

NLWJC - Kagan

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Tobacco-Settlement: Talking Points

[2]

Tobacco Q & A
April 22, 1998

Q. What is wrong with passing a “skinny” tobacco bill? Why do you need a comprehensive bill?

A. Every day, 3000 children and adolescents begin smoking, and 1,000 will die prematurely as a result. Experts agree that in order to dramatically reduce youth smoking we need to take a comprehensive approach that will attack the problem from a variety of angles.

- Price: All experts agree that the single most important step we can take to reduce youth smoking is to raise the price of a pack of cigarettes significantly. That is why the President has proposed raising the price of cigarettes by \$1.10 over five years -- an increase that both the Treasury Department and the Congressional Budget Office agree should cut youth smoking by about a third.
- Advertising: Studies show that industry advertising significantly contributes to youth smoking rates. The Treasury Department has estimated that the advertising and marketing restrictions in the McCain bill should cut youth smoking by about 15 percent. This is a conservative estimate: an American Medical Association study recently found that a full 34% of teen smoking is attributable to promotional activities.
- FDA Jurisdiction: Reaffirming the FDA authority over tobacco products is necessary to help stop young people from smoking before they start. Currently, nearly 90 percent of people begin smoking before age 18, despite the laws that make it illegal to sell cigarettes to minors. FDA Authority will ensure that young people do not have access to these products.
- Penalties: Strong lookback penalties will act as an insurance policy to ensure that the tobacco industry takes meaningful steps to reduce youth smoking. If the bill's provisions on price, advertising, and FDA jurisdiction do not bring youth smoking down as much as expected, penalties will kick in to ensure that the industry has every incentive to take further action to reduce youth smoking.

All of these measures support and reinforce each other; all are necessary to ensure that legislation dramatically reduces youth smoking.

4:00 p.m. DRAFT

**Tobacco Q&A
April 10, 1998**

I. IS THE TOBACCO DEAL DEAD?

Q: Isn't the tobacco deal dead now that the industry has walked away?

A: Actually, we are now closer than ever to getting comprehensive tobacco legislation which will dramatically reduce youth smoking. We are gaining powerful momentum across the nation and in Congress, evidenced by the 19-1 vote in favor of Senator McCain's bill in the Senate Commerce Committee. Ultimately, protecting the public health and reducing youth smoking is our bottom line. While we would prefer that the tobacco companies willingly participate in these discussions, we will forge ahead with our efforts to reduce youth smoking with or without them.

Q: So you don't believe RJR Nabisco CEO Steven Goldstone when he says he's through negotiating with Congress?

A: It is no surprise that the tobacco industry would protest the legislation moving through the Congress -- it is in their interest to object to the bill now to prevent it from getting even tougher. In the end, the companies will have a strong incentive to participate, and we're convinced that they'll recognize this.

We would prefer that the companies join, rather than fight, our efforts to reduce smoking. But make no mistake: The President will continue to work to reduce youth smoking no matter what the companies do. He has worked on this effort for two years; members of Congress from both parties are now joining him; and we will get strong legislation on youth smoking whether or not the companies join us.

Q: But don't you need industry cooperation to enact tobacco legislation?

A: We would like the tobacco industry to willingly join us in this effort to reduce youth smoking. And we still believe that the tobacco industry will have every incentive to agree to legislation in the end, so that they can end this chapter in their history. But if they refuse to join us, we will still make progress. We will continue our efforts to pass comprehensive legislation to dramatically reduce youth smoking.

Q: What's wrong with the June 20th settlement that the industry favors? Didn't the President and Secretary Shalala praise it?

A: As the President made clear on September 17th, any legislation must meet five principles in order to gain his support. It must:

- ▶ Raise the price of cigarettes by up to \$1.50 a pack over the next ten years and impose tough penalties on companies that continue to sell to kids;
- ▶ Expressly confirm the FDA authority to regulate tobacco products;
- ▶ Get tobacco companies out of the business of marketing to children;
- ▶ Further public health research and goals;
- ▶ Protect tobacco farmers and their communities.

The proposed settlement between the industry and the state attorneys general did not raise the price of cigarettes enough to reduce youth smoking, it weakened FDA's authority to regulate tobacco, and it did nothing to protect tobacco farmers and their communities.

Background: Comparison of Tobacco Proposals

	Attorneys General	McCain	President
Substantial Price Increase	No	Yes	Yes
Strong Industry and Company Penalties	No	No	Yes
Full FDA Authority	No	Yes	Yes
Strong Advertising and Access Provisions	Yes	Yes	Yes
Comprehensive Plan to Use Tobacco Revenue to Protect Public Health and Assist Children	Yes	No*	Yes
Strong Environmental Tobacco Smoke Provision	Yes	No	Yes
Protections of Tobacco Farmers	No	Yes	Yes

* Does not attempt to address most spending issues.

Q: Will the President continue to push for the McCain bill?

A: As the President said during his trip to Kentucky on Thursday, he believes we have an historic opportunity to pass bipartisan legislation this year which both contains the elements necessary to reduce teen smoking in America and provides adequate protection for tobacco communities. And he's going to do everything he can to put politics aside and pass legislation that will achieve that objective.

The President believes that the McCain bill represents a dramatic step forward. It would raise the price of cigarettes, give the FDA full authority to regulate tobacco products, ban advertising aimed at children, and protect tobacco farmers.

But he also believes we still have some work to do on this legislation. Above all, we need to put in place tough penalties that will cost the tobacco industry if it continues to sell cigarettes to young people. We're not trying to put the tobacco companies out of business; we want to put them out of the business of selling cigarettes to kids. We are gaining powerful momentum across the nation and in Congress, evidenced by the 19-1 vote in favor of Senator McCain's bill in the Senate Commerce Committee.

II. DON'T DEMOCRATS JUST WANT TO TAX AND SPEND?

Taxes

Q: Isn't this tobacco legislation just a way to raise taxes?

A: No. As the President said on Thursday in Kentucky, he's not just trying to raise a bunch of money to raise money, or to raise the price of cigarettes. The goal is to make America's children healthier. Experts agree: raising the price of cigarettes is one of the best ways to reduce youth smoking. The Treasury Department has found that \$1.10 price increase will, by itself, reduce youth smoking by 32 percent -- and, adding advertising and marketing restrictions, the bill will reduce youth smoking by 42 percent overall.

Q: But don't some experts say a price increase will have no effect on young people's behavior?

A: A new analysis by the Congressional Budget Office shows that this independent agency agrees with us: a substantial price increase will significantly reduce youth smoking. CBO reviewed the economic literature and found that the effects of \$1.10 increase in price will be very similar to Treasury's estimates.

Q: But there are some studies that disagree?

A: Some have cited a University of Maryland study as contrary evidence, but that study actually confirms our view, and the author of that study has sent a letter to Congress saying his study had been misquoted.

Q: Also, didn't youth smoking rise in other countries when prices increased?

A: Our economists tell me that the clear consensus of the U.S. literature, as confirmed by CBO, is that youths are very responsive to price in their decisions to smoke. Data from other countries are, in their view, don't tell us much about U.S. youth.

Q: But by raising the price of cigarettes, aren't you just taxing adults and disproportionately hurting low income families?

A. It is typical of the tobacco industry -- which for years has made billions of dollars on the backs of those very families -- to suggest that efforts to help people to quit smoking is regressive. The unfortunate reality is that smoking is a regressive habit and takes a regressive toll, in part because the industry has spent billions of dollars marketing to low-income and minority communities. Ultimately, we need to make sure that we help all people who want to quit to do so successfully.

Spending

Q: Isn't your real objective here to raise money so you can spend it?

A: No. As the President said on Thursday in Kentucky, he's not just trying to raise a bunch of money to raise money, or to raise the price of cigarettes. The goal is to make America's children healthier. Experts agree: raising the price of cigarettes is one of the best ways to reduce youth smoking.

Q: But didn't the President propose to use tobacco funds to fund new programs?

A: As the President has said many times, his goal is to dramatically reduce youth smoking. He believes the annual payments made by the industry -- which will reduce youth smoking by raising the price of cigarettes -- should be used to promote public health and assist children. His budget provides for funds for anti-smoking programs that will help us meet the goals of reducing youth smoking rates and for a dramatic expansion of health-related research to help us cure smoking-related disease.

Finally, in recognition of the states' role in bringing suit against tobacco companies, the President's budget provides for a substantial amount of money to revert to the states. Some of this money can be used for any purpose. Other funds should be used on state-administered programs to assist children (specifically, for child care, Medicaid child outreach, and class size reduction).

Q: How much money is there for states in the President's budget?

A: The states will receive as much money over five years as they would have received under the original settlement. A large part of this money will be unrestricted; states can use it for whatever purposes they choose. The rest of the money will go to states for state-administered programs to provide child care subsidies and reduce class size. This money represents the usual federal share of Medicaid recoveries, which we believe should go back to the states in recognition of the important role the states played in bringing about this legislation.

III. WON'T THIS LEGISLATION DRIVE COMPANIES INTO BANKRUPTCY AND CREATE A HUGE ILLEGAL BLACK MARKET?

Bankruptcy

Q: Won't this legislation drive tobacco companies into bankruptcy?

A: No. We're not trying to put the tobacco companies out of business; we simply want to put them out of the business of selling cigarettes to kids. We do not believe the McCain bill will drive companies into bankruptcy.

First, the legislation is designed to help companies pass through the cost of their annual payments to consumers in the form of price increases so that they will not bear these costs in the form of lower profits. Second, the industry has significant cash flow and net assets to absorb reduced sales volume. The operating earnings of RJR, Philip Morris, and Loews last year were \$18 billion. RJR's tobacco business had combined domestic and international operating profits of \$2.3 billion (\$1.5 billion domestic and \$800 million international) and it has over \$4 billion more in net assets from its Nabisco stock holdings (net of its debt obligations).

There's just no reason to think that this legislation would increase the companies' exposure to a financial loss of the kind that would send them into bankruptcy. Stopping companies from selling cigarettes to kids will not put them out of business.

Q: Do you think the companies are crying wolf?

A: It's impossible to tell if they're posturing or whether they mean it, but it's clearly in the tobacco industry's interest to dramatically overstating the risk of bankruptcy in an effort to hold down the price of legislation.

Black Market/Smuggling

Q: Do you believe smuggling will not be a problem with this type of price increase?

A: We believe that with an effective licensing and enforcement system in place, we can minimize the impact of smuggling at this price level.

Q: How do you propose to combat smuggling of tobacco products?

A: We would propose to regulate tobacco products in a manner similar to the way the we have regulated alcohol for over sixty years. In essence, the proposed system would create a "closed" distribution system for tobacco products, i.e., a system in which each level of distribution from manufacturer to retailer is subject to oversight.

Q: I understand there was an enormous smuggling problem in Canada when they raised their excise tax. Won't a similar problem arise with the McCain bill?

A: In the early 1990s, Canada did have a problem with cigarettes being legally exported to the U.S. and illegally smuggled back into Canada. There are five reasons why we believe that example does not apply to the U.S.:

- First and foremost, Canada did not have in place the type of effective licensing, registration, and enforcement system advocated by the Administration to crack down on smuggling.
- Second, Canada had smuggling problem in the early 1990s when its unemployment rate was at 11 percent. Before and since then, there was no significant smuggling between Canada and the U.S. despite the differences in cigarette prices.
- Third, 80 percent of the Canadian population lives within a two hour drive of the U.S. border. The U.S. population is more dispersed.
- Fourth, in the early 1990s, Canada's tax burden on tobacco was much higher than the levels we're now contemplating, making smuggling more profitable.
- Fifth, the current legislation envisions annual payments made by a few manufacturers, whose cost will be passed along to consumers, rather than an increase in the per pack excise tax. This makes enforcement much easier.

IV. AREN'T DEMOCRATS JUST PRO-LAWYER AND PRO-DRUGS?

Q: On Thursday, the Republican National Committee Chairman Jim Nicholson released a statement asking the President how much of the money from the settlement should be taken away from children's health and given to trial lawyers, and whether the President would agree to a \$150 per hour cap for these lawyers. What is the President's position?

A: The President's overriding priority is ensuring that tobacco legislation promotes the public health -- that's why his budget provides for funds for anti-smoking programs that will help us meet the goals of reducing youth smoking rates and for a dramatic expansion of health-related research to help us cure smoking-related disease. He does not view the issue of legal fees as central to this effort, and he has not made a specific proposal on how legislation should handle legal fees. In general, he believes that the lawyers who brought the tobacco suits should be fairly compensated, but that they should not be paid out of proportion to the work they actually did and the risks they actually undertook.

Q: Mr. Nicholson also asked whether, in saying in State of the Union address that cigarette smoking is "the gravest health threat" facing American teenagers, did the President mean to say that cigarettes pose a greater health threat than drugs or alcohol?

A: Absolutely not. Not only do cigarettes, alcohol and illegal drugs all pose serious threats to our youth -- they pose a common threat. Studies have shown that kids who make it to their 21st birthday without having smoked a cigarette, taken a drink or turned to drugs are almost certain to avoid chemical dependency throughout their lives. That is why our goal must be to keep teenagers from having that first drink, trying a cigarette or experimenting with illegal drugs before their old enough to know better and to realize the consequences of their decisions.

President Clinton has done much to get the message to teenagers on all of these fronts. In addition to pushing for tobacco legislation to cut teenage smoking, the primary goal of his national drug strategy is to cut teenage drug use in half. He has also pushed states to adopt zero tolerance policies for underage drinking and launched the first-ever paid media campaign to make sure that every time teenager turns on the TV, listens to the radio or surfs the 'net, they will learn about the dangers of drugs.

V. OTHER IMPORTANT ISSUES

Farmers

Q: Wasn't the President's trip to Kentucky this week just an attempt to pander to farmers?

A: No. The President made clear to the people of Kentucky and other tobacco-producing states that he's serious about cutting teen smoking, but he thinks that that can be done in a way that protects farming communities.

Q. What is the President's position on programs for tobacco farmers?

A: The President made protecting farmers and their communities one of the five key principles that must be included in any comprehensive tobacco legislation. Senator Ford's bill, which maintains a production control system while compensating farmers for decrease consumption of tobacco products and was included in the McCain legislation, is a strong proposal to protect tobacco farmers, and the President believes it is a significant step forward. The President is encouraged that the interests of both flue-cured and burley farmers are included in the proposal, and hopes that all farmers will continue working together to ensure that legislation is passed this year.

Q. Aren't the goals of reducing youth smoking and protecting tobacco farmers contradictory?

A: No. The President does not want the tobacco companies to go out of business, only out of the business of selling to children. The tobacco farmers have played by the rules, and should be protected in any legislation that passes. The President believes that we can reduce youth smoking and protect rural communities if we all work together to urge Congress to pass bipartisan comprehensive tobacco legislation this year.

Cigars

Q. I understand that the National Cancer Institute has a new report on health effects of cigars. Does the Administration support regulating cigars? I understand the President likes to enjoy a cigar now and then.

A. The language that we and Senator Frist successfully fought for in the McCain bill provides the FDA with the authority to regulate cigars, and the NCI report on the health effects of cigar smoking reaffirms the need for this flexible authority. But before the FDA could actually regulate cigars, it would need to have scientific evidence that cigars are addictive, and that regulating cigars is necessary to protect the public health. The report released Friday did not address the issue of whether cigars are addictive, but did underscore that they can cause cancer.

International Provisions

- Q. There appears to be a growing controversy over the international provisions of the McCain bill. What is the Administration's position on this?**
- A.** Comprehensive tobacco legislation needs significant funding to discourage youth smoking abroad through multilateral efforts designed to promote education and public health. This funding will enable us to provide technical assistance to other countries, and will support diplomatic, media and grass roots efforts designed to reduce youth smoking. As we move forward in this area, we need to ensure that our international tobacco control policies do not interfere with our diplomatic and trade priorities in other areas, or result in policies which are unenforceable abroad.
- Q. But don't we have a successful example of exporting US laws overseas -- namely, the Foreign Corrupt Practices Act (designed to prevent bribery of foreign officials)?**
- A.** Actually, the Foreign Corrupt Practices Act less than successful for many years precisely because it was a unilateral effort. It was only once we joined with other countries through treaties and encouraged other nations to adopt similar laws that it became effective. This is why we need to work through the World Health Organization and other entities to encourage other nations to adopt laws similar to ours designed to reduce advertising youth access to tobacco.

Liability

- Q: Will the Administration accept the liability protections for the tobacco industry contained in Senator McCain's legislation?**
- A:** As we have said on many occasions, we would prefer comprehensive tobacco legislation without liability limits, but in the context of legislation that meets all of the President's principles and dramatically reduces youth smoking, reasonable limits on liability will not be a dealbreaker. Right now, we're going to focus on the aspects of the McCain legislation that we think fall short of what the President has demanded: particularly, on the penalties in the bill to reduce youth smoking. Until we get those right, we won't address liability protections.

Tob - ser - talking
points

**THE CLINTON-GORE ADMINISTRATION:
ENSURING THE HEALTH AND SAFETY OF AMERICAN FAMILIES**

March 30, 1998

The Administration is committed to ensuring the health and safety of American families. Today, Chief of Staff Erskine Bowles reaffirmed President Clinton's commitment to protecting our children from the threat of tobacco and emphasized the Administration's commitment to working with the bipartisan leadership in Congress to achieve this goal. Later in the day, Secretary Shalala and Deputy Attorney General Holder joined Representatives Lowey and Canady to emphasize the importance of the pending House legislation setting a nationwide limit for impaired driving at .08 blood alcohol content (BAC).

A Strong Foundation For Future Tobacco Reform. The McCain bill is a strong foundation for furthering efforts to reduce youth tobacco use, but there is still room for significant improvement. The bill will make significant inroads on youth smoking by increasing the price of a pack of cigarettes substantially --by \$1.10 within five years. It also gives the FDA the full authority it needs to regulate tobacco products, including youth access and advertising. But we must continue to work with Senator McCain and others to strengthen this bill by imposing stronger penalties on companies that continue to sell cigarettes to our children and ensuring that tobacco revenues are used to promote public health and assist children.

A Strategic Plan For Reducing Youth Tobacco Use. President Clinton's plan for comprehensive tobacco legislation includes five key principles:

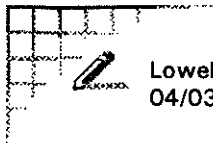
- A comprehensive plan to reduce youth smoking by raising the price of packs of cigarettes by up to \$1.50 over ten years through a combination of annual payments and tough penalties on the tobacco industry;
- Full authority for the Food and Drug Administration to regulate tobacco products;
- Changes in the way the tobacco industry does business, including ending marketing and promotion to kids;
- Progress toward other public health goals, including biomedical and cancer research, a reduction of second hand smoke, promotion of smoking cessation programs, and other urgent priorities; and
- Protection for tobacco farmers and their communities.

The .08 BAC Standard Saves Lives. President Clinton is pushing for tough new legislation to set the BAC level at .08 for drunk driving. In 1996, of the 41,907

motor vehicle deaths, 41% -- or 17,126 -- were alcohol-related. Nearly 3,000 of these fatalities were young people under age 21. Over 80% of drivers involved in fatal crashes with positive BACs had levels exceeding .08 BAC. Moreover, alcohol-related crashes cost society \$45 billion every year, not counting the pain and suffering endured by its victims. When all states lower their BAC limits to .08 BAC, alcohol-related deaths are expected to decrease by 600 each year.

Saving Lives Should Not Be A Partisan Issue. Indeed, the bipartisan work of Congresswoman Lowey and Congressman Canady and Senators Lautenberg and DeWine on the .08 legislation proves that when leaders from both parties come together, we can set aside political differences to save lives and serve America. President Clinton hopes that the majority of the House will join the large bipartisan majority in the Senate, and pass legislation that will make our streets safe, our drivers sober, and our laws more sensible.

Tobacco - talking points



Lowell A. Weiss
04/03/98 09:55:00 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP

cc:

Subject: radio address

Draft 4/3/98 9:30am

**PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON TOBACCO LEGISLATION**

April 3, 1998

Good morning. The First Lady and I have just returned, exhausted but exhilarated, from our trip to Africa. I know that many of you traveled along with us day-by-day via the Internet and television, but I wish every American could have seen, up-close, the renewed hope and restored pride that is evident in the six countries we visited. We saw parents building futures where their children will be free from want, free from injustice, free from disease, and free to go as far as their God-given talents will allow.

This morning, I want to report on the progress we are making in our own country to free children from two of the greatest health and safety threats they face: the cruel and deadly lure of smoking and the lethal combination of drinking and driving.

Three years ago, appalled by how many children were becoming addicted to cigarettes each year, the Vice President and I committed this Administration to stopping the sale and marketing of cigarettes to children. Today, thanks to these efforts and the persistence of state Attorneys General, the public health community, and leaders in Congress, we have the best opportunity ever to pass comprehensive anti-smoking legislation that will save millions of our children from a premature, painful, and very preventable death.

This week, in an historic and resounding 19-to-1 vote, a key Senate committee gave its stamp of approval to comprehensive legislation sponsored by Senator John McCain, a Republican, and Senator Fritz Hollings, a Democrat, that would cut youth smoking by half over the next decade. This bill represents a dramatic step forward. It would raise the price of cigarettes, give the FDA full authority to regulate tobacco products, ban advertising aimed at children, and protect tobacco farmers.

We still have work to do on this legislation. Above all, we need to put in place tough penalties that will cost the tobacco industry if it continues to sell cigarettes to young people. This week, the Centers for Disease Control released a disturbing report that found that more than a third of teenagers in the U.S. now smoke. It is time to hold tobacco companies

accountable: Reducing youth smoking must be everybody's bottom line.

Let's remember: This is not about politics, or money, or seeking revenge against the tobacco industry. We're not trying to put tobacco companies out of business. We want to put them out of the business of selling cigarettes to kids. This week's progress in the Senate shows we have real momentum in both parties to do just that.

Unfortunately, this week Congress took a step backward on efforts to cut down on drunk driving, a horror that has shaken nearly every American community. Republican leaders in the House blocked a full vote on an important measure to encourage states to adopt a stricter definition of drunk driving. I urge the House leadership to reconsider its action. A stricter definition of drunk driving will not prevent adults from drinking responsibly, but it will save thousands of lives.

There are fewer than 75 days remaining on Congress's legislative calendar. But as we saw this week in the Senate, when we set aside partisan differences and keep our eyes on the prize of dramatically improving our children's health, we can make remarkable progress in record time. There are still many issues to be worked out and many long nights ahead, but we have within our grasp one of the most important public health victories our nation has ever achieved. Thanks for listening.

###

McCain Tobacco Bill Leaves Room for Improvement

Enacting comprehensive tobacco legislation to reduce youth smoking dramatically is our most urgent public health priority, and Senator McCain's leadership increases our chances of enacting strong legislation this year. His bill provides a solid foundation for further action, but leaves room for improvement. In particular, comprehensive tobacco legislation should include:

Strong Penalties for Missing Youth Smoking Targets -- Reducing Smoking is Our Bottom Line; We Must Make it the Industry's Bottom Line

- The \$3.5 billion cap on penalties significantly reduces the incentive for the tobacco industry to reduce youth smoking. Under the current plan, the tobacco industry would pay the same penalty for missing the youth smoking targets by 40% as it would for missing the targets by 20%. The cap should be eliminated or raised to a higher level, so that the tobacco industry has the strongest incentive to do everything in its power to stop hooking kids.
- Individual companies need to be held accountable for reducing youth smoking as well. In addition to strong industry-wide penalties, a separate company-by-company penalty scheme will help take the profit out of addicting teenagers.

National Environmental Tobacco Smoke Standards

- Progress toward other public health goals should include limiting exposure to environmental tobacco smoke in work sites and public places.
- We have serious concerns about this bill's provision which would allow individual States to "opt out" of the national smoke-free environment policy. This provision creates a patchwork system in which states could decide to adopt weaker laws or decide against taking any action at all, leaving people with little or no protection from the hazards of environmental tobacco smoke.

No Antitrust Exemption

- There is no need to exempt the tobacco industry from antitrust rules in order to reduce youth smoking. We strongly oppose any exemptions that would allow price fixing agreements.

Public Health Spending

It is critical that any tobacco legislation include core public health investments, including funding for:

- National, state, community and school-based prevention and education efforts;
- Counter-advertising;
- Youth smoking data collection; and
- Research through the National Institutes of Health, the National Science Foundation, the Centers for Disease Control, and the Agency for Health Care Policy and Research.

Assistance for Children

In addition to funding public health efforts, tobacco revenues should be targeted at efforts to assist children, including the President's proposals to:

- Double the number of working families who receive child care assistance;
- Reduce class size by hiring 100,000 additional teachers; and
- Fund Medicaid outreach efforts to ensure all children eligible for Medicaid health care coverage receive it.

The President's Five Principles

President Clinton has said he will only support tobacco legislation that:

- Raises the price of cigarettes by up to \$1.10 a pack over 5 years and \$1.50 a pack over the next ten years, and imposes tough penalties on companies that continue to sell to kids;
- Affirms the FDA's full authority to regulate tobacco products;
- Gets companies out of the business of marketing and selling tobacco to minors;
- Promotes public health research and public health goals; and
- Protects our tobacco farmers and their communities.

If we act now, we can reduce the number of youths smoking by 3 million between now and 2003 -- and help us avoid approximately 1 million premature deaths.

**THE CLINTON-GORE ADMINISTRATION:
ENSURING THE HEALTH AND SAFETY OF AMERICAN FAMILIES**

March 30, 1998

The Administration is committed to ensuring the health and safety of American families. Today, Chief of Staff Erskine Bowles reaffirmed President Clinton's commitment to protecting our children from the threat of tobacco and emphasized the Administration's commitment to working with the bipartisan leadership in Congress to achieve this goal. Later in the day, Secretary Shalala and Deputy Attorney General Holder joined Representatives Lowey and Canady to emphasize the importance of the pending House legislation setting a nationwide limit for impaired driving at .08 blood alcohol content (BAC).

A STRONG FOUNDATION FOR FUTURE TOBACCO REFORM. The McCain bill is a strong foundation for furthering efforts to reduce youth tobacco use, but there is still room for significant improvement. The bill will make significant inroads on youth smoking by increasing the price of a pack of cigarettes substantially --by \$1.10 within five years. It also gives the FDA the full authority it needs to regulate tobacco products, including youth access and advertising. But we must continue to work with Senator McCain and others to strengthen this bill by imposing stronger penalties on companies that continue to sell cigarettes to our children and ensuring that tobacco revenues are used to promote public health and assist children.

A STRATEGIC PLAN FOR REDUCING YOUTH TOBACCO USE. President Clinton's plan for comprehensive tobacco legislation includes five key principles:

- A comprehensive plan to reduce youth smoking by raising the price of packs of cigarettes by up to \$1.50 over ten years through a combination of annual payments and tough penalties on the tobacco industry;
- Full authority for the Food and Drug Administration to regulate tobacco products;
- Changes in the way the tobacco industry does business, including ending marketing and promotion to kids;
- Progress toward other public health goals, including biomedical and cancer research, a reduction of second hand smoke, promotion of smoking cessation programs, and other urgent priorities; and
- Protection for tobacco farmers and their communities.

THE .08 BAC STANDARD SAVES LIVES. President Clinton is pushing for tough new legislation to set the BAC level at .08 for drunk driving. In 1996, of the 41,907 motor vehicle deaths, 41% -- or 17,126 -- were alcohol-related. Nearly 3,000 of these fatalities were young people under age 21. Over 80% of drivers involved in fatal crashes with positive BACs had levels exceeding .08 BAC. Moreover, alcohol-related crashes cost society \$45 billion every year, not counting the pain and suffering endured by its victims. When all states lower their BAC limits to .08 BAC, alcohol-related deaths are expected to decrease by 600 each year.

SAVING LIVES SHOULD NOT BE A PARTISAN ISSUE. Indeed, the bipartisan work of Congresswoman Lowey and Congressman Canady and Senators Lautenberg and DeWine on the .08 legislation proves that when leaders from both parties come together, we can set aside political differences to save lives and serve America. President Clinton hopes that the majority of the House will join the large bipartisan majority in the Senate, and pass legislation that will make our streets safe, our drivers sober, and our laws more sensible.

MEMORANDUM

March 30, 1998

TO: Bruce, Gene, Elena

FR: Chris J.

RE: *New York Times* Story on Health Coverage Expansions

Attached is a quick Q&A on today's *New York Times* article on using tobacco revenue to give tax incentives to expand health care coverage. When Robert Pear called me last week about tax approaches to coverage expansion, I did not know, nor do I think he knew, that Archer was going to combine this idea with tobacco. As such, I was completely caught off guard by today's article.

Please review and edit this Q&A, so we can send something to Mike's shop later this morning. Thanks.

Q: What is your response to today's *New York Times* story which reports that House Republicans would like to spend any tobacco revenues for tax credits to encourage small businesses to provide health insurance?

A: We welcome support for the President's goal of national, bipartisan tobacco legislation and the proposals being considered by House Republicans suggest that they too support this goal. There is no doubt that the Congress, the states and many others will have a spirited debate over how exactly to use any revenue associated with tobacco legislation. Many ideas as to how best spend this revenue will no doubt emerge and we look forward to that discussion.

The President's budget proposal would also use tobacco revenues to improve health care -- including a historic 50 percent increase in biomedical research, outreach proposals to help more uninsured children sign up for health care coverage, and proposals to allow Medicare beneficiaries enroll in certain high quality cancer clinical trials.

The President has long advocated increasing the tax deductibility and improving the affordability of health care coverage for the self-employed. From the moment he came into office, President Clinton has supported raising the tax deductibility for the self-employed to 100 percent. He signed into law proposals in the 1996 Kennedy-Kassebaum legislation and the 1997 balanced budget agreement that phased in tax deductions for the self-employed from 25 percent to 100 percent.

While we commend the House Republicans' efforts, we need to carefully evaluate their proposals in the context of other health care proposals to determine their workability and cost. We look forward to working with Republicans in expanding affordable, quality health care.

But first things first. We need to enact tobacco legislation this year that will help stop our nation's children from taking up smoking in the first place. Then we can have a thorough debate about the best way to invest tobacco revenues.

KICK BUTTS DAY 1998 TALKING POINTS
-3/30 DRAFT-(may be updated with legislative message update)

The following quotations are taken from internal industry documents released by the tobacco companies under protest:

“It’s a well known fact that teen-agers like sweet products. Honey might be considered.”

-Brown & Williamson internal documents, 1972

“Today’s teen-ager is tomorrow’s potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens.”

-Phillip Morris internal documents, 1975-1988

“To ensure increased and longer-term growth for Camel filter. The brand must increase its share penetration among the 14 to 24 age group, which represent tomorrow’s cigarette business”

-RJR Reynolds internal documents, 1975

“The success of Newport has been fantastic during the past few years. The base of our business is the high school student.”

-Lorillard Tobacco Company internal documents

“Comic strip type copy might get a much higher readership among younger people than any other type of copy.”

-RJR Reynolds (creator of Joe Camel) internal documents, 1973

The cigarette companies want you. They want you to start smoking early, as early as 12 and 13 years old, and keep smoking until you die.

- 90% of smokers became addicted before they were 18 years old; before they were even old enough to buy cigarettes. The tobacco companies have known who they were selling to for decades—young people like yourselves.
- Everyday 3,000 young people will become regular smokers. 1,000 of them will die early because of their new habit.
- Smoking kills more people every day than AIDS, alcohol, auto accidents, murders, suicides, drugs, and fires combined—400,000 people annually
- Where do you see tobacco ads? In Sports Illustrated and Rolling Stone Magazine. At (local professional teams) games. On billboards on the side of the road as you are coming to school. Everywhere.
- You are here today because you understand that cigarettes kill. You see what tobacco companies are trying to sell you. You have been smart enough to stand up and say that you will not let cigarettes control you and you will not let cigarettes kill you.
- But how many of you have friends that smoke? A lot. That is why the President is fighting to decrease smoking in young people. To make sure that you and your friends have the same opportunity to live a long and healthy life.

- If we act now, we can cut teen smoking by almost half in the next five years alone. The means we can stop almost 3 million young people from beginning. That means we can prevent almost 1 million early deaths.
- The President wants to sign a law that reduces teen smoking based on five principles:

Raise the price on a pack of cigarettes as much as \$1.50.

Raising the price of cigarettes will put tobacco out of reach for most young people. Studies show that a 10% increase in the price of cigarettes results in a 7% reduction in the number of kids who start smoking.

Money collected from tobacco company payments should be used to help our children and improve the public health. Both have been hurt by the tobacco industry for decades. The money should not be locked away—too many lives are at stake.

Reaffirm the government (through the FDA) to regulate tobacco products.

Tobacco company documents confirm what independent scientists already know: nicotine, the active ingredient in cigarettes, is addictive. The Food and Drug Administration must have full regulation authority to prevent cigarette makers from manipulating nicotine levels to addict more kids.

Stop marketing and promotion to children.

The most heavily advertised brands of cigarettes—Camel, Marlboro, and Newport—are also the most frequently chosen by underage smokers. Advertising legitimizes smoking as a social activity (i.e. makes smoking look cool) in the eyes of kids who are tempted to smoke.

Advance public health by funding more medical research, reducing second hand smoke, and promoting smoking cessation programs.

Smoking has crippled the public health of America's children for decades. The result has been higher rates of cancer, emphysema, and other illnesses. Still, 70% of smokers want to quit, but fewer than 3% successfully do so each year. We need to help smokers who want to quit and save those who have gotten sick from smoking.

Protecting tobacco farmers and their communities.

Most tobacco farmers live and work on small family farms; in many cases, their families have been growing tobacco for generations. We will not abandon these families and their communities—communities like yours, except their main industry is tobacco farming. They will not be punished for the actions of the cigarette producers.

The President is calling for comprehensive, bipartisan tobacco legislation now. A piece meal approach will not meet our overriding goal of dramatically reducing teen smoking. All five of these principles must be addressed, otherwise the tobacco companies will win the fight for our children and an historic opportunity will have been lost.

Bob - ser - talking points

McCain Tobacco Bill Leaves Room for Improvement

Enacting comprehensive tobacco legislation to reduce youth smoking dramatically is our most urgent public health priority, and Senator McCain's leadership increases our chances of enacting strong legislation this year. His bill provides a solid foundation for further action, but leaves room for improvement. In particular, comprehensive tobacco legislation should include:

Strong Penalties for Missing Youth Smoking Targets -- Reducing Smoking is Our Bottom Line; We Must Make it the Industry's Bottom Line

- The \$3.5 billion cap on penalties significantly reduces the incentive for the tobacco industry to reduce youth smoking. Under the current plan, the tobacco industry would pay the same penalty for missing the youth smoking targets by 40% as it would for missing the targets by 20%. The cap should be eliminated or raised to a higher level, so that the tobacco industry has the strongest incentive to do everything in its power to stop hooking kids.
- Individual companies need to be held accountable for reducing youth smoking as well. In addition to strong industry-wide penalties, a separate company-by-company penalty scheme will help take the profit out of addicting teenagers.

National Environmental Tobacco Smoke Standards

- Progress toward other public health goals should include limiting exposure to environmental tobacco smoke in work sites and public places.
- We have serious concerns about this bill's provision which would allow individual States to "opt out" of the national smoke-free environment policy. This provision creates a patchwork system in which states could decide to adopt weaker laws or decide against taking any action at all, leaving people with little or no protection from the hazards of environmental tobacco smoke.

No Antitrust Exemption

- There is no need to exempt the tobacco industry from antitrust rules in order to reduce youth smoking. We strongly oppose any exemptions that would allow price fixing agreements.

Public Health Spending

It is critical that any tobacco legislation include core public health investments, including funding for:

- National, state, community and school-based prevention and education efforts;
- Counter-advertising;
- Youth smoking data collection; and
- Research through the National Institutes of Health, the National Science Foundation, the Centers for Disease Control, and the Agency for Health Care Policy and Research.

Assistance for Children

In addition to funding public health efforts, tobacco revenues should be targeted at efforts to assist children, including the President's proposals to:

- Double the number of working families who receive child care assistance;
- Reduce class size by hiring 100,000 additional teachers; and
- Fund Medicaid outreach efforts to ensure all children eligible for Medicaid health care coverage receive it.

The President's Five Principles

President Clinton has said he will only support tobacco legislation that:

- Raises the price of cigarettes by up to \$1.10 a pack over 5 years and \$1.50 a pack over the next ten years, and imposes tough penalties on companies that continue to sell to kids;
- Affirms the FDA's full authority to regulate tobacco products;
- Gets companies out of the business of marketing and selling tobacco to minors;
- Promotes public health research and public health goals; and
- Protects our tobacco farmers and their communities.

If we act now, we can reduce the number of youths smoking by 3 million between now and 2003 -- and help us avoid approximately 1 million premature deaths.

Tobacco - set - talking points

**DRAFT 3/25 noon
Q&A
March 25, 1998**

Martin Feldman testified before the Commerce Committee yesterday that the President's proposal would cost \$644 billion over 25 years. What is your response to this?

The President's budget includes \$65 billion in spending over five years from tobacco legislation. We have not done, and never do, budget projections beyond five years. We propose industry payments at a level that would result in a \$1.10 per pack price increase in order to cut youth smoking nearly in half and prevent a million deaths over the next five years. This means that over the next five years, 3 million fewer underage teens would be kept from smoking. The \$1.10 figure is based on its projected impact on youth smoking, not on its ability to generate revenue.

What are the new figures that Larry Summers is releasing today?

Larry Summers is releasing a new Treasury Department analysis that shows that smoking costs this nation's economy \$130 billion a year in terms of lost productivity and higher medical costs. By reducing youth smoking by 60 percent, as proposed by the President, we would save an estimated \$78 billion in costs.

Tob - er - talking points
and
Tob - er - Erskine speech

ERSKINE B. BOWLES
REMARKS PREPARED FOR DELIVERY TO THE
CENTER FOR NATIONAL POLICY
"The Future of Tobacco in U.S. Policy"
March 30, 1998

I am here today, not only as the Chief of Staff of this Administration, but as a businessman, as a North Carolinian, and as a parent, to talk to you about the President's plan to protect our children from tobacco.

Consider these facts:

- Smoking kills 430,000 people every year -- it kills more people than AIDS, alcohol, car accidents, murders, suicides, drugs and fires combined. Smoking is still by far the largest preventable cause of premature death in the United States.
- Nearly 90% of smokers started smoking before they turned 18.
- Nearly half of these teen smokers think they will not be smoking five years after starting -- yet only one in five actually manages to quit.
- Every day, 3,000 young people will become regular smokers, and 1,000 will die sooner as a result.

At the same time, multi-million dollar marketing campaigns have been designed to get our children to light their first cigarettes.

- In the past months, new documents have come to light that conclusively prove that tobacco companies aimed to sell their deadly products to children as young as 12.
- These documents are a shocking reminder that our children are under siege by a deadly and powerful enemy -- and it is up to us to protect our children.

As Chief of Staff, I can tell you that protecting our children from the threat of tobacco is right at the top of the President's agenda -- and this administration is fully committed to working with the bipartisan leadership in Congress to achieve this goal.

- This is not a matter of politics --- it is a matter of priorities. Many Members of Congress from both parties have shown enormous leadership on this most important issue.
- Congressman Waxman first and foremost has been in the forefront of this issue for years -- providing the powerful leadership it took to bring us to the critical point we have reached today. It is a certainty that we would not be

- here if it were not for his determination.
- Congressman Bliley has recently done the American people a great service by getting thousands of pages of documents from the tobacco companies posted on the Internet so all the world can see how the tobacco companies have gone after our children.
 - Congressman Fazio and Senators Conrad, Harkin, and Chafee, have worked long and hard to introduce tobacco legislation that this Administration can support.
 - Senator McCain has provided great leadership in the Commerce Committee to draft a bipartisan bill that will move us significantly closer to enacting comprehensive tobacco legislation. Everyone knows the difficulty of putting together legislation that is so large and complex, but Senator McCain has done so in a way that has been as open and inclusive as it has been efficient and productive.
 - Senator McCain will most likely release his bill later today, and we will need to review it in detail before making final judgement.
 - Based on what we have seen and heard, I will say this today: We expect to see a bill from Senator McCain that will lay a strong foundation for further action, but also has room for improvement.

The areas that need further work are critically important:

- For example, we do not believe the McCain bill will impose strong enough lookback penalties on companies that continue selling tobacco to our children. Reducing youth smoking is our bottom line and we must make it the industries' bottom line.
- We also anticipate seeing some gaps in the bill: the McCain bill does not try to comprehensively address the question of how best to use tobacco revenues to protect the public health and to help our children.
- As for liability, it is not yet clear what Senator McCain will produce. But, our position is clear: unless we are imposing tough penalties on the tobacco companies and doing everything in our power to reduce youth smoking, this Administration will not consider proposals to give the tobacco companies protection from liability. As we have said many times, reasonable limits on liability will not be a deal breaker in a bill that meets all of the president's principles, but first, we have to get that kind of bill.

Senator McCain's bill does, however contain some notable steps forward:

- We believe the McCain bill will make significant inroads on youth smoking by substantially increasing the price of a pack of cigarettes.
- We believe the McCain bill will also give the FDA the full authority it needs to regulate tobacco products, including the authority to restrict both the

- advertising aimed at young people and their access to tobacco.
- And the McCain Bill is also expected to contain a strong plan to protect tobacco farmers and their communities.
- We look forward to working with Senator McCain and others in the Commerce Committee and the full Senate to significantly strengthen this bill and make it an even more effective instrument to reduce youth smoking.

As you know, President Clinton has proposed a comprehensive plan that he believes -- and experience shows -- is the best way to stop young Americans from smoking before they start. We are pleased that the McCain Bill will likely include many of the elements of the President's plan, and we will work hard to see that the McCain Bill is improved to meet all of the President's goals:

The President's plan would:

- Raise the price of cigarettes by up to \$1.10 a pack over 5 years and \$1.50 a pack over the next ten years, and impose tough penalties on companies that continue to sell to kids;
- Affirm the FDA's full authority to regulate tobacco products;
- Get companies out of the business of marketing and selling tobacco to minors.
- Promote public health research and public health goals; and
- Protect our tobacco farmers and their communities.

The Treasury Department has found that the President's proposal to stop teenage smoking will save 1 million lives over the next five years.

- Last week, Vice President Gore announced that new estimates show that our proposal would have major effects on youth smoking in every state, with reductions ranging from 33% in Washington State to 51% in Kentucky.
- For every dime added to the price of cigarettes over a 5 year period, up to 270,000 fewer teenagers will begin smoking and more than 90,000 premature deaths will be avoided.
- Price increases alone are projected to reduce teenage smoking over the next 5 years by 29%. Youth access and marketing restrictions in the President's plan are projected to reduce teenage smoking by an additional 11%.
- The combination of the price increase called for in the President's plan plus the tighter restrictions on youth access and marketing, will reduce the number of youths smoking by 3 million between now and 2003 -- and most importantly help us avoid approximately 1 million premature deaths.

The Tobacco companies themselves must also be part of the solution.

- As the President has said, advertising aimed at adults is legal, but tobacco

companies must draw the line at our children.

- Our proposal requires tobacco companies to help establish smoking cessation programs for adult smokers, and to launch public education campaigns aimed at children to keep them from smoking in the first place.

The heavy human cost of smoking to our families and communities is tragic -- and as a businessman, I can tell you that the economic cost to our society is extraordinarily high.

- Smoking related illness costs approximately \$60 billion every year -- that's more than the federal government spends on education, child care, and medical research combined.
- Smoking during pregnancy results in 2,500 fetal deaths every year, and costs \$4 billion per year -- this amount is close to double what we spend on cancer research each year.
- Smokers die earlier and have to retire sooner -- and this is estimated to cost our economy as much as \$80 billion every year in lost output, lost productivity, and lost wages.

These costs rob our economy and cheat the American people out of their hard-earned tax dollars. But if we pass the President's plan, we will take the first important steps to reducing these costs, increasing productivity, and most importantly, saving lives.

We know that this plan will be good for America -- and as a North Carolinian -- born and raised in tobacco country -- I can tell you that we must also make sure that we treat our tobacco farmers fairly.

- The President has made protecting tobacco farmers and their communities one of the five key elements for his plan for comprehensive tobacco legislation.
- We can achieve the twin goals of both protecting the health of the public and protecting the well-being of farming communities. Recently, a remarkable coalition of farming groups, including burley and flue-cured growers, and public health groups, including the American Heart Association and the American Cancer Society, came together around a shared set of principles. That is a consensus we can build on.
- We propose to use some of the revenue from raising the price of cigarettes to make sure that we save our kids without devastating our farm communities. That is a commitment this Administration has made, and we are optimistic that a consensus is forming in Congress to use some of this money to help tobacco farmers.

President Clinton has submitted to Congress the first balanced budget in 30 years. This budget protects our children from the harms of tobacco -- and our nation from the burdensome costs associated with teen smoking. This budget also uses the

very money raised by raising the price of cigarettes to invest in the future of our nation. Our budget uses the tobacco money for:

- Critical investments in health research, including biomedical research, cancer clinical trials, and children's health outreach -- increasing by nearly 50% the funding for the National Institutes of Health.
- We also make historic investments in child care and after-school care -- doubling the number of working families who receive child care, and significantly increasing the number of students receiving after school care; and lastly,
- We make unprecedented investments in education -- reducing class size, hiring 100,000 additional teachers, and building or rehabilitating 5,000 schools;

Finally, and most importantly, as a parent of three kids, I can tell you that when I hear the statistics I mentioned earlier, my blood runs cold.

- When I saw the documents that showed that tobacco companies had deliberately tried to get our children to smoke -- despite the fact that a full third of the 3,000 kids who start smoking every day will die prematurely -- I knew then and there that we must not rest until we have done everything we can to protect our children from tobacco.

We have it within our power right now to save the lives of 1 million kids over the next five years. We must not miss this historic opportunity.

- As President Clinton recently said: "We stand on the verge of one of the greatest public health achievements in history -- an historic triumph in our fight to protect America's children from the deadly threat of tobacco."
- As Chief of Staff of this Administration, as a businessman, as a North Carolinian, as a parent, and as an American -- I ask you to support our efforts, and to work with us in a bipartisan manner to meet this vitally important challenge.

Thank you.

**Questions and Answers on Tobacco
March 26, 1998**

Q: The industry has said that it will not agree to national tobacco legislation that increases the price of a pack of cigarettes by \$1.10 over five years, as the President's budget calls for. Does that doom the President's proposal?

A: No. We have always expected the tobacco companies to fight hard for their economic interests, but needless to say we will not always agree, nor we think will the U.S. Congress. The price increase called for in the President's budget is necessary to meet his youth smoking targets, and he will continue to demand it. What the companies do is up to them, but we will not back off such necessary measures to reduce youth smoking.

Q: But won't the whole tobacco deal crater if the companies walk away?

A: Congress can act to reduce youth smoking with or without the companies' consent, and the President expects it to do so. It is true that some aspects of the proposed June 20 settlement can be accomplished most effectively if the industry agrees, but even as to these aspects we have no reason to think that the industry has revealed its bottom line. We certainly will not retreat from the proposals necessary to dramatically reduce youth smoking because the companies threaten to continue their misconduct.

Q: What is your response to the industry's charge that the White House has changes its positions and engaged in double-dealing?

A: The President has been clear and consistent in stating what he believed necessary to dramatically reduce youth smoking. The numbers the companies are complaining about today are the exact numbers found in the Administration's budget. And they are perfectly consistent with the numbers the president laid out in his statement of principles for tobacco legislation. Of course, as the tobacco companies say, those numbers are not consistent with those in the proposed June 20 settlement. That's because the June 20 proposal, although creating a historic opportunity for action, did not increase the price of cigarettes sufficiently to dramatically reduce youth smoking.

Q: But is it true that the Administration promised to support certain limits on liability during the negotiations between the companies and the attorneys general?

A: No. Our position on liability limits has also been clear and consistent: that we would prefer legislation without them, but that in the context of legislation that meets the President's principles and advances the public health, reasonable limits would not be a dealbreaker. What we told the attorneys general regarding punitive damages was exactly

that: that we would not oppose the proposed settlement just because there was a limit on punitives, but instead would review the entire package.

Q: What about the industry's claim that you committed to issue a public statement on the subject of punitive damage limitations?

A: That is the exact reverse of the truth. The industry and attorneys general asked the Administration to issue such a statement, and the Administration declined to do so.

Tobacco Q&As
March 30, 1998

Q: What is Erskine Bowles going to say in his speech today?

A: He will say that protecting our children from the threat of tobacco is at the top of the President's agenda, and this administration is fully committed to working with the bipartisan leadership in Congress to achieve this goal. He will praise Senator McCain's leadership in drafting a bipartisan tobacco bill, which is expected to be released today. While we need to review the bill in detail, Mr. Bowles will say that based on what we have heard, the McCain bill is a strong foundation for future action, but also has room for improvement. Perhaps most important, we want to impose stronger penalties on companies that continue to sell cigarettes to our children. Mr. Bowles will say that we look forward to working with Senator McCain and others to make his bill an even more effective instrument to reduce youth smoking.

Q: So is the Administration supporting or opposing the McCain bill?

A: We believe the McCain bill is a strong foundation for further action, but see room for significant improvement. We believe the bill will make significant inroads on youth smoking by increasing the price of a pack of cigarettes substantially -- by \$1.10 within five years. And we believe the bill will give the FDA the full authority it needs to regulate tobacco products, including youth access and advertising. In addition, the bill will protect farmers and farming communities. But we must continue to work with Senator McCain and others to strengthen this bill by imposing stronger penalties on companies that continue to sell cigarettes to our children.

Q: Does this mean that the Administration prefers the Conrad, Fazio, and Chafee-Harkin-Graham bills?

A: The President has indicated his support for the Conrad, Fazio, and Chafee-Harkin-Graham bills, because each meets the President's five principles. The McCain bill does not yet meet all of these principles, but we will continue to work hard with Senator McCain and others to strengthen the bill further.

Q: Why does the McCain bill does not meet the President's five principles?

A: By not including strong penalties, Senator McCain's bill does not fully meet the President's key goal of reducing youth smoking to the maximum extent possible.

Q: What is your view of the liability protections for the tobacco industry contained in Senator McCain's legislation?

A: As we have said on many occasions, we would prefer comprehensive tobacco legislation without liability limits, but in the context of legislation that meets all of the President's principles and dramatically reduces youth smoking, reasonable limits on liability will not be a dealbreaker. Right now, we're going to focus on the aspects of the McCain legislation that we think fall short of what the President has demanded: particularly, on the penalties in the bill to reduce youth smoking. Until we get those right, we won't address liability protections.

We do understand that that the McCain bill has an interesting idea about trying to turn liability protections into a public health tool. As we understand it, the McCain bill would in some respects make liability protections contingent on a company's efforts to reduce youth smoking. That proposal has to be looked at in much greater detail: we have to ensure that the threat of losing liability protections is real, and not just a pretense. But it's worth thinking about how to draft a strong proposal of this kind.

Q: You say the Administration needs stronger penalties on companies that continue to sell to our children. What do you mean by that?

A: The McCain bill's penalty provisions are deficient for two reasons. First, the bill has a cap of \$3.5 billion per year on industry-wide penalties, no matter how much the industry misses youth targets by. Second, the McCain bill contains no penalties on individual companies for failing to meet youth smoking targets. Reducing youth smoking is our bottom line, and we must make it each and every company's bottom line.

Q: Does the Administration support the farmers component to the McCain bill?

A: As we have said, we have not yet been able to review the bill in detail, but we are pleased that Senators Ford, Robb, Hollings, and Frist have agreed upon a package to provide broad-based protection for farmers and farming communities. This proposal is clearly a strong effort to craft a bipartisan consensus to protect farmers and their communities.

Q: You also express concerns about Senator McCain's bill not directing tobacco revenues toward efforts to improve the public health and help children. What's missing from the McCain bill?

A: We understand that Senator McCain's bill does not contain a comprehensive plan for public health spending. The President strongly believes that tobacco revenues should go toward protecting public health and assisting children. His budget provides for funds for anti-smoking programs that will help us meet the goals of reducing youth smoking rates and for a dramatic expansion of health-related research to help us cure smoking-related

disease. Finally, in recognition of the states' role in bringing suit against tobacco companies, the President's budget provides for a substantial amount of money to revert to the states. Some of this money can be used for any purpose. Other funds must be used on state-administered programs to assist children (specifically, for child care, Medicaid child outreach, and class size reduction).

Q&A on Tobacco
March 11, 1998

Q: Does the President support the legislation proposed by Senators Chafee, Harkin, and Graham?

A: The Senators haven't announced their plan yet, so we haven't seen all the details and we're still having conversations with their staffs, particularly about their spending proposals. But we can say now that we are very encouraged by this bipartisan effort. It appears to meet the President's five principles of: raising the price of cigarettes by \$1.50 a pack and imposing penalties on companies that continue to target young people; confirming the FDA's authority to regulate tobacco products; getting tobacco companies out of the business of marketing to children; furthering public health research; and protecting tobacco farmers. This bill is a significant step forward in the President's goal of enacting comprehensive, bipartisan legislation to reduce teen smoking this year.

Q: Does the President support Congressman Fazio's legislation, which was announced today?

A: Yes, we support the Fazio bill, which is the House counterpart to the Conrad bill which we praised last month. The Administration looks forward to working with Rep. Fazio, and other Democrats and Republicans alike, in enacting comprehensive, bipartisan tobacco legislation this year.

Background

Key differences between the Fazio and Conrad bills:

- 1) Fazio spends more money on child care and education;
- 2) Fazio strengthens penalties against companies that fail to reduce teen smoking; and
- 3) Fazio includes additional provisions for minority communities (the bill instructs HHS to monitor smoking reduction for ethnic groups; applies look-back penalties if smoking reduction targets are not met among minority groups even if they are met overall; targets research money to historically black colleges and Hispanic institutions; directs HHS to overcome language barriers by developing standard warning symbols, (similar to those on prescription drugs).

Q: What are the President's views on how the legislation should deal with legal fees? Does he support Republican proposals to cap legal fees?

A: The President's overriding priority is ensuring that tobacco legislation promote the public health. He does not view the issue of legal fees as central to this effort, and he has not made a specific proposal on how legislation should handle legal fees. In general, he believes that the lawyers who brought the tobacco suits should be fairly compensated, but that they should not be paid out of proportion to the work they actually did and the risks they actually undertook.

Q: Many legislators and public health officials have said that tobacco legislation must not include limits on liability. What is the President's position?

A: The President would prefer legislation without liability limits, but will evaluate tobacco legislation as a whole to determine whether it protects public health. In the context of a comprehensive bill that meets the President's five principles and advances the public health, reasonable limits on liability will not be a dealbreaker. What's important is achieving comprehensive legislation that includes a large per-pack price increase, strong penalties for marketing to children, and affirmation of FDA's authority to restrict advertising aimed at children and prevent children's access to tobacco products.

Tobacco - rtt -
talking point

Tobacco Q&A
3/9/98

Q: Does the release of the tobacco documents in Minnesota today decrease the chance of Congress passing comprehensive tobacco legislation?

A: It certainly shouldn't. New documents showing how the tobacco industry targeted children should serve as still further impetus for comprehensive legislation. We need a substantial price increase, express confirmation of FDA jurisdiction, and access and advertising restrictions to reduce youth smoking. Disclosures of past industry misconduct make it all the more clear why we need such a comprehensive national solution, and why we must get it done soon.

**Tobacco Q&A
March 10, 1998**

Q: Today's Washington Post says that the President is attending a Democratic National Committee fundraiser tonight in Cincinnati at the home of Stanley Chesley, a plaintiff's lawyer who played a key role in the tobacco industry settlement. Why is the President attending this fundraiser in light of the potential it creates for improper influence?

A: Mr. Chesley is a longtime and strong supporter of the President. He has hosted events like this before -- long before there was a tobacco settlement. The President's participation in this dinner has nothing to do with tobacco legislation, and he continues to appreciate Mr. Chesley's strong support.

Q: Does the President's friendship with Mr. Chesley make him more likely to support a settlement favoring the industry?

A: No. The President has made clear that the proposed industry settlement, which Mr. Chesley was a part of, did not do enough to promote the public health and that he could not support it. The President's test for tobacco legislation is whether it will dramatically reduce youth smoking by raising the price of tobacco products, imposing tough penalties on companies, giving the FDA full authority to regulate tobacco, and restricting youth access and advertising. These questions have nothing to do with whether the original parties to the proposed settlement like or dislike -- profit or do not profit -- from tobacco legislation. In fact, the Conrad bill, which the President supports, does not do anything for plaintiffs' lawyers like Chesley.

Q: What are the President's views on how the legislation should deal with legal fees? Does he support Republicans proposals to cap legal fees?

A: The President's overriding priority is ensuring that tobacco legislation promotes the public health. He does not view the issue of legal fees as central to this effort, and he has not made a specific proposal on how legislation should handle legal fees. In general, he believes that the lawyers who brought the tobacco suits should be fairly compensated, but that they should not be paid out of proportion to the work they actually did and the risks they actually undertook.

Q: Has the President spoken to Mr. Chesley about the settlement?

A: We have not been able to ask the President this question, but it would not be surprising if he had. The President has spoken to many people about tobacco legislation, including attorneys general and plaintiffs' lawyers.

Tobacco - enrollment -
talking points, etc.

TALKING POINTS ON THE CONRAD BILL
2/11/98

- The President wants to sign a comprehensive tobacco bill that meets his five principles --and most important, that includes a significant price increase to reduce youth smoking.
- The Conrad bill meets each of the President's five principles. The President is proud to support it and would gladly sign it.
- By introducing this very strong bill, Sen. Conrad has taken an important step toward the enactment of comprehensive tobacco legislation. His bill adds to the momentum for comprehensive legislation, and serves as a challenge to all other Members to work toward this goal.
- Of course, the President will also support other bills that meet his principles, whether introduced by Democrats or Republicans. His Administration will work with as many Members as possible on the issues involved in comprehensive legislation.
- The President, however, will not support piecemeal tobacco legislation. In particular, he will not support a bill without the significant price increase necessary to reduce youth smoking.

**Q & A ON TOBACCO FOR THE VICE PRESIDENT
HEALTHY KIDS ACT PRESS CONFERENCE
FEBRUARY 11, 1998**

THE CONRAD BILL

- Q. Is the Administration endorsing Senator Conrad's tobacco legislation? If the Administration is not endorsing the bill, why are you here?**
- A. The Conrad bill is a very strong bill; we support it; and we think it deserves broad congressional support. [We'll get behind any bill that meets the President's five principles. We want to work with as many Members as we can, from both sides of the aisle, to adopt comprehensive tobacco legislation.]
- ~~I am here to support this important step forward and to encourage other members to support comprehensive tobacco legislation and pass it this year.~~
- Q. There have been conflicting reports in the papers that you are endorsing Senator Conrad's legislation or that you are shunning the Democrats and not endorsing the legislation because it is not bipartisan. Which is it? And are you trying to distance yourself from the Democrats?**
- A. As we have said, we support Senator Conrad and the other Democrats' efforts to introduce comprehensive tobacco legislation designed to reduce youth smoking that meets the President's five principles. The President would sign this bill, or any bill that does as much to meet the President's goals and principles. We hope and expect other Democrats and Republicans to sign onto this legislation or other legislation that meets our core principles. Ultimately, any successful bill must have broad, bipartisan support. The President and I are committed to working with members of both parties to shape the best ideas and proposals into a truly bipartisan bill.
- Q. Are you concerned that no Republicans and only a handful of Democrats have signed on to Senator Conrad's legislation?**
- A. The Administration is very pleased that these Democratic leaders have come forward with a comprehensive bill designed to reduce youth smoking that meets the President's five principles. It is our hope that Senator Conrad's actions will push others in both parties to sign onto his legislation or to come forward with their own comprehensive tobacco legislation. I believe that it is very important to keep momentum going

and to pass comprehensive tobacco legislation this year.

Q. What are the major differences between the President's budget and Senator Conrad's bill?

A. There are a few differences in Senator Conrad's bill and the President's budget on the allocation of tobacco money, but largely Senator Conrad's bill invests in the areas that the Administration believes is important: smoking prevention, smoking cessation, health research and other programs designed to benefit children. Further, Senator Conrad's bill meets the President's challenge to encompass his five principles and attack the problem of youth smoking in a comprehensive and long term manner.

TOBACCO AND THE BUDGET

Q. In September, the President said the focus of tobacco legislation should not be about money. In the budget the President submitted, more than 60 percent of the proposed increase in discretionary spending is paid for by tobacco legislation. Why have you and the President changed course?

The President's course has not changed -- Congress should send the President legislation that will dramatically reduce youth smoking. Experts all agree the single most important step we can take to reduce youth smoking is to raise the price of a pack of cigarettes significantly. That is why last September, and again in the State of the Union speech, the President called for Congress to pass legislation that raises cigarette prices by up to \$1.50 per pack over the next ten years as necessary to reduce youth smoking. Our budget simply scores that part of President's plan, and allocates the revenues to programs that promote public health and assist children.

Q. How can you assume revenues from tobacco legislation when it's not certain whether this legislation will pass?

It is a normal part of the budget process to account for any revenues that will be raised from proposed legislation. And we believe strongly that Congress will pass comprehensive tobacco legislation this year. If everyone who says they are committed to protecting children from tobacco rolls up their sleeves and gets to work, we will pass a significant piece of legislation.

Q. Why is it that some of the programs funded with tobacco revenues have no relation to tobacco?

A. Most of the spending is directly related to tobacco, such as health-related

research and smoking cessation programs. The rest goes to programs that will assist our children. We wanted to ensure that states get a substantial share of the resources, because of the state's contribution in negotiating the original proposed settlement. ~~It is this~~ money that goes to children's programs -- to improve child care and reduce class size -- in recognition that these are shared federal and state goals.

Q. In your budget, how much money do you expect to raise from tobacco legislation next year? What about over five years? How did you come to this figure?

A. This budget is designed to reduce youth smoking by 30% in five years and 50% in seven years which is the President's goal. We calculate that the necessary increase in the price per pack will result in about \$10 billion in revenue next year and \$65 billion over five years.

Q. How much does your plan increase the cost of cigarettes?

A. In order to reach the President's goal of reducing youth smoking by 30% in five years and 50% in seven years, this budget projects about a \$1.10 increase in the price of cigarettes over five years.

LIABILITY

Q. Has your position on including liability protections for the tobacco industry in a comprehensive tobacco bill changed? Will you support a bill that has liability protections in it? Has your opinion changed in light of the tobacco industry documents that have been released recently?

A. The President will evaluate tobacco legislation as a whole to determine whether it protects the public health. As we have said before, we do not want to include liability protections in comprehensive tobacco legislation, however, if that legislation includes the President's five principles designed to reduce youth smoking, liability limits would not necessarily be a deal-breaker for us. What's important is achieving comprehensive legislation that includes a large per-pack price increase, penalties for marketing to children and broad restrictions on children's access to tobacco.

It should be noted that no one is talking about immunity from criminal prosecution: if tobacco industry officials committed perjury, lied to Congress or committed other crimes, they will be prosecuted. The limits on liability contained in the AG's proposed settlement applied only to civil suits.

LAWYERS FEES

- Q. Lawyers in both Texas and Florida have asked for obscene amounts of money for their role in bringing about the state settlements with the tobacco industry. Will the President support a provision in national legislation to limit fees for lawyers?**
- A. The President is primarily concerned with ensuring that tobacco legislation reduces youth smoking and protects the public health -- not with collecting and distributing money from a settlement. The lawyers who brought these suits have expended lots of time and effort and deserve to be well recompensed for their work. But everyone agrees that fees should not be wildly out of proportion to the work that was done.

STATE SHARE

- Q. There are various reports about how much money from tobacco legislation will go to the states, and whether the federal government has any right to this money. What do you think the states are entitled to?**

The President's first goal is to pass national tobacco legislation to reduce teen smoking. The specific allocation of monies is a secondary issue, which I will work to resolve with the states and Congress. Both the states and the Administration have worked hard to create the conditions for national legislation. I am confident we will be able to reach, and to incorporate into legislation, a mutually agreeable approach to the allocation issues that fully recognizes the states' contribution.

A "LIGHT" BILL

- Q. Some Republicans have been talking about enacting tobacco legislation piecemeal, with legislation on youth smoking this year. Would the Administration go along with such a plan?**
- A. We believe that Congress must enact comprehensive tobacco legislation this year. We will not be able to reduce youth smoking -- let alone meet our other public health objectives -- without a comprehensive measure. To reduce youth smoking over the long term, we must not only establish a system of penalties for failing to meet youth smoking targets, but also increase the price of cigarettes, guarantee the FDA jurisdiction over tobacco, establish a licensing system, and regulate access and advertising. Those measures are also necessary to improve the health of adults. We should not abandon the effort to enact comprehensive legislation.

Tobacco. not the same -
talking points, etc

DRAFT

~~Bauer~~ Elena - you will get
final Q&As like this tonight from Jim O'Hara

Victor
Zonana.

(690-6343)

m -

Q: In announcing your support for the Conrad Bill, you singled out the need for "a significant price increase to reduce youth smoking" as the "most important" factor in any bill that the President would support. Is this a change in emphasis?

A: No. In fact, the first principle of the Five Principles President Clinton established for national tobacco legislation last September requires "A Comprehensive Plan to Reduce Teen Smoking, " including "Tough Penalties and Price Increases." (Source: White House fact sheet, "President Clinton's Plan for Comprehensive Tobacco Legislation to Protect America's Children.")

Q: What are the other four principles? And does the President still support them?

A: Absolutely. In fact, we specifically said we like the Conrad bill because it meets each of the Five Principles.

The President will not support piecemeal tobacco legislation. The Five Principles that would have to be addressed in any comprehensive legislation are:

- A comprehensive plan to reduce teen smoking, including penalties and price increases.
- Full authority for the FDA to regulate tobacco products
- Changes in the way the industry does business, including an end to marketing to children; document disclosure; and corporate compliance programs.
- Progress toward other public health goals, including provisions to reduce exposure to second-hand smoke; help to smokers who wish to enroll in cessation programs; and provide resources for medical research.
- Protection for tobacco farmers and their communities.

DRAFT

Q: Why are you supporting a bill that Republican leaders say has no chance of garnering any GOP support?

A: We're supporting the bill because it is a very strong bill that meets each of the President's Five Principles. We view it as an important first step toward the enactment of comprehensive legislation and a challenge to other members to work toward this goal.

But, of course, the President will also support other bills that meet his principles, whether introduced by Democrats or Republicans. We want to work with as many members as we can, from both sides of the aisle, to adopt comprehensive tobacco legislation.

We will not support piecemeal legislation, and, in particular, will not support a bill without the significant price increase necessary to reduce youth smoking.

Q: Doesn't your embrace of a \$1.50 price increase over three years, coupled with all the new spending the President has proposed, vindicate Republicans who say this is all about raising money and a return to Big Government?

A: Nonsense. This is first and foremost about public health, and saving America's children.

First, let me remind you that the President's proposed budget is the first balanced budget in 30 years. This is not about Big Government; it's about smart, disciplined government.

As for the price increase, we have said all along that price increases are the most reliable way of achieving reductions in teen smoking. Indeed, it's the first of the President's Five Principles for comprehensive legislation.

Q: But the Five Principles called for \$1.50 a pack increase over the next decade. Conrad calls for it in three years.

A: The President believes that if we can get to our goal of reducing youth smoking more quickly, so much the better. In any case, the timing is for Congress to determine.

]

How to do everything

Most studies focused on price -
we know that will work

DRAFT

high
anxiety
↙

Q: Isn't the emphasis on price increases at odds with the FDA's regulation, which relies on restrictions on access and advertising?

A: No, these efforts complement one another. As Secretary Shalala has said, we need to use every tool at our disposal to reduce teen smoking, and we know that price is one of the most effective mechanisms. Every 10% increase in price leads to a 7% decline in youth smoking. What we need is a comprehensive approach that relies on price increase, as well as restrictions on youth access and appeal.

Q: If price increases are so important, why didn't the FDA regulation raise prices?

A: FDA used the tools it had in its regulatory arsenal at a time when nobody expected Congress to act. Now that Congress is taking up the issue of youth smoking, it is incumbent upon the Congress to use the most effective weapon we know of, and that weapon is price increases.

Q: With this emphasis on price, are you backing off from your claims that the FDA regulation would have cut youth smoking by 50% over seven years?

A: No. We just need to use every tool at our disposal to cut the number of children taking up this deadly addiction.

Check Curad invoice structure - penalties.

Performance goals (from June 20 statement) -

every other major piece of leg - does the same.

Surg...
more than half over the next 10 yrs

statement - then 90% over 10 yr average (which is much lower than current use)

(FDA rule used ~~with~~ current baseline)

~~current baseline~~

1.10

FDA rule

1.50

5-yr targets

7-yr targets

10-yr targets

30%

50%

60%

(42%)

(58%)



39-44%

over next 5 yr - penalties (if they come into effect) will drive 90% even higher

of current baseline (higher)

conservative estimates

Curad - also of current baseline

2 yr

4 yr

6 yr

9 yr

20%

35%

50%

67%

deterrence insurance

- Tax cut as part of pkg.

Our budget makes clear how we think this
should be spent

If they want to have tobacco over priorities,
we're happy to have.

But let's get subs price ↑.

- Current bill is more?

We want the strongest poss.

Our budget reflects what we think we need
to meet P's goals

But continue to work w/ Cong to get
strongest poss. bill.

Koop-Kerker - still need answer

Process - what's going to do?

Keep the heat on

Vote a piece of?

Make sure doesn't come to that

^{this}
How can it happen?

Can't imagine Cong would want to roll
w/out.

Tobacco Q&A
March 2, 1998

Q: What are the most important aspects of the letter that Bruce Reed sent to Senator McCain?

A: The letter is an example of how the Administration is reaching across party lines to help Congress enact comprehensive legislation to dramatically reduce teen smoking. The letter provides detailed responses to 74 questions posed by Senator McCain, and reiterates the President's strong view that a piecemeal approach will not meet our overriding goal of dramatically reducing teen smoking. As you know, the President has called upon Congress to enact comprehensive, bipartisan legislation which raises the price of cigarettes by up to \$1.50 a pack over the next ten years, expressly confirms the FDA authority to regulate tobacco products, gets tobacco companies out of the business of marketing to children, furthers public health research and goals, and protects tobacco farmers and their communities. Because of the particular questions posed by Senator McCain, the letter focuses to a great extent on the importance of restricting the advertising and marketing of tobacco products to young people.

Q: I understand that in your response to Senator McCain, you said that there are constitutional concerns with imposing certain advertising restrictions on the tobacco industry. Does that mean you need the consent of the industry to impose advertising restrictions?

A: It is absolutely clear that certain advertising restrictions can be imposed on the industry through legislation. For example, we strongly believe, as the Department of Justice has explained in the FDA litigation, that the advertising restrictions contained in the FDA rule are consistent with the First Amendment. As our response to Senator McCain notes, more far-reaching provisions raise significant constitutional issues. We have offered to work with Senator McCain and others to minimize these constitutional difficulties. Perhaps more important, we will seek such tough financial penalties against the industry for failing to meet youth smoking targets as to ensure that the industry restricts its advertising to minors. We will not seek -- and do not need -- the industry's permission to enact a strong bill that addresses youth smoking through a substantial price increase, youth smoking penalties, limits on access, and certain advertising restrictions.

Q: Why aren't you more specific in your answers about the constitutionality of certain provisions?

A: We addressed each of the speech restrictions that Senator McCain asked us about, and informed him whether or not it raised serious constitutional issues. For proposed restrictions that raise significant constitutional issues, we offered the full assistance of the Administration in working with his staff to review and draft specific legislative provisions. The precise degree to which a provision would raise constitutional issues -- and the precise way to minimize such difficulties -- is related to specific legislative language, and such detailed drafting issues couldn't be addressed in a letter like this.

Q: What does the letter say about the Administration's views of anti-trust exemptions?

A: The letter makes clear that we are extremely skeptical of including antitrust exemptions for tobacco manufacturers in comprehensive legislation. In particular, we would strongly oppose any exemptions that would allow price fixing agreements. The letter does leave open the possibility, depending on other provisions in the legislation and any settlements, of allowing a very limited anti-trust exemption to facilitate efforts to restrict advertising to minors.

Tobacco - no comment -
talking points

Tobacco Q&A
2/26/98

Q: Do you have any comment on the news that the Liggett tobacco company is cooperating with the Justice Department's criminal investigation of the tobacco industry?

A: This matter is an ongoing Justice Department criminal inquiry, and we're referring all questions about it to the Department. The tobacco legislation now being discussed on the Hill would not in any way affect this kind of criminal investigation.

Q: Would an indictment of tobacco industry executives decrease the chance of Congress passing comprehensive tobacco legislation?

A: It certainly shouldn't. The Administration can't comment on a pending criminal investigation, but efforts to hold the industry accountable for the harms it has caused should serve as still further impetus for comprehensive legislation. We need a substantial price increase, express confirmation of FDA jurisdiction, and access and advertising restrictions to reduce youth smoking. Disclosures of past industry misconduct make it all the more clear why we need such a comprehensive national solution, and why we must get it done soon.

Q: Does the Administration support the legislation proposed today by members of Congress to improve international control of tobacco products?

A: The President has made clear that one of the elements of any comprehensive bipartisan tobacco legislation must be the strengthening of international efforts to control tobacco. Just this month the Clinton Administration issued guidance to its diplomatic posts that prohibits them from promoting the sale or export of tobacco or tobacco products, and encourages them to assist and promote tobacco-control efforts in host countries. The Administration ~~also~~ supports efforts to address the health risks associated with tobacco use at an international level by funding multilateral and bilateral efforts.

We have not yet completed a review of the legislation proposed today. We are very sympathetic to its goals, but must carefully consider whether it is consistent with our trade obligations. The Administration looks forward to working with members of Congress of both parties in crafting comprehensive tobacco legislation that contains international tobacco-control provisions.

Q: I understand that in your responses to a letter from Senator McCain, you said that there are constitutional concerns with imposing certain advertising restrictions on the tobacco industry. Does that mean you need the consent of the industry to impose advertising restrictions?

A: It is absolutely clear that certain advertising restrictions can be put in place with or without the agreement of the industry. We strongly believe, as the Department of Justice has explained at length in the FDA litigation, that the FDA's regulations restricting the advertising of tobacco products are consistent with the First Amendment. As our response to Senator McCain notes, there may be constitutional issues with more far-reaching provisions. We have not concluded that these provisions clearly are unconstitutional, but we would like to work with Senator McCain and others to minimize constitutional difficulties. If there are additional advertising restrictions that we cannot legislate -- and that would be valuable in reducing youth smoking -- we again challenge the industry to adopt these limits voluntarily. But in any event, we will not seek -- and do not need -- the industry's permission to enact a strong bill that addresses youth smoking through a substantial price increase, limits on access, and certain advertising restrictions.

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tobacco involvement -
talking points

Talking Points on the Conrad Bill

- The President wants to sign a comprehensive tobacco bill that meets his five principles -- and most important, that includes a significant price increase to reduce youth smoking.
- The Conrad bill meets each of the President's five principles. The President is proud to support it and would gladly sign it.
- By introducing this very strong bill, Sen. Conrad has taken an important step toward the enactment of comprehensive tobacco legislation. His bill adds to the momentum for comprehensive legislation, and serves as a challenge to all other Members to work toward this goal.
- Of course, the President will also support other bills that meet his principles, whether introduced by Democrats or Republicans. His Administration will work with as many Members as possible on the issues involved in comprehensive legislation.
- The President, however, will not support piecemeal tobacco legislation. In particular, he will not support a bill without the significant price increase necessary to reduce youth smoking.

Q: Is the Administration adopting the Conrad bill as its own?

- The Conrad bill is a very strong bill; we support it; and we think it deserves broad congressional support. ~~We'll get behind any bill that meets the~~ President's five principles. We want to work with as many Members as we can, from both sides of the aisle, to adopt comprehensive tobacco legislation.

Tobacco - settlement -
~~new legislation~~
talking points

Questions and Answers on Tobacco
February 10, 1998

Q: Will the President endorse Senator Conrad's tobacco legislation on Wednesday?

A: The Administration will praise Senator Conrad for drafting a strong bill that meets the President's five principles, but will not adopt the bill as its own. The President is eager to work with many lawmakers, on a bipartisan basis, to produce comprehensive tobacco legislation. Senator Conrad has taken an important step toward enacting such comprehensive legislation by introducing a bill that the President could sign. The Administration expects to see other good bills emerge in the near future, from Republicans and Democrats alike. The Administration wants to work with as many Members as possible, on both sides of the aisle, to enact comprehensive legislation.

Tobacco marketer -
talking points, etc.

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Tobacco - talking points



Elizabeth Drye

05/06/97 11:18:13 AM



Record Type: Record

To: See the distribution list at the bottom of this message
cc: Elena Kagan/OPD/EOP
Subject: Corrected tobacco Q&A. Please use instead of previous version.

FDA will have no comment on the Florida jury's finding that R.J. Reynolds is not liable for the lung cancer death of life long smoker Jean O'Connor. Below is a Q&A for McCurry, drafted w/FDA input and cleared by DoJ and Elena Kagan.

- Q. What implications does the jury's decision have for the Administration's tobacco rule? The settlement talks?**
- A. We don't have any comment on the jury's ruling. It has no effect on FDA jurisdiction or the rule we're defending. We're focused on putting protections in place to prevent our children from smoking. As to the settlement talks -- we're not a party to the talks. We don't know any more than others about how this will affect the talks.

Message Sent To:

Beverly J. Barnes/WHO/EOP
Barry J. Toiv/WHO/EOP
Mary E. Glynn/WHO/EOP
Joshua Silverman/WHO/EOP
Michelle Crisci/WHO/EOP