

THE TOBACCO INSTITUTE


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SAMUEL D. CHILCOTE, JR.
President

May 17, 1994

MEMORANDUM

TO: The Members of the Executive Committee

FROM: Samuel D. Chilcote, Jr. 

This morning the House Energy & Commerce Subcommittee on Health & the Environment held an oversight hearing on tobacco products. Joseph Califano, Jr., chairman and president of the Center on Addiction and Substance Abuse (CASA), was the only witness. Copies of his statement, Rep. Waxman's opening statement and a transcript of the hearing are enclosed.

Media coverage of this hearing was heavy, with the major television networks and approximately two dozen print reporters in attendance. The first portion of the hearing was carried live on C-SPAN.

Subcommittee Members in attendance were Chairman Waxman (D-CA), Ranking Minority Member Bliley (R-VA), and Members McMillan (R-NC) and Wyden (D-OR).

Waxman announced that Thomas E. Sandefur, chairman and chief executive officer of Brown & Williamson Tobacco Corporation, had been invited to testify today, but his appearance was postponed until May 20. Waxman stated that Brown & Williamson's legal representatives had made a "clearly inappropriate request to review" documents in the Subcommittee's possession that might relate to company research cited in recent articles in the New York Times and Washington Post. Waxman said the Subcommittee had agreed to limit questions to areas covered in previous Brown & Williamson testimony, documents provided by the company and recent news reports.

Califano began his testimony by reading from a letter he received yesterday from Brown & Williamson attorneys along with a copy of a court injunction against the release of documents that are alleged to have been stolen from the company. Califano characterized this letter as a "blatant attempt to intimidate" him.

Califano's prepared remarks dealt first with a report released this week by CASA attributing \$20 billion in Medicare spending for inpatient services this fiscal year to diseases related to substance abuse.

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The report asserts that 80 percent of that amount is "due to long-term effects of smoking cigarettes, including lung cancer, strokes, heart disease and respiratory ailments." This report was entered into the record, but was not distributed at the hearing.

The second part of Califano's testimony focused on his tenure as secretary of the Department of Health, Education and Welfare during the Carter Administration. He asserted that the 1979 Surgeon General's report on smoking would have called nicotine "addictive" if the tobacco company research recently discussed in the news media had been available. He stated that the Administration would have pushed for stronger regulation of tobacco products on the basis of such a finding.

Califano concluded his remarks by calling for a \$2.00 increase in the cigarette tax to discourage consumption, especially by young people; an examination of tobacco marketing practices; withholding of Medicare and Medicaid reimbursement to hospitals and pharmacies that sell tobacco products; and bans on advertising, vending and retail tobacco sales near schools.

In the question-and-answer session, Bliley cited numerous instances where the 1979 Surgeon General's report included findings related to tar, nicotine and addiction research, which are being "touted today as 'new' and startling revelations allegedly concealed by the cigarette companies." In response, Califano said he had pushed for Surgeon General Julius Richmond to call nicotine addictive. If "the additional research the tobacco companies had" had been available, Califano asserted, this conclusion would have been part of the 1979 report, but instead did not appear until 1988. A copy of Bliley's prepared questions is enclosed.

We will report to you on the May 20 hearing and other developments on this issue.

SDC:cjy

Enclosures

cc: The Members of the Management Committee
The Members of the Committee of Counsel
TI Senior Staff

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