

budget this year. But if we don't, I will introduce legislation requiring this plan be funded in its entirety.

Finally, I just want to mention that I am anxiously awaiting the release of the final guidelines on stem cell research. We worked hard in Congress this year to not let stem cell research get politicized. We stood firm that Parkinson's disease—along with diabetes, ALS, and a host of other diseases—must not be held hostage to extremists in Congress. I will continue to work for prompt implementation of this critical research when the guidelines are finalized. I thank my colleagues again for organizing this special order.

Mr. GEKAS. Mr. Speaker, reluctantly, because I am having a good time here, reluctantly, I am looking around, I see no other recourse except to yield back the balance of my time.

#### GENERAL LEAVE

Mr. GEKAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the Special Order just given.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### IMPORTANT HEALTH CARE ISSUES FACING AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Iowa (Mr. GANSKE) is recognized for 60 minutes.

##### HMO ABUSES

Mr. GANSKE. Mr. Speaker, tonight I am going to talk about two important health care issues that are facing Congress. One concerns HMO abuses, and the other concerns the number one public health problem in the country, and that is the use of tobacco.

Mr. Speaker, about 8 months ago on the floor of this House we had a momentous debate for about 2½ days on patient protection legislation; and at the end of that debate, 275 bipartisan Republican and Democratic Members of this Congress voted to pass the Norwood-Dingell-Ganske bipartisan consensus Managed Care Reform Act of 1999. Nearly every nurse, nearly every dentist, nearly every doctor who is a Member of this body voted for that.

Well, what has happened since then? Very little. A conference committee was belatedly named to try to get agreement between the bill that passed the House, the strong patient reform bill, and the bill that passed the Senate, which was more an HMO reform bill.

Unfortunately, nothing much is going on in that conference now. I do not think they have met for probably about 2 months. There has been a paucity of public meetings. But a few

weeks ago the issue was brought back to the floor of the Senate and a GOP HMO bill was added as an amendment to a bill, and it passed, just barely. It was the Nickles HMO amendment.

I would have to advise my colleagues that that GOP Senate bill that passed a few weeks ago by a margin of about one or two votes is worse than no bill at all. In fact, it is an HMO protection bill, not a patient protection bill. Would Members like to have some proof of that? Well, let me tell my fellow colleagues about some of the things that HMOs have been doing that have been documented in a recent article in Smart Money magazine in their July issue.

Consider the case of a man named Jim Ridler. It was shortly after noon on a Friday back in August 1995 when Jim Ridler, then 35 years old, had been out doing some errands. He was returning to his home in a small town in Minnesota on his motorcycle when a minivan coming from the opposite direction swerved right into his lane. It hit Jim head on. It threw him more than 200 feet into a ditch. He broke his neck, his collarbone, his hip, several ribs, all of the bones in both legs. It ripped the muscles right through his arm.

Over the next 4 months, after a dozen surgeries, he still did not know whether he would ever walk again. When he got a phone call from his lawyer who had started legal proceedings against the driver of that minivan who had swerved into his path, that call that he got from his lawyer really shook him up.

"I am afraid I have got some bad news for you," said his lawyer. He told Jim that even if Jim won his lawsuit, his health plan, his HMO, wanted to take a big chunk out of what they had spent on his care.

"You are joking, right?" said Jim.

"Nope," said the lawyer.

Jim's health plan had a clause in its contract that allowed the HMO to stake a claim in his settlement, a claim known in insurance as subrogation.

"So I pay the premium, and then something happens that I need the insurance for, and they want their money back?" Ridler asked incredulously. "The way I figure it, my health insurance is just a loan."

Well, Ridler eventually settled his lawsuit for \$450,000, which was all the liability insurance available. His health plan then took \$406,000, leaving him after expenses with a grand total of \$29,000.

Jim said, "I feel like I was raped by the system," and I guess I can understand his point of view.

I doubt that my colleagues know, and I doubt that most people know, that they have what are called subrogation clauses in their contracts that mean that if they have been in an accident

and they try to recover from a negligent individual, like the person who almost killed Ridler, that their HMO can go after that settlement.

Now, Mr. Speaker, originally subrogation was used for cases in which care was provided to patients who had no health insurance at all, but who might receive a settlement due to somebody else's negligence. However, HMOs are now even seeking to be reimbursed for care that they have not even paid for.

Susan De Garmos found that out 10 years ago when her HMO asked for reimbursement on her son's medical bills. In 1990 her son, Stephen De Garmos, who was age 10 at that time, was hit by a pickup truck while riding his bike to football practice near his home in West Virginia. That accident left him paralyzed from the waist down. His parents sued the negligent driver; and they collected \$750,000 in settlement, plus \$200,000 from the underinsured motorist policy. Now, remember, this little boy is paralyzed for the rest of his life.

Well, the Health Plan of Upper Ohio Valley wanted \$128,000 in subrogation for Stephen's bills. It so happens that Stephen's mother thought that amount was high, so she phoned the hospital in Columbus, Ohio, where Stephen had been treated; and she got an itemized list of the charges.

□ 1900

What she found out infuriated her. The HMO had paid much less than the \$128,000 it was now seeking from her son, her paralyzed son's settlement.

Mrs. DeGarmo had found another dirty little secret of managed care, and that was that HMOs often use subrogation to go after a hospital's billed charges, the fee for full paying patients, even though the HMO gets a discount off the bill charges.

According to DeGarmo's lawyer, the health plan of Upper Ohio Valley actually paid about \$70,000 to treat Steve. That meant they were trying to take \$50,000 that they had not even paid for from Steve's settlement. They were going to make money off this little boy who had been paralyzed.

When the DeGarmos refused to pay, get this, the HMO had the gall to sue them.

Well, others found out about this HMO's action and in 1999 the HMO, that HMO, settled suits for \$9 million among roughly 3,000 other patients that they had treated like the DeGarmos.

Now, when HMOs get compensation in excess of their costs, I believe they are depriving victims of funds that those victims need to recover. This subrogation process has even spawned an industry of companies that handle collections for a fee. It could be 25 to 33 percent of the settlement. The biggest of these subrogation companies is Louisville, Kentucky-based Health Care

Recoveries, Inc. Last year, Health Care Recoveries, Inc., of Louisville, whose biggest customer, not surprisingly is United Health Care, recovered \$226 million from its clients and its usual cut was 27 percent.

According to one former claims examiner for HRI, Steve Pope, the company is so intent on maximizing collections that it crosses the line into questionable perhaps.

Take the case of 16-year-old Courtney Ashmore, who had been riding a four-wheeler on a country road near her home by Tupelo, Mississippi. The owner of the bordering land had strung a cable across the road. You guessed it. Courtney ran into it and almost cut off her head.

Her family collected \$100,000 from the property owner. Their health plan paid \$26,000 for Courtney's medical care. Steve Pope, the claims examiner for HRI, that Louisville, Kentucky, company, contacted the family's lawyer and wanted the \$26,000 back.

Well, the lawyer was no dummy. He asked for a copy of the contract showing the subrogation clause. Well, HRI could not find a copy of the contract so Mr. Pope was told by his supervisor at HRI to send out a page from a generic contract that did have a subrogation clause in it, and later Mr. Pope found out that Courtney's health plan did not, in fact, mention subrogation.

Still he has testified he was told to pursue the money anyway. Let me repeat that. This employee of this company in Louisville, Kentucky, the right-hand man company for United Health Care, was told to go after part of this little girl's settlement even though they did not have a subrogation clause in the contract.

Mr. Pope has testified, quote, these practices were so widespread and I just got tired of being told to cheat and steal from people, unquote.

Mr. Speaker, the notion that subrogation should be prohibited or at least restricted is gaining ground. Twenty-five States have adopted doctrine that injured people get fully compensated before health plans, HMOs, can collect any share of personal injury money.

In March, a Maryland appeals court went even further. It ruled that the State's HMO act prohibits managed care companies from pursuing subrogation at all. The Court said, quote, an HMO by its definition provides health care services on a prepaid basis. A subscriber has no further obligation beyond his or her fee, unquote.

So what did the Senate GOP bill do to address this problem with subrogation? Did the Senate GOP bill try to make the system more fair for patients? Did it protect those State laws which are being passed to prevent subrogation abuses by HMOs? Oh, no, Mr. Speaker. The Senate GOP bill goes even further than subrogation in pro-

tecting HMOs. It says that the total amount of damages to a patient like Jim Ridler or Steve DeGarmo or Ashley Courtland could be reduced by the amount of care costs whether they have a subrogation clause in their contract or not.

In other words, the Senate GOP bill passed a few weeks ago would preclude State laws being passed on subrogation entirely, and over in the Senate they say, oh, we are for States' rights; we do not want to take away the States rights to regulate insurance? And in their bill they do exactly that.

If that were not enough of a sop to the HMO industry, the Nickels bill says that the reduction in the award would be determined in a pretrial proceeding.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. GREEN of Wisconsin). The Chair will caution the gentleman that it is not in order to characterize Senate action or to otherwise cast reflection on the Senate.

Mr. GANSKE. In talking about other legislation on Capitol Hill, the bill that passed a couple of weeks ago says that the reduction in the award would be determined in a pretrial proceeding and that any evidence regarding this reduction would be inadmissible in a trial between the injured patient and the HMO.

Well, what does that mean? Well, let us say that one is hit by a drunk driver while crossing the street and one's HMO subsequently refuses to pay for necessary physical therapy even though these are covered services under one's employer plan.

So one files two separate lawsuits, one against the drunk driver in the State court and the other against the HMO in the Federal court because the HMO is not treating one fairly.

Let us say the civil case against the drunk driver is delayed because criminal charges are prevailing against him. If the Federal case, the one against the HMO, proceeds to trial under the bill that passed a couple of weeks ago, the Federal judge would have to guess how much a State jury would award one, and the Federal judge would have no way of knowing what one actually could collect.

This collateral source damages rule would leave patients uncompensated for very real injuries. For example, if one is injured in a car accident by another driver who has a \$50,000 insurance policy but one has medical costs of \$100,000 that one's HMO refuses to cover, when one goes to collect the \$50,000 from the negligent driver they might get nothing. Why? Because whether one has brain damage or broken legs or one's loved one is dead, one gets nothing because under the bill that passed a couple of weeks ago the HMO gets to collect all \$50,000, even though it denied one necessary medical care for their injuries and one does not get a penny.

Mr. Speaker, bills that have passed in the other body that value the financial well-being of HMOs more than the values and well-being of the patient do not deserve the name "patient protection."

We passed a strong bill in this House. That is what we should be working on. We can do better than what has been done recently. The voters are watching.

Now, Mr. Speaker, the Congressional leadership is trying to limit damages by putting \$300,000 caps on awards. Many times I have stood on this floor and talked about a mother, for instance, who has been mistreated by her HMO and lost her life. I want to ask, is that mother's life worth \$350,000?

How many times have I stood on this floor talking about a little boy in Atlanta, Georgia, whose HMO was responsible for his losing both of his hands and both of his feet, the rest of his life, no hands, no feet? And they want to put a cap of \$350,000 on that? That little boy, when he grows up and gets married, will never be able to touch the face of the woman that he loves with his hand.

I am sorry, Mr. Speaker, but that is a travesty. People who put those kind of provisions in bills that deal with patient protection should be ashamed of themselves.

THE RESULTS OF TOBACCO, A TOUGH PRICE TO PAY

Mr. GANSKE. Now, Mr. Speaker, I want to move on to another topic, a number one public health problem. I think that HMO patient protection is very important, but the reason that this House is out tonight is because we are having the Congressional baseball game. I think that is a good thing, a little bit of bipartisanship, have a nice competition, but I will say what is going on on that baseball field right now. There are colleagues of ours that are chewing tobacco, and they are spitting that tobacco out there and there are a bunch of little kids that are in that audience and they are looking at dad out there chewing and spitting that tobacco and they are thinking, boy, that is kind of a neat thing.

There are over 1 million high school boys in this country who chew tobacco. They probably watch some of the baseball stars do it. They certainly have been enticed to do it by the tobacco companies.

Before I came to Congress, I was a reconstructive surgeon and I can say about some of the patients that I took care of who chewed that tobacco, who ended up with cancer of their gums and cancer of their jaw and I had to remove their lower jaws, and they ended up like Andy Gump, cannot talk right, if at all. They end up breathing through a hole in their windpipe. That is a stiff price to pay for watching somebody chewing tobacco that one respects.

Mr. Speaker, more than 400,000 people die prematurely each year from diseases attributable to tobacco use in the

United States alone. Tobacco really is the Grim Reaper. More people die each year from tobacco use in this country than die from AIDS, automobile accidents, homicide, suicides, fires, alcohol and illegal drugs combined.

More people in this country die in one year from tobacco than all the soldiers killed in all of the wars that this country has fought.

Treatment of these diseases will continue to drain over \$800 million from the Medicare Trust Fund. The VA spends more than one half billion dollars annually on inpatient care of smoking-related diseases, but these victims of nicotine addiction are statistics that have names and faces.

Mr. Speaker, about a month or two ago I was talking to a vascular surgeon who is a friend of mine in Des Moines, Iowa. He looked pretty tired. I said, "Bob, you must be working pretty hard these days."

He said, "Greg, yesterday I went to the operating room at about 7:00 in the morning. I operated on three patients. I finished up about midnight and every one of those patients I had to operate on to save their legs."

I said, "Were they smokers, Bob?"

He said, "You bet. And the last one that I operated on was a 38-year-old woman who would have lost her leg to arteriosclerosis caused by heavy tobacco use."

I said, "Bob, what do you tell those people?"

He said, "Greg, I talk to every patient, every peripheral vascular patient that I have, and I try to get them to stop smoking. I ask them a question, I say, if there were a drug available on the market that they could buy that would help save their legs, that would help prevent them from having coronary artery bypass surgery, that would significantly decrease their chances of having lung cancer or losing their larynx, would they buy that drug?"

□ 1915

Every one of those patients say, you bet I would buy that drug and I would spend a lot of money for it. Do my colleagues know what he says to those patients then, my friend, the vascular surgeon? He says, well, you know what? You can save an awful lot of money by quitting smoking, and it will do exactly the same thing as that magical drug would have done.

Mr. Speaker, my mom and dad were both heavy smokers, and they are only alive today because coronary artery bypass surgery saved their lives; and they have finally stopped smoking. I will never forget some patients that I took care of in the VA hospital. They had a disease called thromboangitis obliterans.

Now, I have talked about this on the floor a couple of times in the past, and we got some phone calls from constituents. They said, what are you talking

about? I have never heard of this disease. Well, this is a disease that really happens, and I really took care of this patient I am about to describe. Basically, these people are addicted to tobacco, and it sets up sort of an allergic reaction to the small vessels in their fingers, in their hands, and in their feet, and those vessels clot off, they thrombose, and they start to lose one finger after another.

I remember taking care of one patient who had lost both lower legs, he had lost all of the fingers in one hand, and he only had one finger left on his right hand, all due to that disease caused by his tobacco addiction. Do my colleagues know what he had done? He had a little wire loop made that he could put one loop over his one remaining finger and then a nurse or somebody, a friend, could stick a cigarette in the loop at the other end of that wire and then he could smoke. He knew that he could stop that disease from progressing and taking his fingers and his hand and his feet if he would just stop smoking.

Mr. Speaker, he could not. Tobacco is one of the most addicting substances that we know of, nicotine and tobacco, we know that. It is as addicting as cocaine; it is as addicting as morphine and heroin.

Statistics show the magnitude of this problem. Over a recent 8-year period, tobacco use by children increased 30 percent. More than 3 million American children and teenagers now smoke cigarettes. Every 30 seconds, a child in the United States becomes a regular smoker. The sad fact is, Mr. Speaker, that each day, 3,000 kids in this country start smoking. Each day. And 1,000 of those kids will die of a disease related to smoking tobacco.

So why did it take a life-threatening heart attack to get my folks to quit smoking? I nagged at them all the time. It took that near-death experience to get them to quit. Why would my patient with that one finger not quit smoking? Why do fewer than one in seven adolescents quit smoking, even though 70 percent regret starting?

I say to my colleagues, it is sadly because of that addictive nature of the drug nicotine that is in tobacco. The addictiveness of tobacco has become public knowledge in recent years as a result of painstaking scientific research that demonstrates that nicotine is similar to amphetamines, cocaine, and morphine. In fact, Mr. Speaker, there is a higher percentage of addiction among tobacco users than among users of cocaine or heroin; and recent tobacco industry deliberation show that the tobacco industry knew about this a long time ago. Those tobacco CEOs who testified before Congress raised their right hands and took an oath to tell the truth. When they testified that tobacco was not addicting, they were committing perjury, Mr. Speaker.

Internal tobacco company documents dating back to the early 1960s show that tobacco companies knew of the addicting nature of nicotine, but they withheld those studies from the Surgeon General. A 1978 Brown & Williamson memo stated that very few customers are aware of the effects of nicotine, i.e., its addictive nature and that nicotine is a poison. A 1983 Brown & Williamson memo stated that nicotine is the addicting agent in cigarettes. Indeed, the industry knew that there was a threshold dose of nicotine necessary to maintain addiction.

A 1980 Lorillard document summarized the goals of an internal task force whose purpose was not to avert addiction, but to maintain addiction. It said, "Determine the minimal level of nicotine that will allow continued smoking. We hypothesize that below some very low nicotine level, diminished physiological satisfaction cannot be compensated for by psychological satisfaction. At that point, smokers will learn to quit or return to higher tar and nicotine brands."

Mr. Speaker, we also know that for the past 30 years, the tobacco industry manipulated the form of nicotine in order to increase the percentage of "free base" nicotine delivered to smokers as a naturally occurring base; and I have to say, Mr. Speaker, this takes me back to medical school, biochemistry. Nicotine favors the salt form at its lower PH levels, and the free base form at its higher levels.

So what does that mean? Well, the free base nicotine crosses the alveoli in the lungs faster than the bound form, thus giving the smoker a greater kick, just like the druggie who free bases cocaine, and the tobacco companies knew that very well.

In 1966, British American Tobacco, BAT, reported, "It would appear that the increased smoker response is associated with nicotine reaching the brain more quickly. On this basis, it appears reasonable to assume that the increased response of a smoker to the smoke with a higher amount of extractable nicotine, not synonymous with, but similar to free-based nicotine, may be either because this nicotine reaches the brain in a different chemical form, or because it reaches the brain more quickly."

Tobacco industry scientists were well aware of the effect of PH on absorption and on the physiological response. In 1976, RJR reported, "Since the unbound nicotine is very much more active physiologically and much faster acting than bound nicotine, the smoke in PH seems to be strong in nicotine." Therefore, the amount of free nicotine in smoke may be used for at least a partial measure of the physiologic strength of the cigarette.

Indeed, Mr. Speaker, Philip Morris commenced the use of ammonia in their Marlboro brand in the 1960s in

order to raise the PH of its cigarettes, and it subsequently emerged as the leading brand.

So, by reverse engineering, the other manufacturers caught on to Philip Morris's nicotine manipulation, and they copied it. The tobacco industry hid the fact that nicotine was an addicting drug for a long time, even though they privately called cigarettes "nicotine delivery devices."

Claude E. Teague, assistant director of research at RJR said in a 1972 memo, "In a sense, the tobacco industry may be thought of as being a specialized, highly ritualized and stylized segment of the pharmaceutical industry. Tobacco products uniquely contain and deliver nicotine, a potent drug with a variety of physiologic effects. Thus, a tobacco product is, in essence, a vehicle for the delivery of nicotine designed to deliver the nicotine in a generally acceptable and attractive form. Our industry is then based upon the design, manufacture, and sale of attractive forms of nicotine."

Mr. Speaker, I yield to the gentleman from California (Mr. DREIER.)

Mr. DREIER. Mr. Speaker, I would like to thank the gentleman for allowing me to take this time to congratulate him on his effort. While our Republican colleagues are at this point out working on a stunning victory over our Democratic colleagues on the baseball field, the Committee on Rules is hard at work; and I know my friend from Iowa is working hard too, and I thank him.

Mr. GANSKE. Mr. Speaker, I have a bill before Congress that would basically allow the FDA to prevent the tobacco companies from marketing and targeting children. It is not a tax increase bill, it is not a prohibition bill, it simply addresses the Supreme Court's decision which says, Congress must give the FDA authority for the FDA to regulate, to issue regulations that would prevent tobacco companies from marketing and targeting kids. We have 95 bipartisan cosponsors on that bill.

Mr. Speaker, I want to continue on about tobacco, because I came across an article in the July 31 issue of Newsweek magazine, and it is entitled "Big Tobacco's Next Legal War." I wanted to bring this to the attention of my colleagues. I sit on the Committee on Commerce, and we held hearings on tobacco a couple years ago when Senator MCCAIN had his tobacco bill outstanding and we were looking at a tobacco bill here in the House. The tobacco companies said, if you raise the tax on tobacco, that will create a black market, and a lot of smuggling and illegal activities, i.e., look at what happened in Canada.

Well, since that testimony, it turns out that it was the tobacco companies who were involved in the smuggling. This is an amazing story. I would high-

ly recommend it to my colleagues. It is called "Tobacco's Next War," Newsweek magazine, July 31. I just need to read a few of the excerpts from this article.

This is a quote from the article: "For cigarette salesman Leslie Thompson, 1993 was an especially good year. A star employee with Northern Brands International, a tiny 4-person export outfit owned by the tobacco giant RJR Nabisco, Thompson sold an astonishing 8 billion cigarettes that year, reaping about \$60 million in profits. Walking the company's halls, Thompson received a standing ovation from RJR executives who had gotten hefty bonuses as a result of his work. On his wrist he flashed a Rolex, a gift from grateful wholesalers."

"These days, Thompson's name is no longer greeted with applause in the tobacco industry. He and other former executives are soon to be quizzed by Federal prosecutors about the shady side of the cigarette business. Newsweek has learned that a Federal grand jury in North Carolina is investigating explosive allegations about links between major cigarette makers and global smuggling operations that move vast quantities of cigarettes across borders without paying any taxes. It is a multibillion-dollar-a-year enterprise.

"The grand jury deliberations spotlight a new round of legal troubles for big tobacco. The proceedings are secret and it could not be learned which companies are under scrutiny. The U.S. Attorney in Raleigh, North Carolina declined to comment. Cigarette makers are under attack from governments around the world that seek to hold them responsible for the costs of smuggling: billions in lost taxes, soaring violence, and weakened efforts to prevent kids from smoking."

□ 1930

Last week, the European Union announced that it plans to launch a civil suit against U.S. cigarette makers for their alleged involvement in smuggling. In the last 8 months, Canada, Colombia, and Ecuador have all filed smuggling suits against American tobacco companies using U.S. anti-racketeering laws.

Britain, Italy, China have also mounted extensive investigations. The Canadian and European investigators are cooperating closely with their U.S. counterparts building a case against the industry. The World Bank and World Health Organization plan to release the results of the 3-year investigation claiming the tobacco industry has deliberately thwarted international efforts to control the tobacco trade.

In the United States, Thompson is expected to be an important witness in the Grand Jury proceedings. In February, he began serving a 6-year sentence in Federal prison after pleading

guilty to money laundering related to the smuggling case.

American and Canadian prosecutors charged that Thompson racked up his impressive sales numbers through his involvement with smugglers who shipped billions of RJR cigarettes into Canada. On the books, everything looked legitimate. But once over the border, the cigarettes were passed on to black marketers, evading high Canadian cigarette taxes.

Investigators believe this soft-spoken 52-year-old family man was merely a bit player in the global smuggling scene. Before his sentencing and in press interviews before he went to prison, he said he operated with the knowledge and encouragement of his superiors.

His case has given prosecutors a road map of how the underground trade works. His company MBI was located inside R.J. Reynolds' Winston Salem, North Carolina headquarters. To the public Thompson's job was to sell Export A's, a leading Reynolds brand in Canada. But the Canadian government charges MBI was nothing more than a shell company that supplied smugglers with cigarettes.

According to court documents and Thompson's own testimony, Thompson shipped millions of cartons of Export A's from Canada and Puerto Rico to the United States where virtually no one smokes them. The crates were then diverted to a Mohawk reservation on the U.S.-Canadian border, the secret staging ground for the operation.

Smugglers on the reservation built huge warehouses to stockpile the cigarettes. After dark, a flotilla of speed boats would ferry the cargo across the Saint Lawrence River to the Canadian side of the reservation. The cigarettes were then sold on the black market, skirting Canada's cigarette taxes.

In 1994, Canadian politicians were so horrified by the brazenness of the law breakers that the government rolled back the cigarette taxes, and that slowed down the smuggling.

MBI worked out a plea bargain with U.S. prosecutors and paid \$15 million in fines and forfeitures. In a related Canadian proceeding against Thompson, the prosecutors made it clear that he believed that the tobacco company had hung its former employee out to dry. In other words, he was a little guy, so he was going to get the 6-year term in jail while his superiors who knew about those tobacco CEOs for RJR, they skate free with their big bonuses.

"Thompson was not on a lark of his own here, he told the court. He did not commit this crime by himself. His acts were part and parcel of a corporate strategy developed largely by other senior executives who closely monitored his work."

We then have reports in the British press that have focused attention on the alleged role of British-American

tobacco in foreign smuggling operations drawing on internal company documents recently made public.

The British House of Commons, the equivalent of our House of Representatives, has recommended that the British government launch a formal investigation into the allegations. One set of documents highlighted by English anti-smoking groups they say indicates that the company went out of its way to bill market share by encouraging smuggling.

Those pages, culled from vast archives, suggest that the company was aware of just how many of its own cigarettes were being smuggled. The 1993 through 1997 marketing plan for one of BAT's key subsidiaries included projected profits from what are called "general trade" cigarettes. These are cigarettes where taxes are not paid on them.

The document describes plans to "grow our business" in "general trade" countries, including China and Vietnam where most foreign-made cigarettes are illegal.

Anti-smoking activists say that general trade is industry jargon for smuggled cigarettes. Another BAT document they focus on suggests that the company closely monitored the smuggling of its brands. Records show it tracking how cigarettes entered Vietnam "from sailors, 40 percent; from fisherman, 25 percent; from smuggling by sea, 35 percent."

Mr. Speaker, Mr. Thompson was the first to go to jail, but given all the heavy guns trained on the industry, I doubt that he will be the last.

I would ask this of my colleagues, especially my colleagues and the chairman of the Committee on Commerce on which I sit, we have ample evidence that the tobacco companies have been smuggling cigarettes and breaking the law. It is time for the oversight committee of the Committee on Commerce to hold a full-scale investigation into this corrupt practice, another example of how tobacco companies have not really shot straight with the American public.

Mr. Speaker, I have talked briefly tonight about patient protection legislation, something we need to get done before we recess, a piece of legislation modeled after what passed the House. Neither the gentleman from Georgia (Mr. NORWOOD), the gentleman from Michigan (Mr. DINGELL), nor I who wrote the bill that passed with 275 votes have ever said that it has to be every word our way or the highway. We have never said that. We have always said that we would be willing to sit down and try to achieve a compromise.

Unfortunately, the Speaker of this House decided not to appoint to the conference committee the two Republicans, the gentleman from Georgia (Mr. NORWOOD) and myself, who wrote the bill that passed this House with 275

votes, thus precluding our efforts to try to achieve a compromise to get a strong piece of legislation passed. But we are still available, and we are still working.

I actually am optimistic about the chances of getting true patient protection legislation passed because, as I look at the vote in the Senate, I think we now have 50 supporters plus for the bill that passed this House. I expect that, when that bill comes up again in the Senate after the August recess, we very well may see that the bill that passed the House with 275 votes also passes the Senate, and I am sure the President will sign that.

On the matter of tobacco, I see very little movement in the House even though the gentleman from Michigan (Mr. DINGELL) and I have 95 cosponsors for a bill that would simply allow the FDA the authority to regulate an addicting substance, as I said, not to increase taxes and not to prohibit the substance, but to make sure that those tobacco companies which have marketed and targeted kids 14 and younger cannot get away with that in the future.

Well, I remain optimistic that, as we continue to work on these issues, we will make progress. I sincerely thank all of my colleagues from both sides of the aisle who have shown so much interest in actually achieving true and real reform legislation in both of these areas.

---

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4865, SOCIAL SECURITY BENEFITS TAX RELIEF ACT OF 2000

Mr. DREIER (during the Special Order of Mr. GANSKE), from the Committee on Rules, submitted a privileged report (Rept. No. 106-795) on the resolution (H. Res. 564) providing for consideration of the bill (H.R. 4865) to amend the Internal Revenue Code of 1986 to repeal the 1993 income tax increase on Social Security benefits, which was referred to the House Calendar and ordered to be printed.

---

#### RECESS

The SPEAKER pro tempore (Mr. GREEN of Wisconsin). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 7 o'clock and 39 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 2328

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. REYNOLDS) at 11 o'clock and 28 minutes p.m.

#### LEGISLATIVE PROGRAM

Mr. DREIER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute for the purpose of explaining the schedule for the rest of the evening and tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DREIER. Mr. Speaker, it is our intention to have the House recess until 7 a.m. tomorrow, at which time we hope to file H.R. 4516, the Legislative Branch Appropriations bill conference report. Then, the Committee on Rules hopes to meet at 8:30 a.m., at which time we will consider the rules on both the Legislative Branch conference report for H.R. 4516; the adjournment resolution; and the Child Support Distribution Act, H.R. 4678. At that time, the House, after the filing of those rules, would adjourn, and the House would then convene at 10 a.m. tomorrow and we would consider the bills that I have just mentioned, the 3 measures that I have just mentioned, as well as continue work on the District of Columbia Appropriations bill and H.R. 4865, the Social Security Benefits Tax Relief Act.

Mr. Speaker, that is our intention at this point.

---

#### RECESS

Mr. DREIER. Mr. Speaker, I move that the House recess until 7 a.m. tomorrow, July 27, 2000.

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 7 a.m. tomorrow, July 27, 2000.

Accordingly (at 11 o'clock and 30 minutes p.m.), the House stood in recess until 7 a.m. on Thursday, July 27, 2000.

---

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

9375. A letter from the Under Secretary, Food, Nutrition, and Consumer Services, Department of Agriculture, transmitting the Department's final rule—Food Stamp Program: Recipient Claim Establishment and Collection Standards (RIN 0584-AB88) received July 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9376. A letter from the Small Business Advocacy Chair, Environmental Protection Agency, transmitting the Agency's final rule—Imidacloprid; Extension of Tolerance for Emergency Exemptions [OPP-301023; FRL-6597-1] (RIN: 2070-AB78) received July 20, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

9377. A communication from the President of the United States, transmitting the request and availability of appropriations for the Low Income Home Energy Assistance