

## Appendix A

### Executive Order 13168 September 22, 2000

#### President's Commission on Improving Economic Opportunity in Communities Dependent on Tobacco Production While Protecting Public Health

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the Federal Advisory Committee Act, as amended (*5 U.S.C. App.*), it is hereby ordered as follows:

##### Section 1. *Establishment.*

(a) There is established the “President’s Commission on Improving Economic Opportunity in Communities Dependent on Tobacco Production While Protecting Public Health” (*the “Commission”*). The Commission shall be composed of not more than 10 members to be selected by the Secretary of Agriculture, in consultation with the President. The members may include tobacco producers and quota holders; public health experts; Federal, State, and local government representatives; and experts in agricultural economics and economic development.

(b) Two co-chairs shall be selected by the Secretary of Agriculture from the membership of the Commission. The co-chairs shall report to the President through the Secretary of Agriculture and the Secretary of Health and Human Services.

**Section 2. *Purpose.*** The Commission shall advise the President on changes occurring in the tobacco farming economy and recommend such measures as may be necessary to improve economic opportunity and development in communities that are dependent on tobacco production, while protecting consumers, particularly children, from hazards associated with smoking.

**Section 3. *Functions.*** (a) The Commission shall collect and review information about changes in the tobacco farming economy and Federal, State, and local initiatives intended to help tobacco growers, tobacco quota holders, and communities dependent on tobacco production pursue new economic opportunities. The Commission may make recommendations concerning these, and any other, changes and initiatives that may be necessary to improve economic opportunity in communities dependent on tobacco production. It shall also consider the public health implications of such changes and initiatives, including the efforts to reduce youth smoking and tobacco-related health consequences in the United States and abroad.

(b) For the purpose of carrying out its functions, the Commission may hold hearings, establish subcommittees, and convene and act at such times and places as the Commission may find advisable.

**Section 4. *Reports.*** The Commission shall make a preliminary report to the President by December 31, 2000. A final report shall be submitted to the President 6 months after the Commission’s first meeting.

**Section 5. Administration.**

(a) To the extent permitted by law, the heads of executive departments and agencies shall provide the Commission, upon request, with such information as it may require for the purposes of carrying out its functions.

(b) While engaged in the work of the Commission, members appointed from among private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service (*5 U.S.C. 5701-5707*) to the extent funds are available for such purposes.

(c) To the extent permitted by law and subject to the availability of appropriations, the Department of Agriculture shall provide the Commission with administrative services, funds, facilities, staff, and other support services necessary for the performance of the Commission's functions. Notwithstanding any other Executive Order, the functions of the President under the Federal Advisory Committee Act, as amended, except that of reporting to the Congress, that are applicable to the Committee, shall be performed by the Secretary of Agriculture in accordance with guidelines that have been issued by the Administration of General Services.

**Section 6. General.** The Commission shall terminate 30 days after submitting its final report, but not later than 2 years from the date of this order, unless extended by the President.

## Appendix B

### A Brief History of Tobacco Farmers and Public Health Representatives Working Together

This Commission was created because tobacco farmers and tobacco farming communities in the United States are facing an unprecedented crisis. Global and domestic markets for tobacco leaf and products are undergoing fundamental changes that have created long-term reductions in the demand for American-grown tobacco. At the same time, the scientific evidence of the diseases and economic costs caused by smoking and other tobacco use has created broad agreement, including agreement by some tobacco product manufacturers, that more must be done to reduce tobacco use, especially among children.

Reducing tobacco use in the United States while simultaneously helping tobacco farmers may seem like a paradoxical challenge. But discussions between tobacco growers, tobacco-growing community leaders and public health representatives have established that these groups share many common goals and support numerous policies that are consistent with those goals.

Efforts to establish a dialogue between tobacco growers and public health leaders began in 1985, when former President Jimmy Carter brought growers and health groups together for the first time to create better understanding between the two groups.

In 1989, the report of a major national conference coordinated by public health advocates emphasized that efforts to reform the tobacco price support program must balance the concerns of the health community and the interests of the family tobacco farmer. Similarly, in 1993, a national public health conference on tobacco recommended

increased assistance to U.S. tobacco growers.

By the mid-1990's, discussions among public health advocates and tobacco growers began in earnest. In 1998, the Southern Tobacco Communities Project, Concerned Friends for Tobacco, several tobacco grower organizations (including the Burley Tobacco Growers Cooperative Association, Flue-Cured Tobacco Cooperative Stabilization Corporation and Burley Stabilization Corporation), the American Heart Association, the American Cancer Society, the Campaign for Tobacco-Free Kids and others developed a set of 10 shared core principles. The principles expressed a mutual commitment to reduce disease caused by tobacco products and ensure the future prosperity and stability of the American tobacco farmer and tobacco farming communities.

More than 80 tobacco grower, public health and other organizations endorsed the core principles.

Since publication of the core principles, tobacco farmers and representatives of public health organizations have continued to work together at federal and state levels toward their mutual goals. Following the states' Master Settlement Agreement (MSA), tobacco growers and public health groups have worked together, especially in Kentucky, Virginia and North Carolina, to direct use of significant amounts of MSA funds to protect public health and help tobacco growers and their communities through this difficult period. The statement of core principles follows.

## **Statement of Core Principles between the Public Health Community and the Tobacco Producers Community (January 28, 1998)**

In the spirit of cooperation and with a commitment toward

- reducing disease caused by tobacco products and
- ensuring the future prosperity and stability of the American tobacco farmer, the tobacco farm family, and tobacco farming communities, the signatory organizations and individuals call on the President of the United States, the Congress of the United States, and all State Attorneys General to commit to supporting and enacting effective tobacco legislation and policies that include the following points of agreement.

### **That on issues related to agricultural production of tobacco there is agreement:**

1. That a tobacco production control program which limits the supply and which sets a minimum purchase price is in the best interest of the public health community and the tobacco producer community. From a harm reduction standpoint, it is in the best interest of the public health community to support enhanced assurance of quota stability for domestic production of tobacco.
2. That any cost associated with the administration or operation of a tobacco program be guaranteed to be paid for under any legislative proposal, and that the Federal Government no longer bear the cost for the administration or operation of such a program.
3. That there be greater cooperation between the tobacco growing community and the public health community to ensure that quality control and health and safety standards are maintained in the production of tobacco, both domestically and abroad, and that industry information and research should be made available for public review. Agencies with public health responsibility, including the Food and Drug Administration (whose authority over manufactured tobacco products should not extend to on-farm tobacco production), should work cooperatively through structures already in place in the Department of Agriculture and Environmental Protection Agency so as not to extend any additional control and bureaucracy over the on-farm production of tobacco.
4. That tobacco quota holders and tobacco lease holders should be given the opportunity to have their quotas compensated for at a fair and equitable level, and that the protection of tenant farmers be given special consideration as part of this process to ensure that they are not adversely affected.

5. That a significant amount of money be allocated so that tobacco growing states and communities have options and opportunities to ensure their economic viability into the 21st century. There must be significant involvement of tobacco growing communities in determining the allocation of these funds, and decision making for plans to enhance the economic infrastructures of these communities should be governed primarily through community-based input. Agricultural-based development in particular ought to be given a high priority.

**That on issues related to public health there is agreement:**

1. That it is in the best interests of the public health community and the tobacco producer community that the FDA should have authority to establish fair and equitable regulatory controls over the manufacture, sale, distribution, labeling (including country of origin) and marketing of tobacco products, both domestic and imported, comparable to regulations established for other products regulated by the FDA. Such regulations should have as their goal the protection of public health and the assurance that users of tobacco products are provided with full and complete information about the products they are using. In order to accomplish this goal, industry information and research should be made available for public review.
2. That there should be strong complementary federal, state and local laws which guarantee that tobacco products are not marketed, advertised or otherwise made available to anyone under the age of 18.
3. That prohibition of the use of tobacco products by informed adults of legal age is not a goal of the public health advocates or tobacco producers.
4. That there should be mechanisms in place to prevent the importation of foreign tobacco, whether in raw agricultural leaf, reconstituted or homogenized leaf, tobacco by-products, or any other form or alteration of tobacco, that does not meet pesticide residue requirements and other quality controls required for domestically grown and produced tobacco.
5. That if there is an increase in the federal excise tax in any legislative proposal, a portion of the tax would be used for carrying out public health initiatives, and a portion of the tax would be used to assist farmers and their communities in addressing their economic dependence on tobacco.

## Leadership Signatories

President Jimmy Carter  
Daniel E. Kenady, MD, UKMC  
Attorney General Bill Pryor  
Attorney General Ben Chandler  
Dr. Pat Robertson

## National Organizations

American Academy of Addiction Psychiatry  
American Association for Respiratory Care  
American Cancer Society  
American College of Cardiology  
American College of Chest Physicians  
American College of Preventive Medicine  
American Heart Association  
American Public Health Association  
American School Health Association  
Americans for Non-smokers Rights  
Association of Schools of Public Health  
Association of Teachers of Preventive Medicine  
Campaign for Tobacco-Free Kids  
The Carter Center  
Christian Broadcast Network  
College on Problems of Drug Dependence  
Family Voices  
Federation of Behavioral, Psychological and  
Cognitive Sciences  
Interreligious Coalition on Smoking or Health  
National Association of Local Boards of  
Public Health  
National Black Farmers Association  
National Farmers Union  
National Hispanic Medical Association  
Oncology Nursing Society  
Partnership for Prevention  
Rural Advancement Foundation International

## State and Regional Organizations

Albemarle Co. (VA) Medical Society  
Allies for Tobacco, Inc.  
American Cancer Society, Mid-South  
Division (AL, AR, LA, KY, MS, TN)  
American Cancer Society, Virginia Council  
American Heart Association Ohio Valley  
Affiliate (KY, OH, WV)  
American Lung Association, KY  
Burley Stabilization Corporation  
Burley Tobacco Growers Cooperative, Inc.  
Center for Sustainable Systems  
Coalition for Health and Agricultural  
Development, KY  
Commodity Growers Cooperative Association  
Concerned Friends for Tobacco  
Flue Cured Tobacco Stabilization Corporation  
Georgia Public Health Association  
Greater New York Society for Public Health  
Education  
Halifax County Board of Supervisors  
Kentucky Academy of Family Physicians  
Kentucky ACTION (ACS, AHA, ALA, KMA...)  
Kentucky Health and Agriculture Forum  
Medical Society of Virginia  
Michigan Farmers Union  
National Capital Area Society for Public  
Health Education  
New England Society for Public Health  
Education  
New Jersey Society for Public Health  
Education  
North Carolina Society for Public Health  
Education  
Ohio Society for Public Health Education  
Sierra Club, Cumberland Chapter  
South Carolina Project ASSIST  
South Carolina Public Health Association  
Texas Society for Public Health Education  
Virginia Agricultural Growers Association  
Virginia Dark-Fired Growers Association  
Virginia Farm Bureau  
Virginia General Assembly  
Virginia Public Health Association  
Virginia Sun-cured Growers Association  
Virginia Tobacco Growers Association

## Appendix C

### Projected Impact of Various Federal Cigarette Tax Increases

Amount of Federal Cigarette Tax Increase (cents)	Decline in U.S. Cigarette Sales	Decline in Total Demand for U.S. Burley	Decline in Total Demand for U.S. Flue-Cured	Decline in Youth Smoking	Today's Youth Stopped From Smoking	Fewer Future Smoking-Caused Deaths	Long-Term Health Care Savings (billion dollars)
	← percent →				← number →		
0.10	-1.2	-0.6	-0.5	-2.0	334,200	170,920	6.4
0.15	-1.8	-0.9	-0.8	-3.0	501,400	256,412	9.6
0.17	-2.0	-1.0	-0.9	-3.4	568,200	290,570	10.9
0.20	-2.4	-1.2	-1.1	-4.0	668,500	341,872	12.8

Smoking reduction figures based on estimate that for every 10 percent increase in cigarette prices youth smoking rates decline by 6.75 percent and total cigarette sales decline by 4 percent. See, e.g., Chaloupka, F., "Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine and Tobacco Research* (1999) and other price studies at <http://tigger.uic.edu/~fjc>. Tauras, J., et al., "Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis," *Bridging the Gap Research, ImpacTeen* (April 2001) and other price studies at [www.uic.edu/orgs/impacteen](http://www.uic.edu/orgs/impacteen). Figures assume that tax increases are fully passed on in higher prices, and are adjusted for inflation over time. Estimate of nationwide average starting price per pack (\$3.36) based on cigarette pricing and tax data available from *The Tax Burden on Tobacco* (2000); USDA's Economic Research Service, Tobacco Briefing Room, [www.ers.usda.gov/Briefing/tobacco](http://www.ers.usda.gov/Briefing/tobacco).

Avoided premature deaths from reducing smoking among youths based on U.S. Centers for Disease Control and Prevention (CDC), "Projected Smoking-Related Deaths Among Youth — United States," *MMWR* 45(44): 971-974 (November 11, 1996). Potential cost savings based on finding that U.S. smokers' average lifetime healthcare costs total at least \$12,000 more than those of nonsmokers, despite the fact that the nonsmokers live longer. Hodgson, T.A., "Cigarette Smoking and Lifetime Medical Expenditures," *The Millbank Quarterly* 70(1) (1992) [medical costs have increased sharply since this study made its savings estimates]. See, also, Nusselder, W., et al., "Smoking and the Compression of Morbidity," *Epidemiology and Community Health* (2000). Lightwood, J., et al., "Short-Term Health and Economic Benefits of Smoking cessation: Low Birth Weight," *Pediatrics* 104(6): 1312-1320 (December 1999); Lightwood, J. & S. Glantz, "Short-Term Economic and Health Benefits of Smoking Cessation - Myocardial Infarction and Stroke," *Circulation* 96(4): 1089-1096 (August 19, 1997). The projected savings accrue over the lifetimes of those who quit smoking or are prevented from ever starting by the tax increase. About half of all of the savings are federal or state government expenditures. See, e.g., see Zhang, X., et al., "Cost of Smoking to the Medicare Program, 1993," *Health Care Financing Review* 20(4): 1-19 (Summer 1999); CDC, "Medical Care Expenditures Attributable to Smoking — United States, 1993," *MMWR* 43(26): 1-4 (July 8, 1994).

Reduced demand for U.S. burley and flue-cured based on portion of total demand for each that comes from U.S. cigarette consumption: roughly 51 percent and 45 percent, respectively (domestic disappearance portion of total disappearance, adjusted to account for exports of cigarettes made in U.S., with adjustment to account for exported American-made cigarettes probably containing less U.S. tobacco than those made and consumed in U.S.). USDA's Economic Research Service, Tobacco Briefing Room, [www.ers.usda.gov/Briefing/tobacco](http://www.ers.usda.gov/Briefing/tobacco).

## Appendix D

### Primary Sources of Information

- Brown, A.B. 1997. Implications of Elimination of the U.S. Flue-Cured Tobacco Program. Testimony before the U.S. Senate Committee on Agriculture, Nutrition, and Forestry. (Sept. 18, 1997) <http://www.senate.gov/~agriculture/bbrown.htm>
- Brown, A.B., W.M. Snell, and K.H. Tiller. 1999. The Changing Political Environment for Tobacco—Implications for Southern Tobacco Farmers, Rural Economies, Taxpayers, and Consumers. Paper presented at the Southern Agricultural Economics Association meeting, Memphis, Tennessee. (Feb. 2, 1999)
- Campaign for Tobacco-Free Kids. 2000. U.S. Cigarette Companies' Settlement-Related Price Hikes Excessive. Fact Sheet. [www.tobaccofreekids.org](http://www.tobaccofreekids.org)
- Gale, F., L. Foreman, and T. Capehart. 2000. Tobacco and the Economy—Farms, Jobs, and Communities. U.S. Department of Agriculture, Economic Research Service, AER-789. (Sept.)
- Grise, V.N. 1995. Tobacco: Background for 1995 Farm Legislation. Department of Agriculture, Economic Research Service, AER-709. (Apr.)
- Lindblom, E.N. 1999. False Friends: The U.S. Cigarette Companies' Betrayal of American Tobacco Farmers. National Center for Tobacco-Free Kids. (Dec.)
- Snell, W., and D. Green. 2000. Policy Issues Surrounding a Buyout of U.S. Tobacco Quotas. Working draft paper presented at the Tobacco Forum Hearing, Lexington, Kentucky. (Nov. 10, 2000)
- \_\_\_\_\_. 2001. Tobacco Contracting Issues and Update for 2001. University of Kentucky, College of Agriculture, Lexington, Kentucky. (<http://www.uky.edu/agriculture/tobaccoecon>)
- Womach, J. 2000. Tobacco-related Programs and Activities of the U.S. Department of Agriculture: Operations and Cost. Congressional Research Service, 97-417 ENR. (Updated Aug. 29, 2000)
- The Commission also examined several Surgeon General's reports, various issues of Tobacco Situation and Outlook (U.S. Department of Agriculture, Economic Research Service) and Tobacco Foreign Agriculture Circular (U.S. Department of Agriculture, Foreign Agricultural Service); and various documents prepared by the U.S. Department of Health and Human Services, U.S. Public Health Service, Centers for Disease Control and Prevention and National Center for Chronic Disease Prevention and Health (Office on Smoking and Health).
- For more information on tobacco farming and tobacco-farming trends, see U.S. Department of Agriculture, Economic Research Service, Tobacco Briefing Room ([www.econ.ag.gov/Briefing/tobacco](http://www.econ.ag.gov/Briefing/tobacco)); U.S. Department of Agriculture, Foreign Agricultural Service, Tobacco Pages ([www.fas.usda.gov/cots/tobacco.html](http://www.fas.usda.gov/cots/tobacco.html)); Campaign for Tobacco-Free Kids, Tobacco Farming Pages (<http://www.tobaccofreekids.org/reports/Falsefriends>); Burley Tobacco Growers Cooperative Association (<http://www.burleytobacco.com>); and Flue-Cured Tobacco Cooperative Stabilization Corporation (<http://www.ustobaccofarmer.com>).