has not taken place and FDA should retain the authority as provided by current law to address this issue in the future.

Second, reduced-risk products would be subject to mandatory categorization as Class II products under the Food, Drug, and Cosmetic Act. We are troubled by this provision because it limits FDA's authority over these products before we even know what they are. It is inappropriate and premature to predetermine the class of these products. By so doing, it limits the agency's ability to determine how best to regulate such products.

Third, the standard imposed by the settlement for ingredient disclosure is based on the weaker food labeling requirements rather than the more stringent disclosure authority

provided for under the "device" sections of the Act. Furthermore, while the industry is granted 5 years to provide safety data on tobacco ingredients to FDA, the agency has only 90 days to review that data. Remarkably, the settlement provides that the ingredient is deemed approved as safe if FDA fails to act within 90 days. This is an unworkable mechanism that severely limits the agency's ability to protect the public health.

These three examples are not exhaustive, but serve as examples of why FDA's jurisdiction should not be diminished or rendered less flexible.

**FDA Jurisdiction over Advertising**

FDA's advertising restrictions were designed to reduce the appeal that tobacco products have for young people. These restrictions are a necessary part of FDA's comprehensive approach to reducing young people's tobacco use and are in accord with statutory and constitutional requirements. The proposed settlement generally codifies the advertising restrictions that are in the FDA final rule and strengthens them in some key areas, including restricting advertising on the Internet, extending the outdoor advertising ban, and reducing point-of-sale advertising.

Perhaps the most important aspect of the settlement is its offer to incorporate the advertising provisions in consent orders with the states and in some form of industry consensual agreement with the federal government. If some sort of federal consensual

agreement entered by FDA can be accomplished, this would be a welcome addition to legislation incorporating FDA's rule. The Administration's support for these provisions, however, would depend heavily on the procedures used to achieve them.

However, we do have concerns about provisions of the settlement that pertain to the content of advertising (as opposed to the manner of advertising). For example, the settlement appears to preserve the ability of the industry to continue using the terms "light" and "low tar" as descriptors on existing and future brand lines while restricting FDA's ability to regulate these claims or provide for a disclaimer. These products comprise 71 percent of the American market and are perceived by many as safer than full-flavored cigarettes. There exists, however, a substantial body of data that these cigarettes provide no health benefit and, in fact, may present an increased risk of disease because consumers smoke more so-called "reduced-risk" cigarettes to obtain the same level of nicotine as found in fewer regular cigarettes.

For these reasons, the claims and descriptors sanctioned by the settlement could be false or misleading. Nevertheless, FDA would be prohibited by the settlement's language from using its current authority to eliminate the use of these terms. As I mentioned earlier, the Administration wants to preserve FDA's ability to regulate tobacco with as much flexibility as necessary to preserve the public health and safety. At a minimum, we should not strip away important tools the agency currently has to react to deceptive claims.

## CHANGES IN THE WAY THE TOBACCO INDUSTRY DOES BUSINESS

Mr. Chairman, when we began to confront the tobacco industry's practice of marketing to teenagers, we faced a corporate culture that insisted on blocking access to information, on denying culpability and on sustaining unyielding attacks on opponents in courtrooms and in the media.

Insert

Roll story told to us by Randy Schwartz

As we have progressed through the process of regulation and litigation, that culture has begun to change. To foster that change and to make sure that the industry continues to face its responsibility for the problem of youth smoking, the President's third principle is to insist on measures to expose the industry's past misconduct, especially its efforts to market to children, and to change the way the industry does business.

^ and to maintain a marketplace based on addiction

### Ending the Marketing Aimed at Children

Commitments by the industry, such as agreements to limit advertising to children, can serve to recognize the need for increased corporate responsibility. That is why the President reiterated his call to the tobacco industry to end the marketing and promoting of tobacco to children.

### Document Disclosure

To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, national tobacco legislation must provide for broad disclosure of industry

documents, especially those containing scientific or other health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents, including documents that the industry has inappropriately claimed to be privileged, as well as to disclose scientific and health-related information even in privileged documents.

Insert

The proposed settlement would have provided for the public disclosure of tobacco industry documents through a national document depository. Under this provision, binding judicial determinations would have been made by a three-judge court regarding the disclosure of documents the industry claims are protected as "trade secrets" or under the attorney-client or attorney-work product privilege.

While the President did not speak to this issue directly, the Administration has concerns that this document disclosure mechanism would be extremely cumbersome and time consuming. Apparently, FDA be subject to these procedures along with states, public and private litigants, and the general public. This could seriously hamper the agency's ability to meaningfully regulate tobacco products.

## PROGRESS TOWARD OTHER PUBLIC HEALTH GOALS

~~The President's fourth principle - making progress toward other public health goals~~

Insert

– stems from our conclusion that only a comprehensive approach will permit us to achieve our objective of reducing teen smoking. We need a nationwide media campaign to strip tobacco use of its glamour and appeal. We need state and community interventions to reach young people where they live and work; and we need school programs to equip them with knowledge and resistance skills. We need surveillance and evaluation to help us gauge our success and retool our approaches; and we need applied research to help us better understand why young people smoke and what we can do about it. And I cannot stress strongly enough that we must fund all of these activities at levels commensurate with the harm that tobacco causes our youth.

**Second-Hand Smoke**

Each day we learn more and more about the adverse effects of second-hand smoke – or environmental tobacco smoke (ETS) – particularly on children. ETS causes about 3,000 lung cancer deaths each year in nonsmoking adults. It has been linked with other health problems such as heart disease. ETS threatens the health of hundreds of thousands of children with asthma and other respiratory illnesses. It was for these reasons the President issued his Executive Order last month to make federal buildings smoke-free. Congress should take the next step. National tobacco legislation should include provisions of the kind found in H.R. 3434, as well as the President's Executive Order, to restrict smoking in workplaces and other public facilities.

ETS can be addressed effectively through public education. Media messages about ETS can do three things at once: build public support for clean indoor-air policies; give adults extra motivation to quit; and strip away any glamour that attaches to tobacco use in the eyes of young people.

**Cessation Research and Services**

Some 50 million Americans are current tobacco users and most of them want help to break their addiction. Motivation for these smokers doesn't seem to be the major obstacle. As I previously noted, About 70 percent of adult smokers say they would like to quit completely. However, only about 2.5 percent of smokers who try to quit each year actually succeed.

The good news is that there are methods that work. Simple advice from a health provider boosts cessation 30 percent, while more intensive counseling or nicotine replacement therapy can double them. The more comprehensive the service, the higher the success rate. Details are spelled out in clinical guidelines available from the Agency for Health Care Policy and Research (AHCPR).

Smoking cessation is not just an issue for adults. About 3 million teenagers are regular cigarette smokers. Unfortunately, teens who smoke like adults become addicted like adults. Kids vastly underestimate the addictiveness of nicotine. Of those who think they will not be smoking in 5 years, 75 percent still are. Kids also have the same intense

interest in quitting as do adult smokers. But at present we know precious little about effective ways to help these young people quit. Developing these approaches should be a high priority of tobacco-related research. Just last week, the nation's leading researchers in teen tobacco use cessation met in Atlanta to discuss what we do know and what are the most promising leads for research. ~~National~~ Comprehensive tobacco legislation should ensure that such research receives a strong endorsement. INSERT

**International Leadership** [~~Sherman Boone to provide language~~ INSERT]

We recently heard from the world's health experts in Beijing about how tobacco will become the leading preventable cause of death in the world by the year 2020. By 2025, tobacco will claim 10 million lives each year. Seventy percent of those deaths will occur in developing countries, where people have not yet taken up the habit to the degree that we have in the United States and other developed countries. The opportunities for prevention are real. BOONE

At a minimum, we should give a greater priority to preventing global tobacco use by increasing our investment in this area. We need to assist other countries interested in our help. In addition, we need to continue our progress regarding the export of tobacco products, making sure that the Department of Health and Human Services continues to collaborate with the U.S. Trade Representative and provides a health perspective to tobacco trade talks. We must never undercut another country's legitimate efforts to limit

tobacco use, as long as these measures affect all tobacco products equally.

**Resources for Health Research and Other Health Care Requirements** INSERT

But also
~~We believe that national~~ tobacco legislation should take into account the health costs associated with smoking and the resulting need for public health investments. The legislation should generate sufficient resources to establish a health research fund and contribute significantly to other important health objectives.

Current levels of funding for federal, state and local tobacco-related research, prevention and control activities are plainly inadequate. It is important to remember that tobacco use is responsible for 30 percent of the incidence of cancer, one-third of cardiovascular disease deaths and 90 percent of chronic obstructive pulmonary disease. And science continues to identify additional diseases and conditions – like SIDS, low-birth weight babies, miscarriage, and birth defects such as cleft lip and palate, and periodontal disease – where tobacco use is implicated.

Any national tobacco legislation must provide for a robust, comprehensive, and well funded tobacco research program that examines tobacco's impact on health, disease and quality of life. Research must address issues at the national, state, local, and individual levels, informing the development of new federal and state policies, regulations and programs.

This research program should include studies of tobacco use among youth. That seems apparent, but despite the fact that there are currently about 3 million young people under age 18 who are regular cigarette smokers, there are major gaps in research, surveillance, and evaluation data on youth smoking. For example, we do not even have any state-level data on smoking among youth. Furthermore, at present little is known about effective strategies to help these adolescents to quit smoking. Developing such approaches should be a high priority of tobacco-related research.

But research is just one component of our response to the national burden that tobacco use creates. In recent years, efforts in the United States to reduce tobacco use with limited funding have focused primarily on population-based approaches that emphasize primary prevention and reducing people's exposure to environmental tobacco smoke. However, there remains a critical need to help the estimated 50 million current U.S. tobacco users overcome their addiction. Therefore, public education and the provision of cessation services should be treated as integral components of any approach designed to reduce the use of tobacco products.

There are four key outcomes of truly comprehensive programs: preventing young people from starting to use tobacco, helping current tobacco users who want to quit, protecting the health of non-smokers by eliminating exposure to second-hand smoke (environmental tobacco smoke or ETS), and changing the social and environmental factors

that encourage the use of tobacco. Comprehensive programs based on these principles and funded at adequate levels have been effective in reducing per-capita tobacco consumption.

Let me make one more very important point with regard to a possible financing structure and funding. ~~National~~ Comprehensive tobacco legislation affords us a unique opportunity to protect the public health; but that opportunity easily could be undermined if new funds simply displace current obligations. Specific protections are needed to prevent funds provided under any legislation from supplanting Congress's current appropriations to agencies engaged in tobacco-related research, as well as cessation and education activities. In other words, funding provided by this legislation must not replace any federal agencies' existing commitments to tobacco-related activities.

## TOBACCO FARMERS AND THEIR COMMUNITIES

The President's fifth principle is to protect the thousands of farmers whose livelihoods depend on reliable markets, and their communities that are built on the foundation of a tobacco-growing economy. INSERT Senator Ford and others have been compelling advocates for these farmers and have made a convincing argument that the farmers and their communities were ignored in the proposed settlement. The President's plan deals them back in.

Most tobacco farmers live and work on small family farms. In many cases, their families have been growing tobacco for generations. In some states, whole communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well being of tobacco farmers, their families and their communities.

Several solutions – from tobacco companies buying out willing farmers to increased assurances of quota stability and economic development – have been discussed. The solutions are not obvious but essential because the effects of the agreement would be so widespread. In fact, during our consultation with Members of Congress, Rep. Eva Clayton and Senator Robb made the point that the small towns and rural villages of the tobacco-growing areas would suffer severely under the current terms of the settlement because they would have the economic underpinnings of their local businesses greatly weakened.

Whatever the best solution, the President has made it abundantly clear that even if the tobacco companies abandon the growers of tobacco and their local communities, the Administration will not.

## OUR WORK WITH CONGRESS

Mr. Chairman and Members of this Committee, the President's plan offers us a unique opportunity to help prevent young people from using tobacco, to reduce

environmental tobacco smoke, and to help farmers and their local communities build a better economic future. We are eager to work with members of Congress in both parties, especially the members of this committee, to achieve results.

We are mindful of the fact that Congress has a formidable task ahead. Several committees in each House must evaluate at least a part of this complicated issue, and writing a public law that the President and the American can people support will be a complex and challenging responsibility. I can assure you that we in the Administration are eager to work with you and others in Congress to meet this responsibility and make major progress on one of the most significant public health issues facing our nation. As a sign of how important we believe this opportunity is the President has asked the Vice-President to take the lead in building broad bipartisan support for our plan.

Thank you, again, for the opportunity to speak with you today, and I am pleased to answer your questions.