our living past, with all its treasures, and to imagine our even more richly living future, with the creations and the discoveries yet to come.

I hope that all of you will find ways to join us in your homes, wherever you're from, in the coming months and years as we celebrate and commemorate the new millennium. But most of all, tonight I just want to thank you on behalf of a grateful nation for your dedication and your commitment to our common cultural and artistic life.

Thank you very much.

NOTE: The President spoke at 9:15 p.m. in the West Building at the National Gallery of Art. In his remarks, he referred to Alexander Mellon Laughlin, Chairman, Board of Trustees, Earl A. Powell III, Director, Robert H. Smith, President, and Paul Mellon, Honorary Trustee, National Gallery of Art.

Remarks in a Roundtable Discussion on Tobacco in Carrollton, Kentucky

April 9, 1998

The President, Well, good morning, everybody. The first thing I'd like to do is thank Mr. Lyons for hosting us, and thank all of you for being here. I thank the members of the panel and also I'd also like to thank Governor Patton and Senator Ford and Congressman Baesler for being here and riding down with me from the airport. And I thank Lieutenant Governor Henry, your State Auditor Edward Hatchett, Senate President Saunders, Senator Blevins, Speaker Richards. And I want to thank County Judge McMurry and Mayor Welty, who came to meet me as well. And again, I'd like to thank Melvin and Brett Lyons for hosting us here. And I thank all of you for being here on the panel.

I know Secretary Glickman has already been down this way and been doing some work, but I'd like to make a few comments about where we are now in the evolution of this tobacco legislation. The first thing I'd like to do is to say a special word of appreciation to Wendell Ford. His work on the tobacco bill that's now moving through the Senate I think has been very valuable in trying to provide clear and certain protection to tobacco farmers, to warehouses, to communities without compromising our long-term goal of reducing teen smoking. And I really want to say that he's been talking to me about this for years. He and Congressman Baesler have done a very good job of pushing your interests there in a way that is consistent with what we're trying to do in reducing teen smoking.

I also ought to say that while I'm here, Governor, I think it's only fitting that I begin these remarks by congratulating the University of Kentucky for winning the basketball tournament. As you know, Hillary and I were in Africa and I was getting up at amazing hours in the morning to watch these games. I had to watch the championship game on a tape, but that was really good.

Let me also say to those of you who are here and to the many thousands of people outside this warehouse that are listening to us or will be watching this, I am well aware that the people who farm tobacco and who work in this whole area have difficult jobs. I know that it's family work, small farms, hand work, that there was a flood in '97 and, the year before, blue mold which made the work more difficult, and that there is a lot of uncertainty now among people in this community, as I saw up and down the road all the way in here.

Last year, a settlement was announced between the tobacco companies and the State attorneys general to try to settle all their lawsuits with a set of agreements which would dramatically reduce teen smoking and provide some reimbursement to the State governments and to the Federal Government for the public health. But when that settlement was announced, there was absolutely nothing in there that would protect farmers in the event the overall volume of tobacco sales went down. And so, when I announced my reaction to their proposed settlement and what kind of legislation I would support in the Congress, I said that we had forgotten that and that tobacco farmers deserve protection and that I would not sign legislation that didn't have it in there. And I want to reaffirm that to you today.

Yesterday, some tobacco executives indicated that they were going to withdraw from the discussions with the Congress about legislation, but, despite that, I want to tell you

that I believe there's still a good chance we can get comprehensive legislation this year that will not leave the farmers behind. And again I want to say to them, we have no interest, whatever, in putting the tobacco companies out of business. I just want to get them out of the business of selling tobacco to children.

And I think it's important—I think every American recognizes that the tobacco farmers have not done anything wrong. You grow a legal crop, you're not doing the marketing of the tobacco to children, and you're doing your part as citizens. So what I want to hear from you today is about what you have to say to me that you want me and every member of our administration, every Member of Congress, and the country to know about this issue and where we go.

But let me just clearly state again what my concern is. We know that even though it's against the law in every State, 3,000 children a day start smoking and 1,000 of them will have their lives shortened because of it. That's my concern, overwhelmingly. But I do not want to do anything in dealing with that concern which will not honestly take account of the communities and the people and the families that are involved in tobacco farming.

It seems to me that you have a big interest in actually seeing legislation enacted as soon as possible if it provides adequate protection for the farmers because then we'll be helping the children, which I know you all want to do anyway, and we'll be doing it under terms where you'll actually have some certainty there—where you'll actually know what is going to happen, and you'll feel some level of security. And if the structure of Senator Ford's proposal prevails, then it would, as I understand it, would be consistent with the wishes of over 97 percent of the farmers in this area which voted in the referendum that's required every 3 years to keep the tobacco program intact.

So I've tried to get prepared, and I got an earful on the way down here, as I always do, from Wendell and Scotty and Paul, and I thank them for that. So I'd rather spend the rest of the time just listening to you. And I'd like to ask our host to open and maybe explain—keep in mind, you've got several members of the national press here, too, and they will be reporting this to the country as a whole. And maybe, Mr. Lyons, it would be helpful if you could just very briefly explain what goes on in this warehouse, as if none of us knew anything about it, and how that fits with the tobacco farmers and what your concerns are with the legislation now pending in Congress.

There's a microphone. I think we can turn it up so you can speak into it. If you want to sit, you can; if you want to stand, you can. Do whatever makes you feel most comfortable.

[*Melvin Lyons, owner of the warehouse, thanked the President and gave a brief description of the warehouse and the process for moving tobacco from farms to manufacturers.*]

The President. I want to ask Mr. Kuegel to talk next, but I want to point out because this is one of the things that's important for the American people to understand why we need the kind of approach that Senator Ford has recommended that Mr. Baesler has a bill on in the House of Representatives.

You say that this will bring the farmers approximately $5,000 an acre.

Mr. Lyons. Approximately.

The President. And what will be the net income to the farmer out of that $5,000?

Mr. Lyons. It would vary. Some people are more efficient than others—probably $2,000, $2,500.

The President. Now, Mr. Kuegel, you're the president of the Burley Tobacco Growers Cooperative, and yet you've also been involved with the Campaign for Tobacco-Free Kids. So why don't you just comment—and bring that microphone over closer to you—why don't you tell us a little bit about the economics of tobacco, what you're trying to do, and how you believe that we can vigorously pursue this Campaign for Tobacco-Free Kids and protect the interests of people whom you are elected to represent.

[*Mr. Kuegel described efforts to work with health groups to find common ground and describe how Senator Ford's "Leaf Act" would advance agricultural and economic development in Carrollton and protect the farmers from the tobacco companies.*]

The President. And basically, it protects you by preserving the structure of the program you now have, so that when the co-ops buys the tobacco, the farmers get the income immediately. The co-op holds the tobacco in storage until market conditions support the release of tobacco, its sale at an acceptable market price. Isn't that right?

[*Mr. Kuegel concurred with the President's summary and expressed concern about some of the other proposals in Congress.*]

The President. Well, based on what I understand—and I agree with you about that—I want to just make sure everyone understands this—the way the Ford bill works—and Wendell, if I make a mistake, pipe in here——

Senator Ford. You can bet on it. [*Laughter*]

The President. Poor, shy man. [*Laughter*]

The bill offers an up-front, generous buyout proposal to people who want to get out, and the assumption is that there will be some, older people or others, who want to get out and that would, therefore, reduce the total number of producers. Then it keeps the program in place. Then if at some future date the demand goes even below that, there are substantial transition payments and assistance payments offered to communities, warehouses, and farmers.

And along the way, there are the kind of education and training benefits offered that we provide, for example, to people that are displaced when there are trade changes, changes in the American economy caused by trading flows that may benefit the overall economy but disadvantage people, so we owe them an extra bit of help to get started.

And I think there are two points to make here to those who would be skeptical about the approach that is being advocated. The first and the most important one is the one you've already said: At least to date, no one has figured out how to tell a tobacco farmer with a straight face that you should produce another crop and we will facilitate you getting into alternative crop production. The average farm in Kentucky is how big? Four acres, five acres?

Mr. Kuegel. Average tobacco production.

The President. Tobacco production, not farm but tobacco production. There is no known crop with the same income per acre. So if you were going to pay somebody to transition, one of the things you'd have to do is buy them all a whole lot more land. And I think that's a very important point to make.

The second point that needs to be made is, if you dismantle this program, you would not end the production of tobacco. You would end the ability of all these family farmers to produce tobacco, and you would probably create a structure more like what you see in some parts of California, where the ultimate processor in California, food processor—in this case the processor would be the cigarette companies—would control the farming and everybody would be a hired hand. And the income would all flow up except for a salary.

Isn't that basically your conclusion of what would happen?

Mr. Kuegel. I don't think there is any question that's what would happen. And it would be inevitable with Senator Lugar's bill if it does away with our tobacco program.

The President. So I think it's very important for the Members of the Congress, the members of the press, and people out in the country to understand that we don't want to be guilty of the law of unintended consequences here. What we're trying to do is improve the public health, cut teen smoking, get enough money into this program to deal with some of the larger health consequences in our society that have already developed. But we need to think a long time before we break down the structure that you see from the Cincinnati airport—which is in Kentucky—all the way driving here. And I think it's very, very important because I think this is a not very well-understood point.

I'd like to call on Amy Barkley next, who is the director of the Coalition for Health and Agricultural Development and involves public advocates actually working with farmers to address both the health and the economic issues. Amy, would you like to say anything about what we're discussing here?

[*Ms. Barkley thanked the President and stated that health advocates had supported the tobacco program because they did not want*

tobacco farmers to become employees of tobacco companies. She stated that while she was a firm supporter of stopping teen smoking, she believed both goals should be reconciled to protect both the health of our youth and the future of the tobacco farmer.]

The President. Let me ask you a question that I didn't ask Rod, and may be anybody feel free to comment. One of the things that occurs to me is, if we allow this program to lapse—let's suppose we have some version of the McCain bill. Now, the fight is going on now in Washington with tobacco companies as they say that it raises a lot more money from them than we had estimated. They say it will raise the price of cigarettes even more than we had estimated. They say it will cut consumption more than we had estimated. Therefore, they say they will be at great risk, and it's inconsistent with the original agreement.

And so we've got to work through all that. But one of the things that—the provisions for the tobacco farmers get almost no notice, but it occurs to me that if we were to abolish the program altogether, give everybody some sort of a cash payment for their allocation, and then just abolish the program, then what you think would happen I think would happen—first of all, that there would be no restrictions on production. And what I think would likely happen is there would be more tobacco grown at a lower price, which would make it uneconomical for you so the companies would take it over directly.

But from the point of view of our public health objective, if more tobacco is grown at a lower price, that undermines our desire to make a pack of cigarettes high enough in price that it will be part of what discourages children from smoking.

It seems to me that that's the public health angle here that someone like you, Amy—we need this highlighted from a public health point of view so that people in the vast, vast majority of our country that don't know anything about tobacco farming, don't have a dog in this hunt, and don't understand it, and don't want to make sure we're not doing something funny here—they need to understand that, ironically, if we dismantle this program, we might undermine the goals of reducing teen smoking.

I'd like to call on Mattie Mack now to talk a little bit about this from the point of view of an individual farmer. She's had an interesting family history on her farm, and I think I'll let her tell it to you, especially since we've apparently gotten her a local reporter in here. I hope we have. [*Laughter*]

[*Ms. Mack stated that the tobacco farmer should not be penalized because of children smoking and suggested that parents must play a greater role in keeping children from smoking. She described her life as a tobacco farmer, the economic struggles and benefits, and how she had raised her four children and 38 foster children on the farm, concluding that tobacco had made some good things possible.*]

The President. You guys didn't oversell her. [*Laughter*] It was just like you said it would be.

Let me call next on Karen Armstrong Cummings, because she's the managing director of the Commodity Growers Cooperative, which develops markets for family farm products. And they're interested in preserving the future of small farms.

So how are we going to preserve the small farms and do something about teen smoking? What options are there?

Could you give the microphone back, Rod?

[*Ms. Cummings described her participation in the Agriculture Department's National Commission on Small Farms which developed over 140 recommendations to get USDA's policies focused on the family farm and insofar as tobacco was concerned, the tobacco program was essential to continued existence of family farms in the Southeast.*]

The President. Thank you. This is really not exactly the time or place for this, but if you get beyond tobacco and you look at other small farm issues, the reason this program has worked for small farmers is that you've had—first of all, you've had an allocation system which keeps the price within some bonds, although it varies still quite a bit as all of you know, depending on weather conditions and other things.

And because you've got this co-op system that really works to give the farmer cash

money on the front end, even if the big tobacco companies, cigarette companies, don't pay you right away, the co-op will. And I think we really need to look at this again. It's off the subject we're here to meet about today but before I leave office in 2001, I really hope that we will have been able to set up an alternative framework of policies that will enable family farmers who live in places where this is not even an optional crop, where they've got to do something else, and where they're doing what most tobacco farmers do—they have some income from off the farm and some income from on the farm to be able to continue to do that.

The whole theory behind this whole—going to a completely free market in agriculture was that you would get more efficient production. But the truth is the family farmers that have been put out of business, by and large, have not been put out of business from inefficiency of production, they have been put out of business because they didn't have enough cash to stand the bad years. At least that is my belief. That is what I think based on my experience in a totally different agricultural environment.

[*Ms. Cummings stated that whole issue of access to capital and the lending system needed to be reviewed. One of her organization's recommendations was for a Presidential commission to look at market concentrations in the agricultural sector.*]

The President. If you look at how you sell cattle or, especially, how increasingly hog operations are going and you compare that to how the tobacco co-op works as a buyer of last resort, so that the cash is transferred to the farmer immediately and someone else basically is holding the crop until it can be sold and paying the price of holding the crop—I mean, it gives you some idea of what—it would be good if we could figure out a way to do.

Now, it's very different with live animals. You still have to feed, you still have to—they don't warehouse too well, and you still have to feed them. So I don't—none of these issues are simple. If they were simple we wouldn't have to worry about them. But I do think you made a good point.

And I want to get back to the subject at hand, but I promise you I'll spend some time on this because it's very important to me to see that we don't lose every small farmer in America just because of the structure of the money economy, the finance economy, as opposed to the efficiency of the operation. I'm not interested in protecting any inefficient operators who can't compete, but I have seen enough crops come in now over the course of my life in enough different areas to believe that it's more the way the money economy is structured and the way the products are brought to market than the efficiency of the farmer that's changed the structure of farming.

The reason you've got all these small farmers here is you've got the allocation, the limited production, and the cooperative buyer. I believe that.

Mr. Sprague, do you want to go next? You're the president of the Kentucky Farm Bureau, and I understand you're a fifth generation farmer. And you have 3,000 acres of crop; that makes you a big tobacco farmer—it makes you a small rice farmer in Arkansas and a big tobacco farmer in Kentucky. [*Laughter*]

[*Mr. Sprague, stated that the tobacco generated $1 billion worth of income for Kentucky farmers and that it generated 3 or 4 times as it goes through the economy. He indicated that the present situation regarding tobacco created uncertainty in the whole tobacco industry and said that the Nation needed a policy at the national level that would give stability to the industry.*]

The President. Let me, if I could—and I would invite—I know I've got two more panelists I want to call on, and I would invite any of you to kick in. You have stated a sort of summary of where you are and where you think the farmers are so well, I think it might be worthwhile to go back to the beginning here.

Let's remember how this whole thing came up. There were two things going on. First of all, the Federal Food and Drug Administration opened an inquiry and found, as a factual matter, that there was an effort made to market tobacco products to young people, that it was not only against the law

but it was likely to become more addictive to them if kids started smoking when they were young rather than if they started after they were adults when they might use it more in moderation and all that, and that the health consequences were considerable. That was the finding.

Simultaneously, they had a number of States that filed suits against the tobacco companies, claiming that they had marketed cigarettes to children in violation of the law all these years, and that that had led to not only injury to the individuals, but vast costs to the States through their medical programs. And then there were the private lawsuits, the people that got lung cancer and all.

And all these things came together, and the tobacco companies and basically the State attorneys general and the representatives of the private plaintiffs came up with their proposed settlement in which they agreed, among other things, to pay more money to defray some of the health care costs, to run up the price of cigarettes some to make it less attractive, and to reduce—change their advertising practices.

But in order to get all that done, comprehensively they had to pass a bill through Congress because they also have to deal with the Federal Food and Drug Administration program. So now we're in a situation where, as you pointed out, there are lots of different agendas here and lots of different things going on.

I do believe, however, that there is a bipartisan majority of people in the Congress in both Houses, in both parties, who honestly just want to do as much as they reasonably can to reduce smoking by young people as quickly as they reasonably can, in a way that does not put the tobacco companies out of business, and even more important to most of us, is not really unduly unfair to you.

So what you're saying to me is that right now the uncertainty is the worse enemy you have, and what we need is to get this thing done in Congress this year, do it in a way that achieves our goal of driving down teen smoking as much as we can, as fast as we can, and let you know what the rules are.

Now, let me ask you just specifically—I mean, I assume you believe this, but you didn't say it explicitly—it seems to me that the greatest balance of certainty for the farmers in our efforts to reduce teen smoking is in some version of what Senator Ford has proposed. That is, if you assume that—let's just assume that through whatever means—the American Medical Association, for example, says that because there are so many kids out there more or less on their own, that the advertising has a bigger impact on inducing kids to start smoking even than peer pressure does. So if you assume all that, then it seems to me the best proposal is something like—something that would offer a buy-out that is generous and fair and adequate to people that want to get out because there is no easy substitution, as all of you have said.

Then for all those that don't get out—because you assume that if all the kids start—if you cut teen smoking in half, then, within some number of years, the aggregate demand for tobacco in America will go down. So some people get out, and you pay them a legitimate price to get out; then the other people who are still in, operate under a program that controls production and gives the family farmers a chance to survive. That's basically what Wendell wants to do.

And in addition to that, since maybe there won't be enough people get out for the market reduction—we don't know that—it also provides a structure within which you get aid to warehouses, aid to communities, and aid to individuals for continuing education and training, as I've said, just the same way we would with people that are dislocated from trade. If we pass something like that, is that the best thing to do? I mean, is that basically what you would recommend that we do?

[*Mr. Sprague said that he believed so but indicated that about half the tobacco grown was for export and that efforts to reduce exports would be detrimental to farmers. He indicated he would like to see the exports continue.*]

The President. Okay. Marissa, would you like to talk a little bit about how you view this issue?

[*Marissa Vaught, whose grandmother died of cancer, expressed her opposition to youth smoking but said raising taxes on cigarettes would make it harder for people from Kentucky to put food on the table.*]

The President. What do you think the most effective—I should say that Marissa is, I think, a junior at Carroll County High School—is that right? What do you think the most effective thing we could do to reduce teen smoking? Let me just say, there are lots of people who think the most effective thing you could do is just make cigarettes a lot more expensive. There are other people who think the most effective thing you can do is to stop the cigarette companies from doing any advertising that could be specifically or extra appealing to young people. Then there are people who think that there is nothing you can do except to try to get the parents and the religious leaders and the community leaders to try to teach kids not to do it in the first place.

What is your sense of what the most effective thing that we could do to discourage your peers from beginning to smoke?

[*Ms. Vaught indicated that she thought it would be helpful to show the positive side on not smoking rather than to stress punishment.*]

The President. Do you believe that most teenagers actually do know and believe that it is dangerous?

Ms. Vaught. I do believe that they actually do. But sometimes people really don't care.

The President. When you're 16 you think you're going to live forever, don't you?

Ms. Vaught. Exactly. They don't know——

The President. I did. [*Laughter*]

Ms. Vaught. ——that it's going to hit you. Consequences are hard, and they do come fast and slow. They think they're going to live forever, and I'm going to die anyway. But it's how you die that is important. I think that your health and safety is important, especially on teens.

The President. So you think if we could—that's what Bill said. He said, if his daddy gave him $1,000 if he didn't smoke by the time he was 21——

Ms. Vaught. Yes, that's positive incentive.

The President. So you think a positive—some sort of positive incentive program would be effective?

Ms. Vaught. Exactly. I do think that. It worked for you, obviously. It works for teens.

The President. Thank you.

Dr. William Goatley is the pastor of the First Baptist Church in Eminence, Kentucky. I thought we ought to give him a chance to say whether he thinks the religious community should have any role in this whole issue.

Doctor?

[*Dr. Goatley said that tobacco was a way of life and a type of livelihood for people in Kentucky and that there had to be an alternative livelihood as part of the solution. He said the President should continue his crusade against youth smoking.*]

The President. Thank you very much. That was a very moving statement to me. No one knows exactly why, but, for whatever reason, we know that teen smoking has, in fact, been on the rise. And the overwhelming—I say again, we can't lose sight of the big issue—the overwhelming evidence is that 3,000 children begin to smoke every day, and 1,000 of them will have their life shortened because of it, and that the rest of us as taxpayers will pay enormously for them. But the most important cost is human, not economic.

And the question is whether we can pursue a reasonable course to deal with that and deal with the human reality of the livelihood and the life and the structure of life that all of these fine people have been talking around the table and have described today.

I think the answer is yes. And as I said, I think, ironically, trying to preserve the structure will actually—since no one suggested tobacco is not a legal crop and that adults should not be free to buy it, that that is not a position advocated by anybody—nobody's advocating prohibition here—ironically, it seems to me, that our objectives in reducing teen smoking by making it both more expensive and less attractive in other ways, and dealing with the advertising is actually furthered by preserving this program because it will reduce production and keep the price up.

If you abolish the program, you put a lot of these folks out of business, but you will not reduce production. You'll probably increase production, lower the price of tobacco and, therefore, make cigarettes cheaper, notwithstanding whatever we do with the tax or

a voluntary payment or whatever we wind up calling it when Congress acts.

So anyway, I thank you for that. Secretary Glickman, would you like to say anything?

[*Agriculture Secretary Dan Glickman described his visits to Kentucky and efforts underway to deal with the situation and closed by saying that he was looking to economic development options rather than alternative crops programs as a significant part of the solution.*]

The President. Let me just make one other request of all of you. I will certainly try to do what you've asked me to do; that is, I'm going to do my dead-level best to get the legislation passed this year that will not only dramatically reduce teen smoking, but will provide some certainty to you and some legitimate protection for the tobacco farmers and the warehouses and their communities. So I will try to do that.

But let me ask you to do something, because you've really piqued my interest here, both what our pastor said and what Marissa said, what you said, Bill, what you said, Mattie, about parents' responsibility. I have spent quite a bit of time with young people's groups, the youth organizations all over the country, from New York City to small towns in California, of young people who are organized to try to get their peers not to smoke and who also often go from store to store to store to test whether the sellers of cigarettes are actually even making modest efforts to do anything about it.

And I respect that because I think it's wrong to put all the responsibility here on the manufacturers. It's not like these children and their parents and their families and their schools and their churches are just ciphers that have no will, have no knowledge, have no nothing. I mean, they get up every day and go through life, too. And I wish you would get some thought to—as a practical matter, I don't know that the Government could offer every 18-year-old $1,000 on their 18th birthday if they could prove they never smoked a cigarette, but there may be some other things we could do in the area of getting young people to assume more responsibility and providing some rewards and doing some things that we haven't thought.

And Marissa, the other thing, we may not have been as creative about that whole element of this as we can be, and I'd be willing to think about that.

Ms. Vaught. There is a teacher who talked to me about this, and he said maybe college scholarships for nonsmokers, maybe a nonsmoking scholarship for students who happen to do well in school and are non-smokers.

The President. We'll look at that. We'll figure out what the cost of that would be. You may be right; it may be cheaper than some of the other stuff we're doing. [*Laughter*] I'll do that, I'll look into that.

You were great all of you. Thank you very much. Let's give them a hand. Weren't they great? [*Applause*] Very impressive. Thanks.

NOTE: The discussion began at 11:08 a.m. at the Kentuckiana Warehouse. In his remarks, he referred to Gov. Paul E. Patton and Lt. Gov. Stephen L. Henry of Kentucky; State Auditor Edward B. Hatchett, Jr., State Senator Larry Saunders, president, and State Senator Walter Blevins, Jr., president pro tempore, Kentucky Senate; State Representative Jody Richards, speaker, Kentucky House of Representatives; Judge Gene McMurry, Carroll County; Mayor Bill Welty of Carrollton; and Melvin and Brett Lyons, owners, Kentuckiana Warehouse.

Remarks at Carroll County High School in Carrollton

April 9, 1998

Thank you very much. Now, Jackie was a little nervous before she came up, but I think she did a great job, don't you? [*Applause*] She mentioned your other two classmates, Marissa and Josh, who were over at the other meeting in the warehouse, and they were also very, very good, and you could have been very proud of them.

I could have done without Jackie reminding me that Kentucky beat Arkansas not once, not twice, but 3 times this year. But I cheered for you anyway in the tournament. [*Laughter*]

And let me say, I'm delighted to be here with my good friends Governor Patton and Senator Ford, and I thank them for their leadership for you and for all of Kentucky.