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Tobacco Announcement, 09/17/1997

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President Clinton's Plan for Comprehensive Tobacco Legislation to Protect America's Children

Today, President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen tobacco use significantly. The President announced that he will invite Congressional leaders in both parties to the White House in the coming weeks to launch a bipartisan effort to enact federal tobacco legislation. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth.

In August 1996, the Clinton Administration announced a landmark rule by the Food and Drug Administration to protect children from the harm caused by tobacco products, which was upheld by a federal judge in North Carolina earlier this year. Those victories for the public health, along with the aggressive efforts of the attorneys general and leaders of the public health community, drove the tobacco companies to the bargaining table and extracted concessions that would have been unimaginable just a short time ago.

Since a proposed national settlement was announced June 20, the Administration -- led by Vice President Gore, Secretary of Health and Human Services Donna Shalala, and Domestic Policy Advisor Bruce Reed -- has been working with the public health community, the attorneys general, members of Congress, tobacco farmers, and others to develop a comprehensive tobacco policy.

Today, the President announced five key elements that must be at the heart of any national tobacco legislation:

1. A Comprehensive Plan to Reduce Teen Smoking, Including Tough Penalties If Targets Are Not Met. Every day, 3,000 young people start smoking regularly, and 1,000 of them will die early as a result. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

- **Tough Penalties and Price Increases to Reduce Teen Smoking:** The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, and escalating -- so that the penalties get stiffer and the price goes up the more that companies miss the targets. Reducing youth smoking is the Administration's bottom line, and now it must be the industry's bottom line.

One of the surest ways to reduce youth smoking is to increase the price of cigarettes. By some estimates, a 10% increase in cigarette prices will lead to a 7% drop in youth smoking. **Today, the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to $1.50 a pack over the next decade as necessary to meet the youth smoking reduction targets.**

- **A Public Education and Counter Advertising Campaign:** To succeed in reducing youth smoking, legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit. Legislation should provide for a public education and counter advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.

- **Expanded Efforts to Restrict Access and Limit Appeal:** The current FDA rule includes significant measures to reduce youth access to tobacco products (such as requiring retailers to check photo identification of anyone under 27) and to limit the advertising of tobacco to young people (such as restricting advertising near school buildings). The Administration supports legislation codifying these measures, imposing even stronger restrictions on youth access and advertising consistent with the Constitution, and establishing an effective retail licensing scheme with tough penalties.

2. Full Authority for FDA to Regulate Tobacco Products. In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has said it would support federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under such legislation, the FDA's authority over tobacco products must be as effective as its authority over other drugs and devices, and must be sufficiently flexible to meet changing circumstances. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets; nor should it impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities.

3. Changes in the Way the Tobacco Industry Does Business. Federal tobacco legislation must include measures to expose the industry's past misconduct, especially its efforts to market products to children, and to change the way the industry does business.

- **No Marketing to Children:** Commitments by the industry -- such as agreements to limit advertising to children -- can serve to recognize the need for increased corporate responsibility. Today, the President reiterated his call to the tobacco industry to stop marketing and promoting tobacco to children.

- **Document Disclosure:** To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, tobacco legislation must provide for broad disclosure of industry documents, especially those containing scientific or other health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents, including documents the industry has inappropriately claimed to be privileged, as well as to disclose scientific and health-related information in even privileged documents.

- **Corporate Compliance:** Tobacco companies should set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. The legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

4. Progress Toward Other Public Health Goals. Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research and other health objectives.

- **Second-Hand Smoke:** The best scientific studies show that restrictions on second-hand smoke reduce the risk of death and injury to non-smokers, including the hundreds of thousands of children with asthma and other respiratory illness, and lead many smokers to quit the habit. Federal tobacco legislation should include provisions to restrict smoking in workplaces and other public facilities of the kind found in H.R. 3434, as well as in the President's recent Executive Order on tobacco smoke in federal facilities.

- **Smoking Cessation Programs:** Data suggests that some 70% of smokers want to quit, but fewer than 3% each year successfully do so. Legislation should help enable smoking cessation services to reach and assist the millions of smokers who want to break their addiction to tobacco products.

- **International Leadership:** According to the World Health Organization (WHO), tobacco use now causes 3 million deaths a year worldwide; unless checked, that number will rise to 10 million by 2025, with 70% of annual deaths occurring in developing countries. Legislation should strengthen global and bilateral efforts to reduce smoking by providing assistance to international institutions.

- **Resources for Health Research and Other Health Care Objectives:** The Administration believes that the primary objective of tobacco legislation is to reduce youth smoking, not to raise money. But tobacco legislation also should take into account the health costs associated with smoking and the resulting need for public health investments. Legislation should generate sufficient resources to establish a health research fund and contribute significantly to other important health objectives. In addition, Congress should repeal the provision giving the tobacco industry a $50 billion credit.

5. Protection for Tobacco Farmers and Their Communities. The President made clear today that any tobacco legislation must protect 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. In some states, entire communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

White House Briefing Room

September 17, 1997

REMARKS BY THE PRESIDENT ON TOBACCO SETTLEMENT REVIEW

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 17, 1997

REMARKS BY THE PRESIDENT
ON TOBACCO SETTLEMENT REVIEW

The Oval Office

10:55 A.M. EDT

THE PRESIDENT: Thank you very much. Mr. Vice President, Secretary Shalala, Secretary Glickman, thank you for your work. Thank you, Bruce Reed. I'd like to say a special word of thanks to David Kessler for the work he did -- historic work he did at the FDA when he was here. Thank you, Dr. Koop, and members of the public community who are here. To members of Congress, the Attorneys General, the representatives of plaintiffs in the private litigation -- and we have one of the injured parties here representing all of the them. We thank all of them for coming today.

This is a time of prosperity and hope and optimism for America, with our economy improving, making progress on our social problems, our efforts to lead the world to a more prosperous and peaceful future making headway. But I think we all know that this country still has some significant challenges, especially in the health field. And if we think about what we want America to be like in the 21st century, the health of our people and especially the health of our children must be paramount in our thinking, in our vision, and in our efforts.

That's why, a year ago, I worked with the FDA and we launched this nationwide effort to protect our children from the dangers of tobacco by reducing youth access to tobacco products, by preventing companies from advertising to our children.

The purpose of the FDA rule was to reduce youth smoking by 50 percent within seven years. Earlier this year, a federal judge in North Carolina said that the FDA has the authority to regulate tobacco products to protect the health of our children. There have also been other examples of litigation progress, as you know, brought also been other examples of litigation progress, as you know, brought by private plaintiffs and by the Attorneys General. Now, these victories for public health drove the tobacco companies to the bargaining table. They extracted concessions that would have been literally unthinkable just a short time ago.

I want to say a special word of thanks to the Attorneys General and the other parties who worked hard to negotiate this settlement. Everyone knows we would not be here had it not been for their foresight, their determination, and their relentless efforts.

Now we have this unprecedented opportunity to enact comprehensive tobacco legislation, working with all the parties involved -- the members of Congress, the attorneys general, the representatives of injured parties, the public health community, the tobacco farmers and others. We have moved from confrontation and denial and inertia to the brink of action on behalf of our children, and that is all to the good.

Today I want to challenge Congress to build on this historic opportunity by passing sweeping tobacco legislation that has one goal in mind: the dramatic reduction of teen smoking. In the coming weeks I will invite congressional leaders from both parties to the White House to launch a bipartisan effort to enact such legislation.

There are five key elements that must be at the heart of any national tobacco legislation. Reducing teen smoking has always been America's bottom line. It must be the industry's bottom line. That is why I believe the first thing any tobacco legislation must include is a comprehensive plan to reduce teen smoking, including tough penalties. These penalties should be non-tax-deductible, uncapped, and escalating to give the tobacco industry the strongest possible incentive to stop targeting children as new customers.

One of the surest ways of reducing youth smoking is to increase the price of cigarettes. Today I call for a combination of industry payments and penalties to increase the price of cigarettes. Today I call for a combination of industry payments and penalties to increase the price of cigarettes by up to a dollar and a half a pack over the next decade, as needed, to meet our youth reduction targets. And I call upon the House to follow the lead of the United States Senate and repeal the provision giving the tobacco industry a $50 billion tax credit.

Second, any legislation must affirm the full authority of the FDA to regulate tobacco products. I believe the FDA's jurisdiction over tobacco products must be as strong and effective as its authority over drugs and devices. In particular, legislation cannot impose any special procedural hurdles on the FDA's regulation of tobacco products.

Third, effective legislation must include measures to hold the industry accountable, especially in any efforts to market products to children, while insisting on changes in the way it does business. I ask the industry again to make a voluntary commitment to stop advertising to children. And I call upon Congress to pass legislation providing for broad document disclosure so that the public can learn everything the tobacco companies know about the health effects of their products and their attempts to market to our children.

Fourth, federal tobacco legislation must aim not only to reduce youth smoking, but to meet other health goals as well. These include the reduction of secondhand smoke, the expansion of smoking prevention and cessation programs, the strengthening of international prevention and cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for medical research and other important health objectives. We must build on the bipartisan agreement to fund children's health care in the recent balanced budget.

And finally, any tobacco legislation must protect tobacco farmers and their communities. We know that tobacco farmers are honest, hard-working people, most of whom live and work on small, family-owned farms. In some states, entire communities rely on income from the tobacco crop. Any legislation must protect these farmers, their families and their communities from loss of income.

Let me say in closing, I want to thank the Vice President, especially, who cares so passionately about this issue. He's played a key role in our efforts to protect our children from the dangers of tobacco. I've asked him to take the lead in building broad bipartisan support around the country for our plan. I also want to thank Secretary Shalala, Secretary Glickman and Bruce Reed, and all those who work so hard on our administration's analysis of the proposed settlement and where we are.

And finally, let me say again, we wouldn't be here if it weren't for all the people in this room and the countless others they represent around the country. To me, this is not about money. It is not about how much money we can extract from the tobacco industry. It is about fulfilling our duties as parents and responsible adults to protect our children and to build the future of this country. We are doing everything we can in this administration to give parents the tools they need to raise their children, but parents have to be our partners as well. If this is not just about money, we have to recognize that even beyond the tobacco company and all of us in this room, every parent in America has a responsibility to talk to their children about the dangers of tobacco, illegal drugs, and other things that can hurt them. We know if we have strong parental responsibility here, they can make a great deal of difference in protecting our children as well.

If we take responsibility, if we pass this legislation, if we do what we should here, if the tobacco industry will work with us, if other members of Congress in both parties will work with us, we will have gone a very long way toward creating the state of health for our children that will make America an even greater nation in the new century.

Thank you.

Q Mr. President, what are the chances of the Congress adopting your policy? And why is the industry so conspicuously absent?

THE PRESIDENT: Well, first of all, I was encouraged by some of the comments that were made by some industry representatives. I think that they know that they have to have federal legislation. They have an interest in that as well. And I would hope that they would be willing to work with us. But we cannot have the FDA crippled here, and we have to have real and meaningful penalties if the targets for youth smoking are not met. And so I feel very good about that.

I think the Congress -- I think it's highly likely that they will take action. When they take action depends, I think, upon when they can work through the issues for themselves and how they decide how to divide up the work among the committees. But it's not too soon to start. We could have hearings on this fairly soon, and I would hope to work with the Congress to develop a bill that would embody these principles.

embody these principles.

Q Mr. President, you haven't said what you're willing to agree to for the tobacco industry. Are you will to agree to immunity from future liability?

THE PRESIDENT: Well, I don't think they've asked for future liability, I think they've asked for immunity from liability for past suits. And the question there would be, what are they willing to agree to. They need to come and meet with us. We need to discuss it, and we need to see whether we can embody these five principles. These are the things I'm interested in.

To me, I'll say again, this is not primarily about money. This is about changing the behavior of the United States, both the behavior of the tobacco companies, the behavior of the American people, the future behavior of our children. I'm trying to create an environment here with these five principles that I believe would achieve that. And if they want to be our partners in it, I think we can get there. And I hope they will be.

Q Are you willing to put your prestige on the line to ensure that this becomes law?

THE PRESIDENT: Well, I think my personal prestige on this has been on the line for more than a year now. (Laughter.) There for a while, I thought more than my prestige was on the line. (Laughter.) You know, for a person involved in public life in Washington today, personal prestige may be an oxymoron. (Laughter.) But at least you still have your neck most days.

Q What do you say to the people --

Q -- protect the well-being of tobacco farmers -- sounds like you're going to take away their livelihood.

THE PRESIDENT: Well, there are a number of things which can be done, and I don't want to get into the details. Secretary Glickman can talk about it. But we have had farmers in various sectors in our agriculture society facing constricted incomes before, and we have done things which helped them. There was a -- for example, I remember a few years ago something that affected dairy farmers in my state. There was a massive buy-out program for dairy farmers, and in a lot of states like Arkansas, there were any number of small farmers that were having a very difficult time who had a chance to start their life on a different basis.

I don't want to minimize this. Tobacco has a very high return per acre. So it's not a simple thing. You can't just say to a tobacco farmer to go plant soybeans, even if the soil will hold them. This is, from an agricultural point of view, economically complex. But, nonetheless, we have a responsibility to these people. They haven't done anything wrong. They haven't done anything illegal. They're good, hard-working, tax-paying citizens, and they have not caused this problem. And we cannot let them, their families or their communities just be crippled and broken by this. And I don't think any member of the public health community wants to do that. And the Agricultural Department and I am personally very committed to this part -- to me, this is one of the five things we have to do.

We're trying to change America and make everybody whole. And they deserve a chance to have their lives and be made whole and go on with the future as well, and I'm determined to see that they're a part of this.

Q What do you say to the attorneys who thought this

Q What do you say to the attorneys who thought this was a good deal and very proudly proclaimed it?

THE PRESIDENT: Well, first of all, they were a part of all these ongoing reviews. Everybody was heard in this review process. And, secondly, they all recognize, too, that this agreement has to be ratified by Congress. The tobacco companies recognize that. That means that all of us who are part of that process are, in effect, parties to this case, too. And that's the way you need to look at this. We're building on their deal. We're not rejecting their agreement, we're building on it. We're not rejecting what the Attorneys General did, we're building on it. Look, if it hadn't been for what they did, we wouldn't be here.

I realize that there were two great things that started this. One is what Dr. Kessler and what we did at the FDA, and the fact that our administration was the first one ever willing to take this on. The other was the actions by the Attorneys General and the private lawsuits that got the disclosure of the documents that created a codal* change in the public attitude and the public efforts here.

And then long before that, there were the efforts of all of these people here from the public health community who have been telling us all this for years. And they had the public primed for it. Then, the lawsuits brought about the disclosures and then the FDA was moving. Those three things together, I think -- and, of course, now there have been a lot of congressional hearings. Representative Waxman had a full head of hair when he came to Congress before he started -- (laughter.) And so I think you've got to give -- to me, we're building on this progress, and that's the way you have to look at this. We are trying to do the best thing for the country in a way that is consistent with the agreement they made. We're building on the agreement. Were not tearing it down, we're building on it. And I think we can get legislation that will reflect it.

Thank you.

Q What do you think about the string of air crashes, Mr. President, that have happened -- Bosnia, the German representative that was killed?

THE PRESIDENT: It's a terrible thing. We don't have all the facts yet. I was briefed early this morning on it, and, obviously, I'm profoundly concerned for the diplomat and the people that were on the aircraft and their families. But I can't comment on the facts of it until we absolutely know what the facts are.

Q What about the other crashes?

THE PRESIDENT: I must say, we're making -- on balance, we're making some progress in Bosnia again. The events of the last several weeks are hopeful for the peace process and the Dayton Accord.

Q What about the other air crashes here in this country, this string of air accidents? What do you have to say about the air safety and what are you going to be doing about that?

THE PRESIDENT: I had a talk with the Secretary of Defense about them the day before yesterday, and I think we have to, first of all, analyze each and every one to see whether there is some pattern that would require some kind of review by the Air Force or whether it's just an unfortunate stream of coincidences that they all happened at the same time. I noted one that I learned about this morning involved Air National Guard planes, for example. That may or may not have anything to do with any problem with planes or anything like that.

I wouldn't over -- jump to conclusions about this. Remember, every year -- I try to say this once a year, so I want to say it now -- it is easy for the American people to forget the risks that our men and women in uniform undertake. Every year we lose a couple hundred people serving the United States in the military -- in peacetime. It is dangerous work. They have to be well-trained, they have to be skilled, they have to be brave. It is a difficult thing. I am heartsick about the plane we are missing off the coast of Africa that took a de-mining in there to continue our work against land mines.

But I don't want you to jump a conclusion that there is something because all these things occurred within a short space of time because, if you look over the course of a year, we may go months and months and months and nothing happens, but over the course of a year, we lose a significant number of people every year who serve our country in uniform because of the inherent risks involved in what they do.

We will do everything we can to make sure that they're as safe as possible, and if there is a pattern here that has to be looked into on air safety, you can be sure that the Air Force will do that.

Thank you.

Q Are you dreading Chelsea leaving home tomorrow?

THE PRESIDENT: Yes. This morning -- the first thing I did this morning we go look through the boxes and make sure we had all the right things in the right boxes. (Laughter.) But there's nothing I can do about it now. (Laughter.) That's what you raise them for. I'm happy and sad at the same time.

THE PRESS: Thank you.

END 11:17 A.M. EDT

THE WHITE HOUSE

WASHINGTON

September 15, 1997

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed

SUBJECT: Tobacco Rollout Plan

This memo describes the rollout plan for our tobacco announcement. Our goal is to build momentum and support for the enactment of comprehensive tobacco legislation within the next year.

Notifying Key Players

Prior to the announcement, we will inform key players about what the President plans to say on Wednesday. We are working with OPL, Legislative Affairs, Intergovernmental Affairs, and HHS toward ensuring that key members of Congress, attorneys general, governors, and leaders of the public health community are prepared to validate the President's position.

Donna and I will meet with the House and Senate Democratic Tobacco Task Forces late in the day on Tuesday. We will offer to meet with the Republican leadership. White House and HHS legislative affairs will contact relevant committee chairs and ranking members. I will call Governors Hunt, Patton, and Chiles and David Kessler, C. Everett Koop, and Matt Myers. Bruce Lindsey will call the attorneys general. OPL and DPC will call the more than 50 participants of our public outreach meetings.

Event and Communications

There will be considerable press interest in our announcement. We should take advantage of the heightened interest to get out our message, shape the debate, and build momentum for enactment of comprehensive tobacco legislation.

Mike McCurry, Rahm, and I have developed a plan to give advance details of the President's proposal to the major papers for Wednesday morning. With so many Members of Congress being briefed tomorrow, we don't think the story would hold anyway.

To get the most out of the event itself, we should do a Rose Garden event where we can surround the President with leaders from the public health community, the attorneys general, and members of Congress. From the public health community, we expect officials of the American Cancer Society, the American Heart Association, and the American Medical Association, as well as David Kessler, Matt Myers, and possibly C. Everett Koop. From the attorneys general, we expect Mike Moore, Christine Gregoire, Grant Woods, and possibly Bob Butterworth and Scott Harshberger. From Congress, we hope to attract members and leadership from both parties. The audience of 100-150 will be a mix of public health experts who participated in our public outreach meetings, agency staff who participated in the interagency review, and individuals from a list given to us by the Campaign for Tobacco-Free Kids.

The event itself will be limited to remarks by the Vice-President and President. Donna, Dan Glickman, and I will join the President, Vice-President, and validators on stage. Donna and I will lead Mike McCurry's afternoon briefing.

We will provide a short handout to the press describing the President's approach to tobacco legislation, and we will prepare Q&As for the press office and others.

Follow-up

In addition to the typical follow-up briefings for interested groups, we will develop a detailed plan of actions for the remainder of 1997 to maintain interest in and build momentum for enactment of comprehensive tobacco legislation next year. We will work with the Vice-President and his staff to establish a visible leadership role for him. At the same time, we will develop a detailed plan for working with Congress to enact legislation. The President will announce Wednesday that he will invite Congressional leaders to the White House in the coming weeks to develop a bipartisan process to enact tobacco legislation.

Eli G. Attie @ OVP
09/16/97 07:04:06 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc:
Subject: Draft of VP tobacco remarks

Bruce -- any word on our special guests for the Thursday VP event? Thanks...

draft 9/16/97 6pm

REMARKS BY VICE PRESIDENT AL GORE
ANNOUNCEMENT OF PLAN FOR TOBACCO LEGISLATION
THE WHITE HOUSE
Wednesday, September 17, 1997

Working side-by-side with President Clinton these past 4 ½ years has given me a lot to be proud of. A stronger, better economy. A balanced budget that also balances our values. Record declines in crime, welfare, and teen pregnancy. A renewed sense of leadership and purpose in the world. But nothing has made me prouder than this President's commitment to cut-off our children's access to tobacco -- to free them from the deadly grip of nicotine addiction.

An astonishing 25% of all 17- and 18-year-olds in this country smoke cigarettes. We know that if our children don't start smoking by the time they turn 19, they're unlikely to start at all. But once they start, it's hard to stop; 70% of adult smokers want to quit, but can't. And of the 3,000 teenagers a day who start smoking, nearly 1,000 of them have their lives cut short by tobacco. Smoking is the greatest public health challenge in America today.

At its heart, this isn't just a policy issue -- it's a family issue. As someone who had to struggle to quit smoking myself -- and as someone who lost a sister to smoking-related disease -- I know how smoking can affect a family. And I know that with more of America's children being raised by working parents, today's families need help protecting their kids from destructive influences.

For decades, this was an issue most public officials were afraid to take on. We have a very powerful tobacco lobby in this country. There are strong special interests working to protect the tobacco industry and its $1 billion a year in sales to minors.

But President Clinton stood up to all the special interests, and said it was time for tobacco companies to draw the line at our children. He enacted the toughest-ever measures to cut-off children's access to tobacco. He's fighting for the toughest-ever restrictions on tobacco ads aimed at our children -- since we know that underage smokers flock to the most heavily-advertised brands. His leadership forced tobacco companies to the bargaining table -- and make no mistake: it's keeping them there.

For someone who cares so much about this issue -- both as a public servant, and as a parent -- President Clinton's leadership has been an inspiration. He proves that if you really care about our children -- if you're really fighting for what's right -- even the toughest opponents are all smoke, and no fire.

It's my pleasure to introduce America's First Fighter against underage smoking -- President Bill Clinton...

September 16, 1997

TOBACCO ANNOUNCEMENT

DATE: September 17, 1997
LOCATION: Oval Office
BRIEFING TIME: 10:00 am - 10:30 am
EVENT TIME: 10:30 am - 10:55 am
FROM: Bruce Reed

I. PURPOSE

To launch the Administration's plan for comprehensive tobacco legislation to reduce youth smoking.

II. BACKGROUND

You will challenge Congress to enact federal tobacco legislation to reduce teen smoking and announce five key elements that must be included in any national legislation. You will also announce that you will invite Congressional leaders to the White House to work on this issue in the coming weeks. This is an opportunity to build on the FDA rule and the efforts of attorneys general to take further steps to curb youth smoking.

In your remarks, you will call for national tobacco legislation that includes the following:

1. **A comprehensive plan to reduce teen smoking**, including tough penalties if targets are not met, a public education campaign, and expanded efforts to prevent youth access to tobacco products. Legislation should set ambitious targets to reduce teen smoking by 30% in 5 years, 50% in sevent years, and 60% in 10 years.
2. **Full authority for the FDA to regulate tobacco products.**
3. **Changes in the way the tobacco industry does business**, including: no marketing to children, increase document disclosure, and mandatory corporate compliance programs.
4. **Progress toward meeting other public health goals**, such as: the reduction of second-hand smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco,

and the provision of funds for medical research and other health objectives.

5. **Protection for tobacco farmers and their communities.**

Since a proposed national settlement was announced June 20, the Administration has consulted with the public health community, the attorneys general, members of Congress, tobacco farmers, and others to develop a comprehensive tobacco policy. At this event, you will be joined by several key representatives from the public health community and attorneys general to demonstrate unified support for your efforts.

III. PARTICIPANTS

Briefing Participants:
The Vice President
Secretary Shalala
Erskine Bowles
Bruce Reed
Elena Kagan
Don Gipps

Event Participants:
The Vice President
Secretary Shalala
Secretary Glickman
Bruce Reed
Dr. C. Everett Koop
Dr. David Kessler
Four Members of Congress (as yet unknown)
Attorney General Michael "Mike" Moore (D-Mississippi)
Attorney General Grant Woods (R-Arizona)
Attorney General Christine Gregoire (D-Washington)
Attorney General Robert Butterworth (D-Florida)
Attorney General Skip Humphrey (D-Minnesota)
Dr. Randolph Smoak, Vice Chair of the Board, American Medical Association
Dr. John Seffrin, CEO, American Cancer Society
Dudley Hafner, Executive Vice President, American Heart Association
Matt Myers, Executive Vice President and General Counsel, Campaign for Tobacco Free Kids

IV. PRESS PLAN

Pool Press.

V. SEQUENCE OF EVENTS

- You will enter the Oval Office accompanied by the Vice President. (Other guests will be pre-positioned.)
- The Vice President will make welcoming remarks and introduce you.
- You will make remarks and then take questions from the pool.

VI. REMARKS

Remarks provided by Speechwriting.

The White House at Work

Wednesday, September 17, 1997
Tobacco Legislation Announcement

PRESIDENT CLINTON ANNOUNCED HIS PLAN FOR COMPREHENSIVE TOBACCO LEGISLATION TO PROTECT AMERICA'S CHILDREN

President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen tobacco use significantly. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth. Wednesday, September 17, the President announced five key elements that must be at the heart of any national tobacco legislation:

1. A Comprehensive Plan to Reduce Youth Smokng, Including Tough Penalties If Targets Are Not Met. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

Tough Penalties and Price Increases to Reduce Youth Smoking: The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. Today, the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to $1.50 a pack over the next decade as necessary to meet youth smoking reduction targets.

A Public Education and Counter Advertising Campaign: Legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit.

Expanded Efforts to Restrict Access and Limit Appeal: The Administration supports legislation codifying the FDA's efforts to reduce youth access to tobacco, and imposing even stronger restrictions on youth access and advertising consistent with the Constitution.

2. Full Authority for FDA to Regulate Tobacco Products. The Administration supports federal legislation that affirms efforts by the Food & Drug Administration (FDA) to regulate tobacco like any other drug or device and that provides FDA with sufficient flexibility to meet changing circumstances.

3. The Tobacco Industry Must Change The Way It Does Business. The President called for the tobacco industry to stop marketing and promoting tobacco to children, provide broad document disclosure --especially of those documents relating to marketing tobacco to children, and set up comprehensive corporate compliance programs that will reinforce the incentives created by the youth smoking penalties.

4. Progress Toward Other Public Health Goals. Federal tobacco legislation provides an opportunity to meet other public health goals: the reduction of second-hand tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research.

5. Protection for Tobacco Farmers and Their Communities. The Administration is committed to working with members of Congress in both parties to ensure that we protect

the financial well-being of tobacco farmers, their families, and their communities.

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White House Briefing Room

September 17, 1997

PRESS BRIEFING BY SECRETARY OF HEALTH AND HUMAN SERVICES DONNA SHALALA , AND DIRECTOR OF DOMESTIC POLICY COUNCIL BRUCE REED

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 17, 1997

PRESS BRIEFING BY
SECRETARY OF HEALTH AND HUMAN SERVICES DONNA SHALALA
AND DIRECTOR OF DOMESTIC POLICY COUNCIL BRUCE REED

The Briefing Room

2:17 P.M. EDT

MR. REED: I think we can go straight to questions. We're delighted with the broad bipartisan support we had here this morning, and broad support from throughout the public health community. We're also pleased that the House has agreed by voice vote to repeal the $50 billion tax credit in the balanced budget agreement. Now both Houses have agreed with the President.

Donna, do you have anything else to add?

SECRETARY SHALALA: No. We're happy to take your questions. Yes?

Q Are you talking about trying to change the current deal that takes effect, or are you talking about starting from scratch with legislation, no matter what the tobacco companies say? And if you are on the second, how are you going to handle the tobacco advertising portion of it?

MR. REED: As we said -- as the President said this morning, we want to build on the settlement, we want to build on the hard work of the attorneys general. He laid out his plan today, his priorities, and we're going to work with Congress to achieve those. One of our goals has long been to restrict advertising and marketing aimed at kids. We have an FDA rule that's in court on that score. And we'd also like to see at the end of the day further voluntary efforts on the part of the industry to stop that kind of marketing to kids.

Q If you can't get voluntary agreement from the industry to go along with this, what happens at that point? Would you go in --

MR. REED: Well, we haven't lost our court case yet. We lost in the first round, but that's going to be -- it's under appeal.

Q Bruce, will the President ask Congress to stay in session beyond October to enact this plan, as Mike Moore suggested out front?

MR. REED: I think the President already got this question earlier today, and he said that a lot of work can get done. We'd like to see Congress get started right away. Hearings are already underway. We'll be up there working with them to get legislation written. But that kind of decision is ultimately up to the congressional leaders.

SECRETARY SHALALA: And I think it's important to note, too, that some members of Congress have indicated that there will be hearings after they recess, so there is -- we have every expectation that we'll continue to work on the issue with members of Congress, perhaps initially directly with their staffs, so that we don't expect to lose any time while Congress is officially in recess.

Q But you will not formally ask the leadership to keep Congress in session?

SECRETARY SHALALA: No.

Q Some people compare this to the original Clinton health care plan, and then when you try to do everything at once it's very hard, and then you end up doing things step by step instead. Do you think that's what's going to happen now -- instead of a global settlement that takes care of all the issues, that you tackle one issue at a time and do it that way?

MR. REED: I think with the priorities that the President laid out this morning, we have demonstrated that we've learned one lesson from our experience with health care, which is that it's more important to lay out clear priorities, work with Congress in a bipartisan way to get things done. We made a conscious decision together some time ago not to present a detailed piece of legislation.

Q What's the answer to the question -- that you are going to incrementally do it?

MR. REED: No, no, the President called for a comprehensive national tobacco legislation. I think that's the way Congress is likely to approach it.

SECRETARY SHALALA: Reducing youth smoking is not possible unless all the pieces are together -- the advertising campaign, the public -- the counter-advertising campaign, the public education campaign, raising the prices of cigarettes, strong penalties. I think the point that we have made is that you need a comprehensive strategy. That's the first point that the President made. You need a comprehensive strategy so that while each committee will take up a different part of the President's proposals, it's necessary that we watch all the parts at the same time if we really want to bring down youth smoking. After all, that's what this is about.

Q I don't think the President said anything this morning about liability protections for the industry, and so, where do you stand on that? And if you don't intend to support that, do you think you could get a comprehensive bill through Congress without --

SECRETARY SHALALA: Actually, he was asked about that today.

MR. REED: Yes. I think what he said was that we were willing to look at caps on liability, but we want to make sure that Congress enacts legislation that fulfills the five principles that we laid out in the plan this morning.

SECRETARY SHALALA: The point the President was making was he put on the table what he wants from legislation, and other parties including the tobacco industry will be putting on the table and presenting to Congress what they want. But the five points that he laid out are the core of what he believes we need to reduce teenage smoking.

Q Secretary Shalala, after all the notoriety and pressure on this issue of advertising targeted at teenagers, to what extent is the industry still doing it and can you give some examples?

SECRETARY SHALALA: Obviously, the most obvious targeting and the clearest one that was identified was Joe Camel. We have believed for a long time that glamorizing tobacco, particularly as it impacts on young girls, is something -- making tobacco hip and cool is something that affects teenage behavior. And that's why the advertising rules that we laid out in the FDA reg were focused on those places where young people would see the advertising. And as long as there are -- I think something like a third of all the seniors in high school in this country are smokers, smoke at least for some part of a month, according to our measurements -- we're concerned about any advertising that makes smoking look glamorous, look cool and look like what hip people do. So it's not just the cartoon characters, but the broad effort that has an effect on teenager's behavior.

Q Bruce, the tobacco industry statement so far today has been negative on what the President said, but somewhat noncommittal, saying they want to work it out. At the end of the day are you prepared to impose legislation over the wishes of tobacco, or must this comprehensive settlement, by nature, be consensual?

MR. REED: We want to work at comprehensive tobacco legislation with the Congress. We'll do it in a bipartisan way. We've laid out our priorities. I can't tell you whether at the end of the day the tobacco industry will be there or not. They came to the table in the first place. There are clear incentives for them to get comprehensive national legislation. But we clearly have some differences.

Q But that didn't really answer the question, I think, of whether you would impose, or you'd have to have -- is it still a deal that they agree to, or is it possible that you would impose something on them?

MR. REED: Well, we're not going to be negotiating with them, we're going to be negotiating with the Congress.

Q But aren't some of the actions in the settlement things that they brought to the table and that are essentially voluntary actions by them?

MR. REED: Yes, I think -- we talked about the advertising.

Q Are there others besides that?

MR. REED: I think the protocol dealt primarily with that.

SECRETARY SHALALA: That was the only thing that was outside the legislation.

Q The President listed as one of the things he wants the full control of your agency to regulate nicotine. Now the Federal Appeals Court could well overturn the decision on that. Doesn't that remove some leverage that you have over the tobacco industry, and what role does that pending judgment have?

SECRETARY SHALALA: Well, that's just one judgment. We won in the lower court. We will appeal if we have to, if we get a negative decision. We believe that we have that authority. We've asserted that authority and we will appeal it in the courts.

Meanwhile, we will do what the President said when he announced those FDA regulations, and that is that he would like them to be part of the legislation. So affirming FDA's role in regulating tobacco as it does other drugs and medical devices we expect to be part of the legislation. It is a core principle in what the President laid out today.

Q The numbers that are used for the way that increases in price can actually reduce smoking are quite specific. My question is, is this a science or is this an art? How solid are these numbers, how predictable are they?

SECRETARY SHALALA: It actually is research that is quite well-known. The CDC has been doing that kind of analysis for a number of years. I think that the number of a 10 percent increase will produce a 7 percent decrease in youth smoking is probably the article by a professor at the University of Illinois, who is a very distinguished analyst in that area. We'd be happy to provide anyone that wants a copy of that research a copy of that.

MR. REED: But in addition to that, I think researchers have focused on the potential impact of price and the 10 percent increase-7 percent decrease is the best rule of thumb. But we never had a price shock of the kind of magnitude envisioned here. We don't know how much of an impact the counter-advertising and public education measures will have. And that's one of the reasons why we're determined to have strong financial incentives for the industry to do everything in its power to reduce youth smoking, because our view is the tobacco industry knows more about hooking teenagers than anyone else and they probably know more about how to stop it.

Q Secretary Shalala, have you been in touch with Senator Lautenberg? He's introducing legislation today related to the tobacco settlement. And what impact does that have on what you're trying to do --

SECRETARY SHALALA: Bruce Reed and I saw Senator Lautenberg yesterday as part of our briefing of the congressional groups that have been drawn together to discuss tobacco. He did indicate that he was going to introduce legislation. And again, we said to members of Congress that we would look at the pieces of legislation that were introduced by individual members and that we would be working with committees, as well as with individuals, on their legislation.

Q As a follow-up, did he indicate where he was going, which is essentially what he laid out today about not relying so heavily on industry and so forth? What's your thinking on what he --

SECRETARY SHALALA: I didn't have a detailed discussion with him yesterday. I don't know whether Bruce did. But we will be -- again, we haven't reviewed that piece of legislation that's been introduced. We'll be reviewing all of the legislation because we'll be asked for our positions on it, and, again, using the expertise of the CDC and the FDA as well as Treasury and OMB to help guide legislation on the Hill so that it's consistent with what the President recommended.

Q How do you handle the tax deductibility of any industry fund that's established?

MR. REED: What the President said this morning is that the stiff industry penalties for failing to meet the youth smoking targets will not be tax deductible.

Q The President is going to keep it separate from the funds --

MR. REED: The Treasury Department has said that the kinds of annual payments envisioned in the original settlement are standard business practice, that they would be deductible.

Q -- the price shock is $1.50 really over 10 years, it's unclear to me how soon any of this will kick in and will it be really a bigger shock than 62 cents a pack?

SECRETARY SHALALA: That's the point of giving the Congress the flexibility to mix a price increase with very strong penalties. What we're trying to do is to use economic incentives to change the behavior of the industry to make certain that they're making extraordinary efforts to reduce youth smoking, and to young people themselves because price seems to be the one thing that we --that everybody believes will have an effect on young people's behavior and it will, in fact, have an impact on reducing the number of young people that smoke.

There also is experience in other countries on using large prices. But finding the right mix will be part of our discussion with the Congress. We absolutely did not in the President's recommendation commit to $1.50 at the end of 10 years. That wasn't what this proposal was about.

Q What would they be penalized for? Just selling to young --

SECRETARY SHALALA: If smoking by young people does not come down, it will be expensive for the companies. That is the proposal, that there will be heavy financial penalties. It will be very expensive if they're not working very hard to bring down youth smoking.

Q Do you mean -- are you going to be able to prove it?

SECRETARY SHALALA: Oh, yes. Oh, yes. You know, we have year-by-year data now for different age groups. We will have much more sophisticated data not only by age, but by company -- that is, by brand name -- so that we know who's having a successful effort reducing youth smoking.

Q Secretary Shalala, can you clarify what you just said? I thought the President did commit to $1.50 increase if the targets aren't met?

SECRETARY SHALALA: It's not quite like that.

MR. REED: Well, I think he said that he wanted to see a combination of industry payments and industry penalties --

Q What's the difference?

MR. REED: Industry payments, annual payments, regardless of whether youth smoking is going up or down. Penalties are based on the youth smoking targets on the order of reducing youth smoking from current levels by 30 percent over 5 years, 50 percent over 7 years, 60 percent over 10 years. And the more the industry misses the target, the more money it would pay. And he, the President called for a combination of those that could increase current prices by as much as $1.50 over the next 10 years.

Q But if they miss the target, it goes up to $1.50, right? I mean, $1.50 is what he wants assuming targets aren't met.

SECRETARY SHALALA: In combination.

MR. REED: In a graduated way, depending on how much they missed the targets by.

Q Secretary Shalala, why put all the onus on the cigarette makers? Why not put a large portion of the onus on these convenience stores that sell to these teens?

SECRETARY SHALALA: Well, in fact, the President's proposal distributes responsibility. The cigarette companies -- there's tremendous pressure on them. After all, they are the people that have the relationships with the stores. They are, in fact -- it is the tobacco companies that provide the stores with the cigarettes to sell and that's where the relationship is. We want to make certain that the tobacco companies are doing everything they possibly can do to bring down youth smoking. And that means that they have to have -- they have to be part of this strategy. They can't simply write us a check and expect the public health people in the country to carry it on. They have to be very much part of it and there ought to be penalties in place if youth tobacco smoking doesn't come down.

Q Clarify something -- I'm confused. When you talk about potentially the price increasing by $1.50 over 10 years if penalties are not met, you're not talking about mandating a price increase, you're talking about penalties that would end up in their passing along --

MR. REED: Correct.

Q Secretary Shalala, give us your political assessment of the odds that Congress will pass a comprehensive settlement, if not this year, next year.

SECRETARY SHALALA: I think it's too early to tell. I think with presidential leadership -- and as he pointed out, this builds on what has already taken place in terms of the FDA, the settlement discussions that were held by the AGs. The President would not have stepped out on this to continue his very strong position on tobacco if he didn't believe that we could actually achieve it. I think we believe that there is a pretty good chance that next year we will get a comprehensive settlement. It may not be as big as everybody wants, but we really believe, with presidential leadership, that that's exactly where we're going.

Q Would you be willing to accept parts without, say, some of these things?

MR. REED: We want to see a comprehensive bill.

Q You've mentioned several times that money is a motivating factor on cutting down on smoking. Do you have any price tag for what you envision this will cost the tobacco industry, because the attorneys general will able to say $368 billion firm?

MR. REED: Well, as the President said this morning, from our standpoint, it's not about raising money from the tobacco companies, it's about reducing youth smoking. As a matter of comparison, the Treasury analysis of the current settlement was about 62 cents a pack price increase, with penalties of 8 to 10 cents. So it could potentially double the size. But, again, it would depend on where and --

SECRETARY SHALALA: What the mix was.

MR. REED: -- what the mix of payment and penalties was.

Q Sixty-two cents would actually be two and a half times if you went up to $1.50.

MR. REED: Well, you've got to count the penalties in the original settlement, too, which gets you around 72 cents.

Q And then you've doubled it.

SECRETARY SHALALA: But, again, our emphasis isn't on the money. Our emphasis is on the results. And that is, we have

never been about let's raise some money so we can pay for public health. We want to put everything in place that we can to reduce youth smoking.

Q So if you monitor consumption by brand, could you conceivably have $1.50 penalty put on Marlboro and then nothing put on Lucky Strike or Winston?

MR. REED: I think we'd like to see a combination of industry-wide penalties and some company by company. The brand-by-brand surveys are just beginning this year, so we need to see what kind of data we get on that. But it would be a combination.

Q Concerning the liability protections, the deal provided for banning future class actions and state attorney general suits, caps on annual liability, punitive damage, eliminating that. Which of those, or all of those are you willing to go along with if all the guidelines that the President set down this morning are met?

MR. REED: Well, I think, as I said earlier, we would condition accepting any limits on liability on getting the rest of what we're after. We had some concerns about certain aspects of the liability scheme in the settlement. For example, it put a cap on future punitive damages, damages for future misconduct -- which we think is a mistake. But we'd have to look at the whole package.

Q Bruce, why shouldn't the penalties be called taxes?

MR. REED: I think that, for one thing, the responsibility for paying these penalties comes first and foremost on the industry. All of the -- whether you're talking about a tax, an annual payment or a penalty, it ultimately has the potential to be passed on to the consumer. And in this case, that may well serve the overall goal of reducing cigarette consumption.

THE PRESS: Thank you.

END 2:38 P.M. EDT

To comment on this service: *feedback@www.whitehouse.gov*

Questions and Answers on the Tobacco Settlement
September 17, 1997

Q: Is the Administration endorsing the settlement?

A: The Administration called for a legislative solution to the public health issue of tobacco and children in August 1995. The President said then that national legislation would be the best way to protect our children, and that is still the Administration's position. The settlement announced last June creates an historic opportunity to enact this legislation. The President's plan builds on the settlement by demanding:

- A comprehensive plan to reduce teen smoking, including tough penalties if targets are not met, a public education and counter advertising campaign, and expanded efforts to restrict the access of youth to tobacco products;

- Full authority for the FDA to regulate tobacco products;

- Changes in the way industry does business, including broad document disclosure;

- Progress toward other public health goals, including reduction of second-hand smoke, expansion of smoking cessation programs, strengthening of international efforts, and funding for health research and other health objectives; and

- Protection for tobacco farmers and their communities.

Q: Many believe that by not accepting the settlement, you will drive the tobacco companies away and kill any chances of legislation.

A: We want national legislation focused on curbing youth smoking, but we want it to be complete and we want it to be right. We are proposing the principles that we believe are necessary for tobacco legislation. What the industry thinks of those principles is not what should guide us.

Q: Why did it take you so long to comment on the settlement -- especially when you have provided so few specifics?

A: This is an extremely important and complex subject, and we wanted to make sure we got everything right. We have never intended to write legislation or to provide details of a legislative proposal. We will need to work closely with Congress on this issue. We think that providing principles is the best way to start what we hope will be a bipartisan process to enact legislation.

Q: Is the White House to blame that there's no chance of getting national legislation through Congress this year?

A: No. The Republican Leadership has made clear for some time that it would not be ready to enact legislation this year. And we understand why not. This is a complicated issue. It needs to be done with great thought and care in order to get it right. But we have great hopes that the Administration and Congress can work together to enact bipartisan legislation in the next several months.

Q: What is the Administration doing to do to get Congress to pass national tobacco legislation?

A: The President will invite congressional leaders and key members to the White House in the coming weeks to launch a bipartisan effort to enact tobacco legislation. The President has also asked the Vice President to lead the effort to mobilize support around the nation for tobacco legislation.

Q: Why is the Administration proposing price increases of up to $1.50 per pack?

A: We know that significant price increases will help reduce underage smoking -- some experts estimate that for each 10% increase, there is a 7% drop in youth smoking. Today the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to $1.50 as necessary to meet youth reduction targets. If companies meet the goals of reducing youth smoking, penalties will not be levied, and the price increases may be smaller. What is key is that the price go up as needed to meet the targets.

Q: How much of the $1.50 will be collected in base payments and how much will be in the form of penalties for industry failure to meet youth smoking reduction targets?

A: We will work with Congress in addressing that issue. It may be that penalties will account for a much more significant portion of the total cost than in the initial settlement proposal.

Q: Why doesn't the Administration just propose an increased excise tax?

A: We're for increasing the tobacco excise tax. But we just fought a huge battle to increase the excise tax by a modest 15 cents -- only to have the tobacco industry insert a provision in the balanced budget agreement to recoup the money. We believe our proposal can more easily be achieved -- and that it will be just as effective in accomplishing our goal of reducing youth smoking.

Q: What should "FDA's full authority" consist of?

A: Full authority for FDA means no special restrictions on the agency's ability to regulate tobacco products. This means doing away with procedural and substantive obstacles -- like having to make a contraband finding -- that would have restricted the agency's ability to protect the public. And it means retaining the FDA's flexibility to adjust federal regulation in the future to respond to changes in the way the industry manufacturers, markets, or advertises its products.

Q: Do you want FDA to start eliminating nicotine from tobacco products?

A: No. The experts say that much more needs to be known, including information from the documents the industry has kept secret, before FDA can even consider regulating the nicotine content of tobacco products. Our point is simple -- we need a strong FDA, and we need to make sure FDA has all the information it needs so that it can properly evaluate issues like nicotine content.

Q: What is your position on the disclosure of tobacco industry documents?

A: This industry has hidden the truth from the American public for many decades. We must have broad disclosure of what the industry has known, but kept secret, about scientific and health issues and about marketing to children. Legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents (including ones the industry has falsely claimed to be privileged) <u>and</u> disclose scientific and health information contained in even privileged documents.

Q: What are your views on the industry's demand for civil liability protection as part of any legislation?

A: We must have legislation that protects our children from the hazards of tobacco. The Administration will not support any bill that fails to do that. Any limits on liability are conditional on the legislation meeting the Administration's full set of demands.

Q: Aren't there sufficient restrictions on smoking in public places?

A: Increasing the protection for the nation's nonsmokers is a very high priority. Every day we learn more about the adverse effects of "environmental tobacco smoke," or ETS, particularly among youth. ETS causes about 3,000 lung cancer deaths each year in nonsmoking adults, has been linked to other health problems such as heart disease and SIDS, and causes numerous childhood respiratory illnesses. Reducing smoking in workplaces and other public places is one of the most important objectives of comprehensive tobacco legislation.

Q: What about farmers? What will you do to protect them?

A: The President made clear today that any tobacco legislation must protect 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. In some states, entire communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

Q: What provisions will you make for the payment of legal fees to attorneys for the settling parties?

A: The settlement did not address this issue, and our proposal certainly will not. Our proposal is focused on reducing youth smoking. The resources we are asking for are the resources that will allow us to meet this objective and to meet other critical public health needs. What lawyers for any of the parties get is not our concern, nor will it ever be.

Q: What will happen if we fail to seize this opportunity?

A: If current trends continue and nothing is done to curtail tobacco use in America, we can expect an additional 25 million painful and premature deaths among currently living Americans, including five million of our children. On average, smokers who die from smoking-related diseases will lose an average 12 years of life, resulting in medical expenditures of $50 billion per year.

Q: Why has tobacco become such an important issue to this Administration?

A: We've been working on this for two years now. Each day 3000 young people become regular smokers, replacing many of the adult smokers who have quit or died. As the 20th century comes to a close, we need to"right our past wrongs" and bring to a close a century of neglect in dealing with the greatest preventable cause of death in our society. We need to protect our children from being seduced, and then addicted, and finally afflicted. We need to enter the 21st century with policies and programs in place which treat tobacco commensurate with the harm that it causes.

September 17, 1997

Clinton: Raise Cigarette Prices

A.P. INDEXES: TOP STORIES | NEWS | BUSINESS | SPORTS | ENTERTAINMENT

Filed at 12:25 p.m. EDT

By The Associated Press

WASHINGTON (AP) -- Declining to endorse the landmark $368 billion tobacco settlement, President Clinton today called for legislation hiking cigarette prices by up to $1.50 per pack.

``Reducing teen smoking has always been America's bottom line. It must be the industry's bottom line,'' the president said.

Ending three months of divisive internal debate among administration officials, Clinton said he was not out to punish cigarette makers.

``It is not about how much money we can extract from the tobacco industry. It's about fulfilling our duties as parents and responsible adults to protect our children,'' Clinton said.

He also asked Congress to pass legislation that stipulates targets to cut teen smoking by 30 percent in five years, 50 percent in seven years and 60 percent in a decade. Penalties for missing those targets should not be capped, or tax-deductible as a business expense, Clinton said.

Any tobacco pact must also give the Food and Drug Administration -- without any ``special procedural hurdles or requirements'' -- full regulatory power over tobacco, reduce teen smoking by restricting advertising, sales and placement and punish tobacco companies if teen smoking goals are not met, Clinton said.

At his right elbow in the Oval Office were former Surgeon General C. Everett Koop and former FDA commission David Kessler, two outspoken anti-tobacco health advocates whose approval Clinton actively sought throughout his review of the deal.

Absent were any industry representatives.

``I would hope they would be willing to work with us,'' he said of the tobacco companies. ``We cannot have the FDA crippled here and we have to have real and meaningful penalties if the targets for youth smoking are not met.''

Clinton said recent victories in state lawsuits against tobacco companies made the time ripe for ``concessions that would have been literally unthinkable just a short time ago."

``We have moved from confrontation and denial and inertia to the brink of action on behalf of our children," Clinton said.

Papers accompanying the president's announcement cited estimates that a 10 percent increase in cigarette prices will lead to a 7 percent drop in youth smoking.

In what Clinton has repeatedly called a historic opportunity, state attorneys general and cigarette makers proposed in June a $368 billion settlement that would end dozens of anti-tobacco civil suits.

After intense debate among administration officials, the president's decision neither to endorse the deal, nor outline point-by-point how legislation should strengthen it, formally ends any chance a tobacco deal could pass Congress this year.

Republicans have made clear they would not take up the complex legislation without a specific list of demands from Clinton.

The president said today he would nonetheless invite congressional leaders to the White House with hopes of launching a bipartisan drive to enact legislation.

``We're not rejecting what the attorneys general did, we're building on it," Clinton told reporters today. ``Look, if it hadn't been for what they did, we would be here."

The federal cigarette tax is now 24 cents a pack. It will rise to 34 cents in 2000 and 39 cents in 2002 under legislation passed in July.

The Clinton proposal pleased Sen. Edward Kennedy, D-Mass., who said a $1.50-per-pack price increase is ``the best and quickest way" to reduce teen smoking. ``The smoke signal from the administration is very encouraging," he said.

Sen. Frank Lautenberg, D-N.J., said he would propose legislation that would slap a $1.50 tax on each pack of cigarettes immediately, to provide funds to be divided between states and public health programs rather than collecting that money from tobacco companies.

``I intend to introduce the people's alternative that doesn't rely on the industry at all," Lautenberg said in a statement Tuesday.

Home | Sections | Contents | Search | Forums | Help

President Clinton Gives His Assessment of the Proposed Tobacco Deal

Focusing on Youth Smoking

By Jeff Rubin
ABCNEWS.com

BIG TOBACCO

Sept. 17 — President Clinton this morning unveiled a five-point plan focused on cutting youth smoking as he gave his long-awaited assessment of the proposed tobacco deal.

"The health of our children must be paramount," Clinton told anti-smoking advocates assembled at the White House.

President Clinton calls for tobacco changes
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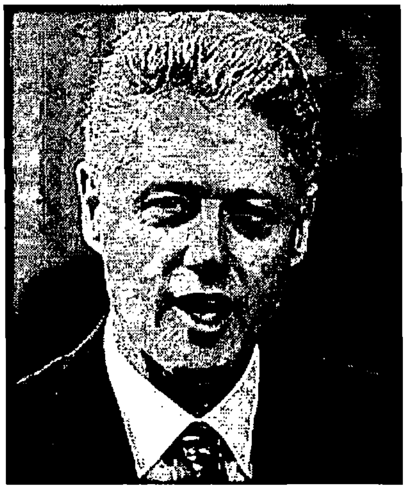

President Clinton unveiled his agenda for the tobacco industry this morning (AP Photo)

He asked Congress to pass legislation that stipulates targets to cut teen smoking by 30 percent in five years, 50 percent in seven years and 60 percent in a decade. Penalties for missing those targets should not be capped, or tax-deductible as a business expense, Clinton said.

Over 10 years, he said, the proposed penalties could cost the companies the equivalent of as much as $1.50 per pack.

"It is not about how much money we can extract from the tobacco industry. It's about fulfilling our duties as parents and responsible adults to protect our children," he said.

The tobacco companies, however, would be under no obligation to actually raise cigarette prices by $1.50—or even at all. They could simply choose to absorb all or part of the cost of any penalties.

"It is not about how much money we can extract from the tobacco industry. It's about fulfilling our duties as parents and responsible adults to protect our children."
—President Clinton

'America's Bottom Line'

"Reducing teen smoking has always been America's bottom line," Clinton said. "It must be the industry's bottom line."

He also demanded, as he had done previously, that no limits be placed on the Food and Drug Administration's ability to control nicotine.

Clinton's lukewarm support of the proposed deal—added to the criticism already leveled against it by such prominent public health officials as former FDA Commissioner David Kessler and former Surgeon General C. Everett Koop—means that the deal will most

Tobacco Timeline

MAIL

likely never be enacted in the form agreed upon in June by tobacco company lawyers and state attorneys general.

Instead, it is likely to serve as a starting point for future legislation on tobacco.

Clinton's Five Points

"Any tobacco legislation must include...a comprehensive plan to reduce teen smoking, including tough penalties. These penalties should be non-tax-deductible, uncapped, and escalating."

"Legislation must affirm the full authority of the FDA to regulate tobacco."

"Legislation must include measures to hold the industry accountable, especially in any efforts to market products to children."

"Legislation must aim not only to reduce youth smoking, but to meet other health goals as well [including] the reduction of secondhand smoke [and] the expansion of smoking prevention and cessation programs."

"Legislation must protect tobacco farmers and their communities."

Clinton said that he would invite congressional leaders to the White House in the next few weeks to fashion a bipartisan stance on tobacco legislation.

White House spokesman Mike McCurry said earlier that even though many have ruled out legislation this year, the president remains hopeful.

"We believe there is momentum. If there's sufficient sentiment in Congress to proceed, the president is anxious to proceed," McCurry said. "If it can be done this year that would be great."

'Go Slow'

But Senate Minority Leader Tom Daschle, D-S.D., said that legislation is unlikely this year. He said that after consultations, Democratic senators say, "The message is, 'Go slow.' This is important, but not essential as a piece of legislation" that must be addressed this year.

Clinton apparently concluded that presenting a detailed bill to Congress would give tobacco lobbyists ammunition to shoot it down before lawmakers act.

By outlining general principles, the president adopted a political strategy that worked for him in the budget talks: By not saying exactly what he wants, it will be easy for him to say after a deal is cut that he got what he wanted.

Congress Wants Specifics

Congress, however, is not interested in hearing about generalities.

Before Clinton's address, Mike Collins, spokesman for Rep. Thomas Bliley, R-Va., who, as chairman of the House Commerce Committee would help oversee any tobacco legislation, said: "We are hopeful there will be presidential leadership to tell us specifically what the president feels of this arrangement, not ... in general terms but in specific terms."

Clinton also said that any tobacco legislation must protect the interests of tobacco farmers and ensure broad disclosure of tobacco industry documents.

He made no mention of any immunity from class-action lawsuits for the tobacco industry, a key part of the original tobacco settlement.

Asked whether his "personal prestige" hinged on the successful passage of legislation to cut youth smoking, Clinton joked: "My personal prestige on this has been on the line for more than a year now. There for a while, I thought more than my personal prestige was on the line," he said, evidently referring to his neck.

The Associated Press and Reuters contributed to this report.

UP

NEWS

AMERICAN LUNG ASSOCIATION®

Contact: Diane Maple 202/785-3355

Statement of John R. Garrison
CEO, American Lung Association
September 17, 1997

The American Lung Association thanks President Clinton for taking a big step forward to protect children by not endorsing the "global" tobacco settlement that proved woefully inadequate in addressing this nation's tobacco-related health problems. The President is right in signaling that Minnesota Attorney General Hubert H. Humphrey III should be allowed to put the tobacco industry on trial in January and that Congress should not allow the tobacco industry to dictate the timing of any legislative action.

While the President has not embarrassed the attorneys general by outright rejection of the deal they negotiated with the tobacco companies, the effect of his proposal today is to do just that. He has called for maintaining the Food and Drug Administration's authority to regulate tobacco. He has called for document disclosure, which the tobacco companies say is tantamount to rejection of the deal. He has proposed significant increases in penalties, which increase the cost of the deal. And, by his silence, he has not endorsed unacceptable components of the deal, like liability limits and preemption. His approach is a good deal for America's kids.

The American Lung Association looks forward to working with President Clinton and the Congress to enact legislation that will dramatically reduce teen smoking. We also will continue to oppose any bailout deal that benefits the tobacco industry at the expense of the health of the American people.

# # #

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TOBACCO BRIEFING
September 17, 1997
3:00 pm
Room 450, OEOB

LIST OF PARTICIPANTS

National Education Association-- Diane Shuft
National Women's Law Center-- Ann Kolker
American Nurses Association-- Stephanie Reed
Campaign for Tobacco Free Kids-- Scott D. Ballin, Judith Glanz, Patricia Sisa, Anne Ford, and Dr. Roy Branson
Latino Council of Alcohol and Tobacco-- Jeannette Noltenius
American Dental Association-- Judith Conrad Sherman
American College of Preventive Medicine-- Susan Marie Leous and Hazel Keimowitz
American Academy of Pediatrics-- Kerilyn E. Briel
American Medical Association-- Margaret Garikes
American Heart Association-- Richard Hamburg
American Cancer Society-- Emily Smith
American Public Health Association-- Dr. Mohammad Akhter
Children's Defense Fund-- Greg Haifley
National Association of County & City Health Officials-- Donna Grossman
American Society of Addiction Medicine-- Sandy Metcalfe
Society for the Advancement of Women's Health-- Roberta Biegel
Partnership for Prevention-- Jordan Richland
Child Welfare League of American-- Thomas Brooks
COSSMHO-- Anna Rivas-Beck
Association of Schools of Public Health-- Mark O'Brien
American Federation of Teachers-- Constance Cordovilla
American Association for World Health-- Richard Wittenburg
American Society of Internal Medicine--Richard Trachtman
National Smoking Cessation Campaign for African American Women-- Mildred Morse
The Sheridan Group-- Thomas F. Sheridan
American Society of Clinical Oncology-- Julie Taylor
National Education Association-- Diane Shuft
National Association of Pediatric Nurse and Practitioners-- Linda Marie Zuckerman
Girls' Inc.-- Suzanne Langevin
National Council of Churches-- Eleanor Wright
American College of Chest Physicians-- Raymond Cotton
American Dental Hygienists-- Karen Sealander
National Association of Chain Drug Stores-- Phil Schneider
National Black Nurses Association--Millicent Gorham
Society for Public Health Education--Mary Elaine Auld

American Lung Association--Joshua Cooper
American College of Cardiology--Camille Sorosiak
John O'Hanlon, John Blount, John Raffaelli, Richard Scruggs

U.S. REPRESENTATIVE

Nita Lowey

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FOR IMMEDIATE RELEASE
SEPT. 17, 1997

CONTACT: HOWARD WOLFSON
(202) 225-6506

LOWEY AMENDMENT REPEALS $50 BILLION TOBACCO TAX GIVE-AWAY

WASHINGTON, D.C. --- Congresswoman Nita M. Lowey's (D-NY) amendment to repeal the infamous $50 billion tax credit for the tobacco industry contained in the 1997 budget bill was adopted by the House today on a voice vote as part of the Labor, Health and Human Services, and Education Appropriations bill.

Senator Dick Durbin (D-IL) offered an identical amendment to the Labor, Health and Human Services, and Education Appropriations bill that passed the Senate last week. The repeal of the $50 billion tax credit should become law when the appropriations bill is signed by the President.

"This is a tremendous victory over the tobacco industry," Lowey said. "The GOP leadership slipped this outrageous provision into the budget in the dead of night. Today we have seen that it could not stand the light of day.

"The Republican leadership tried to give $50 billion of taxpayer's money to the big tobacco companies," Lowey said. "Today we showed them that they could not succeed.

"Make no mistake," Lowey said. "The GOP leadership did not want the House to consider this amendment today. We won because the American people were on our side."

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Queens: 97-45 Queens Blvd., Suite 505 • Rego Park, NY 11374 • (718) 897-3602 • (718) 897-3804 fax
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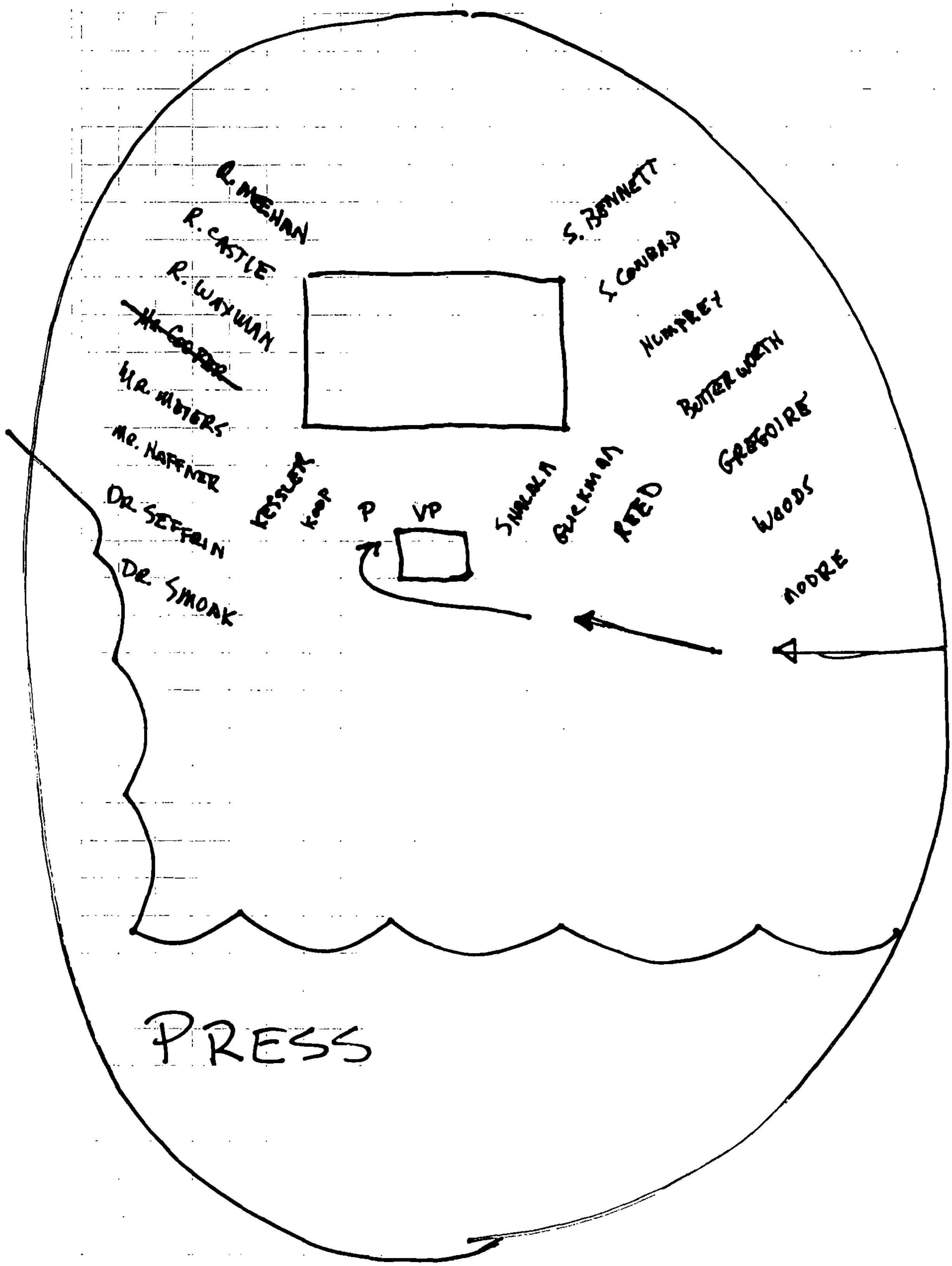

Wednesday September 17 3:18 PM EDT

Company Press Release

Brown & Williamson's Statement Regarding National Tobacco Legislation

LOUISVILLE, Ky., Sept. 17 /PRNewswire/ -- Brown & Williamson Tobacco Corp. issued the following statement regarding the comprehensive tobacco legislation:

Brown & Williamson is extremely concerned with certain comments made during the President's press conference today related to passage of comprehensive tobacco legislation.

We were encouraged by the President's comments that he is not rejecting the June 20th agreement between the tobacco industry and the state attorneys general and wants to build on it. The President's comment that this was ``not about how much money we can extract from the tobacco industry" supports the industry's view that the June 20th agreement has already extracted huge concessions.

But, we were especially discouraged by the Vice President's remarks that the White House would not settle for ``half-a-loaf." To characterize the tremendous progress reflected in the June 20th agreement, which was negotiated not only with the attorneys general, but also representatives of the health community and others as ``half-a-loaf" is to trivialize its considerable achievements.

The June 20th agreement represents a carefully crafted solution to the many complex tobacco issues which have been debated for years. We continue to believe that the June 20th agreement offers the best opportunity to reduce underage smoking, protect the rights of adults to smoke and meet the demands of the public health community.

B&W stands ready to work with Congress and the President to support national legislation incorporating the basic provisions outlined in the June 20th agreement. Given the major concessions already made, we cannot support significant changes to that agreement. We hope the unprecedented opportunity this agreement presents is not lost.

SOURCE Brown & Williamson Tobacco Corporation

More news for related industries: government, tobacco.

Date: 09/17/97 Time: 11:01
CWASHINGTON (AP) Declining to endorse the landmark $368 billion

WASHINGTON (AP) Declining to endorse the landmark $368 billion tobacco settlement, President Clinton today called for legislation hiking cigarette prices by up to $1.50 per pack.

''Reducing teen smoking has always been America's bottom line. It must be the industry's bottom line,'' the president said.

MORE

APNP-09-17-97 1103EDT

Date: 09/17/97 Time: 11:33
CWASHINGTON: youth smoking

In what Clinton has repeatedly called a historic opportunity, state attorneys general and cigarette makers proposed in June a $368 billion settlement that would end dozens of anti-tobacco civil suits.

After intense debate among administration officials, the president's decision neither to endorse the deal, nor outline point-by-point how legislation should strengthen it, formally ends any chance a tobacco deal could pass Congress this year.

Republicans have made clear they would not take up the complex legislation without a specific list of demands from Clinton.

The president said today he would nonetheless invite congressional leaders to the White House with hopes of launching a bipartisan drive to enact legislation.

''We're not rejecting what the attorneys general did, we're building on it,'' Clinton told reporters today. ''Look, if it hadn't been for what they did, we would be here.''

The federal cigarette tax is now 24 cents a pack. It will rise to 34 cents in 2000 and 39 cents in 2002 under legislation passed in July.

The Clinton proposal pleased Sen. Edward Kennedy, D-Mass., who said a $1.50-per-pack price increase is ''the best and quickest way'' to reduce teen smoking. ''The smoke signal from the administration is very encouraging,'' he said.

Sen. Frank Lautenberg, D-N.J., said he would propose legislation that would slap a $1.50 tax on each pack of cigarettes immediately, to provide funds to be divided between states and public health programs rather than collecting that money from tobacco companies.

''I intend to introduce the people's alternative that doesn't rely on the industry at all,'' Lautenberg said in a statement Tuesday.

No Pickup
APNP-09-17-97 1135EDT

Date: 09/17/97 Time: 13:37
House votes to repeal tobacco credit

WASHINGTON, Sept. 17 (UPI) _ The House without debate voted to repeal a $50 billion tobacco tax credit contained in a massive five-year budget agreement enacted by Congress and the White House this summer.

The House's repeal came almost as unexpectedly as the initial inclusion of the credit in the budget agreement. The vote was an unscheduled move that came on a voice vote without any debate.

Opponents of the credit contended that top Republican congressional leaders acted ''in the dead of night'' to conceal the $50 billion credit in the huge budget plan negotiated over months by Congress and the White House.

The House's repeal is in the form of an amendment to the House's version of a funding measure for the Labor, Health and Human Services and Education departments of the upcoming fiscal year.

The Senate took nearly identical action last week, adding a repeal amendment to its version of the Labor-HHS bill on a 95-3 vote.

The only indication of the House's move to repeal came last weekend, when House Speaker Newt Gingrich publicly endorsed its elimination on national television.

Gingrich's comments came after anti-smoking opponents in the Senate labored long to push its repeal, which was viewed as a rare and sharp rebuke of the tobacco industry and its powerful lobby on Capitol Hill.

Date: 09/17/97 Time: 14:33
TWith AM-Clinton-Tobacco, Bjt

Quotes concerning President Clinton's announcement on the tobacco deal

''The tobacco bailout deal is dead. Now we have a chance to get it right and force this rogue industry to stop marketing to kids, expose their secrets and lies, and ensure a strong national health policy on tobacco.'' Minnesota Attorney General Hubert Humphrey III, who is scheduled to go to trial against tobacco companies early next year.

''It's late and it's paltry.'' Senate Majority Leader Trent Lott of Mississippi, of Clinton's announcement.

''His failure to (be more specific) eliminated what little chance we had of getting an agreement enacted this year, and makes it far more difficult for us to do so at all.'' Rep. Tom Bliley, R-Va., chairman of the House Commerce Committee.

''I don't feel compelled that we have to pass this in two months. I don't feel compelled that we have to pass this in 12 months.'' Sen. Don Nickles of Oklahoma, the GOP point man on tobacco in the Senate.

''The American Lung Association thanks President Clinton for taking a big step forward to protect children by not endorsing a global tobacco settlement that proved woefully inadequate in addressing the nation's tobacco-related health problems.'' John Garrison, chief executive officer, American Lung Association.

''President Clinton is making it clear that when it comes to protecting our children from addiction and from disease, we cannot settle for half a loaf.'' Vice President Al Gore.

''If we take responsibility, if we pass this legislation, if we do what we should here, if the tobacco industry will work with us, if other members of Congress in both parties will work with us, we will have gone a very long way toward creating the state of health for our children that will make America an even greater nation in the new century.'' President Clinton.

''That's great. That's terrific. That shows a great deal of courage. He's right. Congress doesn't need to negotiate with the tobacco industry in order to pass these regulations. Congress doesn't need the tobacco industry's permission to regulate it.'' Patrick Reynolds, grandson of tobacco company founder R.J. Reynolds. Patrick Reynolds created the Foundation for a Smokefree America in 1989.
APNP-09-17-97 1435EDT

Date: 09/17/97 Time: 14:45
Shalala predicts settlement next year

WASHINGTON, Sept. 17 (UPI S) _ Health and Human Services Secretary Donna Shalala is predicting (Wednesday) ''there's a pretty good chance that next year we'll get a compromise
tobacco

settlement.'' But Shalala says the agreement may not be as expansive as everyone wants in acknowledging Congress is unlikely to take it up before next year.

Date: 09/17/97 Time: 14:48
Industry rejects reopening tobacco plan

WASHINGTON, Sept. 17 (UPI) _ Tobacco companies reacted quickly and coolly to President Clinton's call to reopen the massive settlement with states to stiffen penalties and further prevent teenage smoking.

Philip Morris, R.J. Reynolds, Lorillard and the United States Tobacco Co. insisted shortly after Clinton's announcement today that the June 20 agreement already does that and should not ''undergo significant change.''

The industry statement said, ''We agree that there ought to be a concerted national effort to lower the use of tobacco products by minors. We do not agree that the industry should be held solely accountable.'' And noting that they already found many elements of the comprommise ''difficult for us to accept,'' the companies insisted the pact already provides the framework for ''effectively reducing underage tobacco use
and

extending the regulatory authority of the FDA.''

They said, ''Now that the White House has completed its review, Congress can and should move forward. We believe the June 20 plan still represents the most achievable balance.'' _-

Date: 09/17/97 Time: 15:01
TClinton promises to protect farmers in tobacco deal

WASHINGTON (AP) President Clinton is making protection of tobacco growers a cornerstone of any national tobacco deal, but he isn't saying how to do it.

In laying out his conditions for congressional approval of a settlement of health-related lawsuits between tobacco companies and dozens of states, Clinton said farmers should not suffer if smoking drops as envisioned in coming years.

''They're good, hard-working, taxpaying citizens and they have not caused this problem,'' the president said Wednesday. ''And we cannot let them, their families or their communities just be crippled or broken by this.''

Proposals ranging from government buyouts of some of the 124,000 tobacco growers two-thirds of tobacco is produced in North Carolina and Kentucky to requiring more American-grown leaf in cigarettes have been floated since the proposed settlement was announced in June.

Sen. Dick Lugar, R-Ind., the Senate Agriculture Committee chairman, who is holding a hearing on the farmer issue Thursday, supports buyouts and using some of the settlement money to help rural communities recover from any economic losses. In return, government would gradually end the tobacco program that controls supplies and price.

''If this does not occur, the public will become increasingly uncomfortable with government policies that subsidize tobacco production while at the same time warning people not to smoke,'' said Lugar, R-Ind.

Clinton did not endorse any concrete ideas, but he did acknowledge it would be difficult for many tobacco growers to switch from their lucrative crop to something else that pays far less.

''You know, tobacco has a very high return per acre, and so it's not a simple thing,'' the president said. ''You can't just say to a tobacco farmer, 'Go plant soybeans,' even if the soil will hold them.''

Some tobacco-state lawmakers reacted favorably to Clinton's highlighting of farmers' needs, but others were disappointed that the president didn't provide any details and that he proposed several other changes to the settlement.

''You really have to wonder how serious people are about addressing this issue when they keep moving the goal posts,'' said Sen. Wendell Ford, D-Ky. ''This idea of continuing to add on to the agreement will cause it to fall of its own weight.''

APNP-09-17-97 1503EDT

Date: 09/17/97 Time: 15:16
bGroups React to Clinton Comments on Developing Tobacco Policy

To: National Desk
Contact: Jennifer Thorp of the Campaign for Tobacco-Free Kids, 202-296-5469

WASHINGTON, Sept. 17 /U.S. Newswire/ -- A coalition of public health groups today released the following statement in reaction to President Clinton's comments on developing a national tobacco control policy:

We join together today to praise the President for his support and leadership in the ongoing battle to save lives and protect children from tobacco addiction. His action today moves us one step closer to finally achieving a national tobacco control policy and plan that drives down youth and adult smoking rates, helps addicted smokers quit, and stops our young people from ever starting to use cigarettes or smokeless tobacco products.

Through outlining his broad principles, the president has set the course for an historic attack on the epidemic of tobacco use in American society. We join with him in seeking a strengthened tobacco control plan that offers unlimited FDA authority over tobacco, significant price increases for tobacco products, and tough penalties against the tobacco industry.

With so many of our children falling to tobacco addiction every day, we look forward to working with the Congress and the president to enact comprehensive legislation in the 105th Congress. We are committing our resources, including our millions of members, volunteers, and staffs, to this challenge.

American Academy of Family Physicians
American Academy of Pediatrics
American Cancer Society
American College of Chest Physicians
American College of Preventive Medicine
American Heart Association
American Medical Association
Association of City and Territorial Health Officials
Campaign for Tobacco-Free Kids
National Association of County and State Health Officials
Partnership for Prevention

For more information, contact:

American Academy of Family Physicians -- Robert Graham, M.D., or Jacqelyn Admire, MSPH: 816-333-9700

American Academy of Pediatrics -- Marjorie Tharp or Gem Benoza: 202-347-8600

American Cancer Society -- Emily Smith: 202-546-4011

American College of Chest Physicians -- Lynn Marcus: 847-498-1400

American College of Preventive Medicine -- Hazel Keimowitz: 202-466-2044

American Heart Association -- Robyn Landry: 202-785-7900

American Medical Association -- Brenda L. Craine: 202-789-7447

Association of State and Territorial Health Officials -- Cheryl Beversdorf: 202-371-9090

Campaign For Tobacco-Free Kids -- Jennifer Thorp: 202-296-5469

National Association of County and City Health Officials -- Donna Grossman: 202-783-5550

Partnership For Prevention -- Jud Richland: 202-833-0009.

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Date: 09/17/97 Time: 16:29
bAMA Applauds Clinton's Dedication to Strong National Tobacco

To: National Desk
Contact: Brenda L. Craine of the American Medical Association, 202-789-7447.

WASHINGTON, Sept. 17 /U.S. Newswire/ -- Following is a statement by AMA Vice Chair Randolph D. Smoak, M.D.

''The American Medical Association today stands with President Clinton as he pledges his support to protect children and save lives by tackling the scourge of tobacco death and disease.

''As physicians, it is not our place to prescribe the process --only the cure. And the cure for a country suffocating from the ills of tobacco is a strong national tobacco control policy -- now.

''Since the announcement of the tobacco settlement, about 261,000 young people have taken their first puff. As physicians, we do whatever it takes to save a patient's life. Each day we delay action on a national tobacco control policy, we risk not one life -- but thousands.

''On July 31, the AMA released its 45-page analysis of the proposed tobacco settlement, which calls for strengthening the agreement to achieve 'real, permanent, major public health benefits.'

''We urge Congress to use this document and the president's recommendations as blueprints to guide all those who care about reducing the devastating effects of tobacco on our nation.''

For more information or a copy of the AMA's 45-page analysis of the proposed tobacco settlement, call Brenda L. Craine at 202-789-7447.

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/U.S. Newswire 202-347-2770/
APNP-09-17-97 1631EDT

Date: 09/17/97 Time: 17:45
TTobacco lobbyists set to work on Congress

WASHINGTON (AP) The tobacco industry was busy Wednesday doing what all sides agree it does well cultivating political good will by shuttling GOP leaders aboard a private jet to New York.

But all around Washington were reminders of the difficulty the industry faces as it wages a protracted lobbying battle seeking approval of a proposed

$368 billion anti-smoking settlement with states attorneys general.

President Clinton held back his endorsement of the plan. And the House agreed with the Senate to repeal a $50 billion industry tax break that had been slipped into the budget bill this summer.

Those events driven by a growing public sentiment against the companies sent lobbyists for the tobacco giants scrambling for new strategies.

''We now go back to the drawing board,'' said one tobacco lobbyist, speaking on condition of anonymity.

The industry may find its solace in the fact that the deal is now firmly in the hands of Congress. Last election cycle, tobacco companies shelled out $10 million to candidates and political parties.

In another symbol of its muscle, U.S. Tobacco Co. was among several companies that provided private jets to shuttle GOP lawmakers to a New York fund-raiser Wednesday night.

''The industry has many friends on the Hill,'' said John D. Rafaelli, who is lobbying Congress on behalf of the state attorneys general who negotiated the original deal.

Nonetheless, the many obstacles will test the traditional bond between tobacco and lawmakers.

Chances of a settlement passing Congress this year are all but dead, lobbyists concede. Both sides in the debate had waited months to see what direction the White House would pursue.

On Wednesday, Clinton proposed several changes in the agreement and asked lawmakers to increase regulatory oversight of the industry and raise cigarette prices if the industry fails to substantially curb teen smoking.

The president's announcement was a mixed bag for tobacco lobbyists who had hoped for a clear endorsement from Clinton as a catalyst for the negotiations on Capitol Hill.

But Rafaelli said Clinton ''took a seat at the negotiating table'' by casting his support for any future settlement on the issue of protecting children from smoking and giving the Food and Drug Administration full regulatory power over tobacco.

That latter condition, however, may have made the deal a tougher sell on Capitol Hill, where the majority Republicans have made the FDA a target in their crusade to cut government regulation.

''It's a big government program to some people,'' Rafaelli said. ''To some Republican members of Congress, that's pretty repugnant.''

APNP-09-17-97 1747EDT

Date: 09/17/97 Time: 17:35
TWith AM-Clinton-Tobacco, Bjt

A comparison of the tobacco deal reached in June by states and the tobacco industry and of details of President Clinton's proposal outlined Wednesday:

TOBACCO DEAL:

Youth Smoking:

Industry would pay fines if youth smoking fails to drop by 30 percent in five years, 50 percent in seven years and 60 percent in 10 years. The penalty would be capped at $2 billion a year, but companies could apply for waivers if they show they made good-faith efforts to comply. The yearly fines would begin in 2002.

FDA Regulation:

The Food and Drug Administration could regulate nicotine as a drug but could not ban it until 2009, and even then would have to ensure that a ban would not cause a significant cigarette black market. The FDA could lower nicotine in cigarettes only after significant procedural hurdles, and Congress also would be given a chance to object. The FDA would approve as safe any new ingredients added to tobacco products. For existing ingredients, FDA would impose standards to reduce and eliminate harmful components.

Impact on Tobacco Companies:

Tobacco companies would pay $368 billion in first 25 years, and then $15 billion a year. Of that, the deal provides an up-front payment of $10 billion $7 billion to the states and $3 billion for public health measures.

Tobacco companies would win a ban on class-action lawsuits by sick smokers and not be liable for punitive damages stemming from past misconduct.

Marketing and Ads:

Black labels, including those reading ''Cigarettes are addictive'' and ''Smoking can kill you,'' would cover the top fourth of cigarette packs. No humans or cartoons in ads or on cigarette packs. Text-only ads in magazines with significant youth readership.

Smokers:

Sick smokers could sue the industry. Any money they won for medical bills, lost wages or other ''actual damages'' would come out of annual $5 billion tobacco company fund. Smokers also could receive punitive damages for any future wrongdoing by tobacco companies out of that fund.

CLINTON'S PROPOSED CHANGES:

Youth Smoking:

Same goals for decreasing youth smoking but adds stiffer penalties for missing those targets. The combination of annual payments and teen-smoking fines could force companies to raise prices $1.50 a pack, phased in over 10 years. Fines would no longer be tax-deductible or limited.

FDA Regulation:

FDA should face no ''special procedural hurdles'' in its jurisdiction over tobacco products. Would not force the FDA to make specific findings about the potential emergence of a black market. Would not force the FDA to follow any enhanced standards of proof in its regulation.

Impact on Tobacco Companies:

Asks that Congress repeal provision that would have given the tobacco industry a $50 billion tax credit for its payments to states. Both House and Senate have voted to repeal the law.

Does not specify whether tobacco companies should get all the legal protections they originally negotiated.

Marketing and Ads:

Calls on tobacco companies to stop marketing and promoting tobacco to children, but does not give additional specific restrictions. Also supports more visible warning labels on tobacco products.

Smokers:

Proposes helping connect those who want to quit smoking with cessation programs. Also should aid other nations trying to reduce smoking. Generated resources should be used to set up a health research fund.

Tobacco Farmers:

Adds that provisions should be made to assist tobacco farmers, but gives no specifics.

APNP-09-17-97 1736EDT

Date: 09/17/97 Time: 18:09
CClinton urges changes, leaving tobacco deal in limbo

WASHINGTON (AP) Applauded by public health leaders, President Clinton called on cigarette makers Wednesday to dig deeper to salvage the landmark tobacco deal including raising cigarette prices by as much as $1.50 a pack. The industry and congressional Republicans found much to fault.

Clinton ignored the deal's focus on settling the lawsuits that plague tobacco companies, instead asking that Congress pass sweeping laws with one goal: stopping tobacco companies from hooking teen-agers.

His decision leaves the summertime tobacco deal an orphan, with no action this year and questions about how Congress could address the issue in 1998. By January, cigarette makers probably will be deep into lawsuits in Texas and Minnesota that could remove their desire to compromise.

''To me, this is not primarily about money,'' Clinton said. ''This is about changing ... both the behavior of the tobacco companies, the behavior of the American people, the future behavior of our children.''

Clinton was repositioning the debate so that ''if you care about reducing the number of kids who smoke, you have to be in favor of the president's proposal,'' said former Food and Drug Commissioner David Kessler. He said that stance had united feuding public health groups.

But Republican leaders attacked Clinton's recommendations as too vague, and Senate Majority Whip Don Nickles warned that he hadn't decided whether lawmakers should offer legislation necessary for the deal even next year.

''I don't feel compelled that we have to pass this in two months. I don't feel compelled that we have to pass this in 12 months,'' Nickles said.

Clinton's failure to provide specific recommendations ''makes it far more difficult for us to do at all, regardless of the terms,'' said Rep. Thomas Bliley, R-Va. He plans informational hearings this winter.

And Democrats said Clinton didn't go far enough. In fact, Sen. Frank Lautenberg, D-N.J., said he would introduce legislation to force the $1.50 price increase immediately, not in 10 years as Clinton would.

Clinton withheld endorsement of the deal, which was negotiated in June between tobacco companies and state attorneys general as a way to settle dozens of anti-tobacco lawsuits.

The original terms called for companies to pay $368 billion over 25 years, curb their advertising and pay fines of up to $2 billion if teen smoking didn't drop 30 percent in five years. In return, they would gain legal protections and limits on government control of nicotine.

To make those annual payments, a Treasury Department audit concluded cigarette prices would rise by 62 cents a pack.

Clinton, instead, wants to force companies to raise cigarette prices by up to $1.50 a pack over 10 years if teen smoking remains high.

The increase would come from a combination of yearly industry payments and fines, but Clinton left it to Congress to set a starting price rise and decide how fast fines should escalate. If teen smoking truly dropped, the price would never jump that high. If the $1.50 increase did kick in, the tab for any tobacco deal

ultimately could reach $700 billion.
Adding further to industry's cost, Clinton said tobacco companies could not deduct from their taxes any youth-smoking fines.
To further cut youth smoking, Clinton demanded curbs on advertising that might persuade teens that smoking is glamorous or hip, much as the original deal did. But he also called for full FDA control of nicotine and promised vague new protections for tobacco farmers.
For the first time, Clinton sidestepped whether he would give tobacco companies all the legal protections they originally negotiated. ''They have asked for immunity for liability from past deeds. The question there would be, what are they willing to agree to?'' Clinton said.
The industry reacted angrily.
''Given the major concessions already made, we cannot support significant changes to that agreement,'' said Brown & Williamson Tobacco Corp.
Cigarette makers got more bad news Wednesday: The House voted to block them from deducting the new 15-cent federal tobacco tax from any national settlement. A provision slipped into the recently passed tax-cut legislation would have given the industry that $50 billion rebate; the Senate last week also repealed it.
Clinton's stance sealed Congress' unwillingness to tackle the complex deal this fall, and left uncertain who, if anyone, would write a bill in 1998.
By then, two states' lawsuits against tobacco will have begun.
The industry has high hopes of winning in Texas in a suit starting later this fall. But the industry fears the Minnesota lawsuit that begins in late January.
Clinton's move sets up Congress to be deliberating a tobacco deal in the midst of ''day after day of witnesses and document disclosure'' from that case, noted Sen. Kent Conrad of North Dakota, the Democrats' tobacco point man.
APNP-09-17-97 1811EDT

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Wednesday September 17 1:25 PM EDT

Company Press Release

Tobacco Industry Issues Statement Regarding National Tobacco Plan

WASHINGTON, Sept. 17 /PRNewswire/ -- The following statement was issued today by Philip Morris Incorporated; R.J. Reynolds Tobacco Company; Lorillard Tobacco Company; and the United States Tobacco Company:

We welcome the President's call for Congressional enactment of a national tobacco plan, and we agree with his stated goal of reducing underage use of tobacco products.

The comprehensive agreement announced on June 20th by the tobacco industry, the states attorneys general, attorneys for the plaintiffs in tobacco class action suits, and representatives of the public health community is a carefully crafted compromise that has the potential to resolve longstanding differences that have marked the debate on tobacco issues for decades. Many of the elements of the June 20th agreement were difficult for us to accept, but we support the plan as the best possible means to end decades of confrontation and uncertainty. The June 20th agreement establishes the framework for effectively reducing underage tobacco use, extending the regulatory authority of the Food and Drug Administration, and recognizing the rights of adults to choose to use tobacco products.

We are gratified that President Clinton stated his desire to build on the June 20th plan in order to achieve a national resolution on tobacco issues. But we disagree with some of the proposed changes offered today, and with suggestions that the terms of the June 20th agreement undergo significant change.

We agree that FDA should have appropriate authority over the manufacturing, marketing and sale of tobacco products. We also believe that the rights of the 50 million adults who choose to use tobacco products must be respected. The June 20th agreement outlined an approach which meets both of these goals. Under the June 20th plan we have agreed to submit to broad regulation by the FDA far beyond any current regulations. Every major FDA proposal -- including the FDA rules on tobacco now in litigation -- is contained in the June 20th plan.

We agree that there ought to be a concerted national effort to lower the use of tobacco products by minors. We do not agree that the industry should be held solely accountable for social behavior that neither it, nor the government, can control. As part of the June 20th compromise, we agreed to specific reduction targets regarding underage tobacco use. We will do our part to meet the ambitious goals set forth in the June 20th proposal, but a single industry should not shoulder the responsibility for behavior that everyone, including everyone in government, admits is not solely influenced by industry actions.

We agree with the President that special consideration should be provided to tobacco growers. This group, composed of traditional family farmers, is concerned that its livelihood is threatened. We believe Congress must be attentive to the legitimate concerns of growers as legislation on the compromise plan moves forward, and we stand ready to work with the growers and the House and Senate to resolve these issues.

Now that the White House has completed its review, Congress can and should move forward. We believe the June 20th plan still represents the most achievable balance, and we will work constructively with the Congress and the President to build upon the historic accomplishments of that agreement to enact a national tobacco plan.

SOURCE Philip Morris, Inc.; R.J. Reynolds Tobacco Co.; Lorillard Tobacco Co.;

United States Tobacco Co.

Wednesday September 17 2:47 PM EDT

LeBow backs Clinton tobacco pact revisions

MIAMI, Sept 17 (Reuter) - Bennett LeBow, chairman and chief executive officer of Brooke Group Ltd, said Wednesday that he supports the Clinton Administration's plans to revise the proposed national tobacco industry settlement.

Brooke Group, the parent of the Liggett Group tobacco company, entered separate tobacco liability agreements with states and has said this proposed $368.5 billion settlement would bankrupt the company.

``Since this settlement was proposed in June, Liggett has suggested a number of revisions that include embracing the findings in the Koop-Kessler report to strengthen penalties for youth smoking, unfettered FDA regulation and full disclosure," LeBow said in a statement.

``In addition, we continue to maintain that Liggett, the whistleblower that brought Big Tobacco to the negotiating table, should have its binding contractual settlements honored and receive the financial protection that it deserves."

Larger tobacco companies are objecting to any plans that would give Liggett special treatment under the settlement. Liggett was the first company to cooperate with authorities and provide evidence against the industry in state lawsuits that were filed to recoup medical costs for treating smokers.

More news for referenced ticker symbols: BGL, *and related categories and industries*: food/beverages, household, insurance, leisure, tobacco, stock capsules, options.

Help

Clinton Wants Higher Cigarette Firm Fines

Tough Stance Is Transforming Politics of Pact

By John F. Harris and John Schwartz
Washington Post Staff Writers
Wednesday, September 17, 1997; Page A01
The Washington Post

Announcing his long-awaited verdict on a proposed settlement with the tobacco industry, President Clinton today will endorse an agreement but insist that it include sharply increased penalties on cigarette makers if they don't meet targets for reducing youth smoking over the next decade, administration officials said.

If all the penalties were imposed, Clinton's plan would increase the per-pack cost of cigarettes by as much as $1.50, more than double the estimated increase under the plan unveiled in June by the tobacco industry and a coalition of state attorneys general and others suing the industry.

Clinton's action today, aides said, will make it clear the proposed settlement must be vastly different from the one currently on the table. In an Oval Office statement, he will broadly endorse a plan with a combination of tougher penalties and higher payments from the industry, and, as previously announced, guarantees of broad power for the Food and Drug Administration to regulate nicotine.

Yet in a sign of the White House's determination to keep its distance from a politically volatile issue, Clinton will not send his own legislation to Capitol Hill or detail the precise combination of penalties and payments he is seeking. Instead, aides said, he will wait for bills to emerge from Congress and try to influence them during the legislative process.

As word of Clinton's plans leaked yesterday, the politics of the tobacco settlement were rapidly transforming, with unpredictable effects on whether a grand accord between the government and cigarette makers can ultimately be reached.

People who had previously been among the most outspoken skeptics of the proposed tobacco deal --

including former FDA commissioner David A. Kessler and Rep. Henry A. Waxman (D-Calif.) -- were newly enthusiastic.

But aides to lawmakers close to the tobacco industry said Clinton's expected remarks amount to an abandonment of the original proposal. Some called this a betrayal, since senior White House officials had been closely consulted during the crafting of the proposed settlement and given tacit signals that its terms were broadly acceptable.

With many people on both sides of the tobacco debate saying prospects for a settlement have dimmed in the past three months, Clinton said yesterday he still thinks a deal is attainable. "No, I don't think it's dead," he told reporters. "We ought to get this legislation through Congress as quickly as we can."

Clinton, White House aides said yesterday, genuinely desires a compromise that would be passed into law. Some said his statement today will be a calculated guess that he can win the favor of smoking foes in the public health community without drawing so much opposition from the tobacco industry that it will abandon attempts at a negotiated settlement.

The reaction from cigarette makers yesterday was typically restrained. An industry official who asked not to be named would say only that "the industry feels the agreement reached on June 20 is comprehensive and addresses the many issues that have been raised concerning youth smoking and overall public health issues related to tobacco products."

By contrast, Kessler was exuberant after a White House briefing on the president's plans. "If you want to reduce the number of young people who smoke, this is what will do it," he said.

He said this would unite the often fractious groups in the public health community, several of which will be represented at the White House today. "The differences, certainly on the public health side, have vanished." As for whether the toughened deal will cause the industry to walk away and ruin the chance of reaching any deal at all, Kessler said, "I doubt very much whether the American people or [investors on] Wall Street will allow them to do that."

Under the original $368.5 billion plan, the tobacco industry agreed to pay about $15 billion annually over 25 years to states, as well as to accept sharp curbs on tobacco advertising and marketing in an effort to reduce smoking among young people. In exchange, the industry would receive some protection from the mounting legal battles it faces.

Clinton, according to congressional and administration officials, will say that raising the per-pack cost is critical to reducing youth smoking.

A Treasury Department analysis shows that the current settlement proposal would increase cigarette costs by about 62 cents a pack. Fines of up to $2 billion annually would kick in if youth smoking does not decrease by 30 percent in five years, 50 percent in seven years and 60 percent in 10 years.

Under Clinton's scenario, the annual penalties and the annual payments should be increased so that per-pack costs rise by $1.50 if the targets are not met. But Clinton will not try to dictate what combination of annual payments and penalties should be used to increase the cost by this much.

He will also not offer a plan for how quickly these price increases go into effect -- making this a likely area for future negotiating with the industry.

The most ardent tobacco foes want the full increase to go into effect immediately. Sen. Frank R. Lautenberg (D-N.J.) will introduce legislation seeking this, aides said.

One lawyer influential in crafting the June settlement proposal reacted angrily yesterday, saying the administration was reversing clear signals it had sent during the negotiations.

The 68-page June settlement document "is as much Bill Clinton's as it is Mike Moore's," said Richard Scruggs, a Mississippi lawyer who worked closely with that state's attorney general, Michael Moore, in suing the industry and then seeking a settlement. "It's incredibly disingenuous of him right now to act like it needs to be improved when they blessed it at the time. They got a bunch of AG's way out on a limb and allowed it to be sawed off -- in fact, participated in sawing it off."

White House officials responded that both the attorneys general and tobacco representatives always knew that Clinton would weigh in with changes.

What happens next on Capitol Hill remains uncertain. Clinton's decision not to draft his own legislation makes it inevitable that there will be no action this year. Next year, it is still not clear who will be willing to sponsor legislation and push it to settlement.

Some lawmakers said yesterday that if Clinton really is interested in a deal, he would take this task on himself. "If the president leaves this issue up to Congress, health advocates in this country are in for a disappointing session next year," said Rep. Martin T. Meehan (D-Mass.). "It's not at all clear he'll push this next year."

A top GOP staff member on the House side said there is little reason for Republicans to tackle the powerful tobacco industry alone. "He's abdicating his role," said the aide, who requested anonymity. "These talks were something he nurtured. Bill Clinton is invested in this settlement. It's time for presidential leadership."

Also today, Clinton will say a settlement must include provisions to help tobacco farmers as consumption declines and include a broad package of public health initiatives. These include a measure to reduce indoor smoking and exposure to secondhand smoke, and a national program to help smokers kick the habit.

Staff writer Ceci Connolly contributed to this report.

Back to the top

The New York Times
Politics

September 17, 1997

Clinton to Urge Sharp Increase in Price of Cigarettes

Related Articles
Coverage of the Tobacco Settlement

By JOHN M. BRODER

WASHINGTON -- President Clinton will decisively reject a proposed tobacco deal negotiated by state officials and cigarette company lawyers and will outline his own tobacco policy in an Oval Office speech on Wednesday.

Clinton will insist that his chief goal -- reducing the number of teen-agers who smoke -- can be accomplished only by a sharp increase in the price of cigarettes, by as much as $1.50 a pack over 10 years, White House officials said on Tuesday.

In his first extended public comments on the sweeping nationwide tobacco proposal announced on June 20, Clinton will praise the efforts of state attorneys general, plaintiffs' lawyers, health advocates and tobacco company executives in devising a plan to advance important public health goals while settling dozens of tobacco-related lawsuits.

But the president will insist that the $368.5 billion settlement plan does not go far enough to discourage smoking by minors or to help the nation's 45 million smokers end their nicotine addiction, aides said.

While not spelling out a detailed legislative proposal, the president will describe the overriding principles that he believes must guide the nation's approach to tobacco use, aides said.

Among the tenets of the president's plan are unfettered authority for the Food and Drug Administration to regulate nicotine as an addictive drug, fundamental changes in the way cigarettes are made and sold in this country and the rapid disclosure of documents that chronicle the legal, scientific and public relations conduct of the nation's tobacco companies in the past 40 years.

In addition, Clinton will call for some form of compensation to be paid to tobacco growers, whose income will decline as the nation's tobacco consumption falls.

The White House has yet to begin drafting legislation to embody the president's principles, but Clinton called on Congress Tuesday to address the issue soon. He could present his own bill or work with Congress on one.

"We ought to get this legislation through Congress as quickly as we can," the president said at an appearance in which he discussed the administration's trade policy. "I would hope that we can get all the parties to the lawsuits involved to agree to it, but we have to do it right."

Congressional leaders have said that action on what is certain to be a complex and contentious legislative package is not likely this year. And the White House does not appear to be in a hurry to enact a comprehensive tobacco program, calculating that the industry's position is weakening and that tobacco control will be an effective election-year issue in 1998 for the Democrats.

The two officials who coordinated the administration's three-month review of the original tobacco settlement proposal -- Donna Shalala, the secretary of health and human services, and Bruce Reed, the president's chief domestic policy adviser -- are expected to be at the Oval Office event on Wednesday.

Also expected at the session are Agriculture Secretary Dan Glickman; the Mississippi attorney general, Michael Moore, one of the central negotiators of the June tobacco accord; Matthew Myers, a lawyer for the Campaign for Tobacco-Free Kids and another architect of the June deal, and Dr. David Kessler, the former commissioner of food and drugs and a longtime anti-tobacco crusader. Kessler's criticism of the original plan help persuade Clinton to scrap the deal in favor of a tougher approach.

"What the president has cared about from the beginning is reducing the number of kids who smoke, and this will work," Kessler said in an interview on Tuesday. "This is no longer about whether the deal is worth $360 billion or $500 billion or $700 billion. It's about what works, and I think this does.

"This will unite not only the public health community, but the whole public," Kessler added.

Tobacco industry officials will not be represented at the White House announcement, said J. Phil Carlton, a North Carolina lawyer who represented the major cigarette makers in the negotiations.

Carlton said the industry had not decided how it would respond to the president's announcement. But he said he hoped that Clinton would endorse legislation to conclude the dozens of lawsuits, filed by individual smokers and by 40 states, that now threaten the industry's financial future.

"If he'll come on out, as I understand he will, and call for congressional action on national legislation, that would be good," Carlton said in an interview. "That doesn't mean we can agree to some of the things he may try to add to the June 20 agreement."

The industry's interest in reaching a settlement with the attorneys general has always been to find a single-stroke solution to the potentially ruinous litigation it faces in courtrooms from coast to coast.

The June accord would settle most of those suits, filed as class actions by smokers and their survivors and by states seeking to recoup their Medicaid costs for treating smoking-related diseases. In exchange, the cigarette makers would pay billions of dollars over 25 years and agree to unprecedented restrictions on advertising and marketing.

But Clinton's principles go far beyond the settlement proposal, particularly on the cost to industry of failing to meet specified targets for reductions in the number of teen-agers who smoke.

The June plan would result in price increases of roughly 65 cents a pack over 25 years, while Clinton's proposal envisions price increases that would be nearly two and a half times as large over 10 years.

Health and Human Services officials calculated that it would take price increases of that magnitude -- $1.50 a pack or more -- to achieve the president's goal of reducing the number of teen-age smokers by two-thirds over 10 years.

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Clinton to offer tobacco plan today

• Settlement would increase cigarette prices $1.50 a pack, give FDA complete control over tobacco

Wednesday, September 17, 1997

By John Hoeffel

JOURNAL WASHINGTON BUREAU

WASHINGTON

President Clinton has decided to call for anational tobacco settlement today that would increase cigarette prices by $1.50 a pack, which could more than double the $368.5 billion price tag on the current proposal.

Dramatically raising the stakes, Clinton sided with public-health advocates who believe that a steep price increase is the only sure way to stop teen-agers from smoking, a senior White House official said last night.

Clinton will also insist that a settlement insulate tobacco farmers and their communities from economic disaster. "The farmers are still working on a consensus proposal, but the basic principle is that they shouldn't lose income over this," the official said. "We'll work with the Congress on legislation that does right by the growers."

In addition, Clinton wants the Food and Drug Administration to have complete control over tobacco, not just the limited jurisdiction prescribed within the proposed settlement.

Some experts have estimated that the proposed settlement, which would cost the companies $368.5 billion over 25 years, would increase the price of a pack of cigarettes by 62 cents. Tobacco officials, however, dispute that, arguing that the actual cost under the current proposal could be doubled.

Clinton wants the potential penalties for failing to reduce smoking among children, combined with the total cost of the settlement, to increase cigarette prices by $1.50 a pack.

The proposed settlement would fine the companies if smoking among high-school students does not drop 60 percent within 10 years. The penalties in the proposed settlement, which are capped at $2 billion a year, have been estimated to amount to about 8 cents a pack.

Clinton's plan reflects the condition that Drs. David A. Kessler and C. Everett Koop, two of the most prominent anti-smoking advocates, said last week was their minimum price for backing a settlement.

But a tobacco official had described that condition as a deal-breaker.

Both Kessler, a former FDA commissioner, and Koop, a former surgeon general, are expected to meet with Clinton in the Oval Office this morning.

White House officials, who undertook an extensive review of the proposed settlement, had been engaged in an internal debate over whether Clinton should demand specific changes or outline a broad national tobacco policy.

Mike Moore, the Mississippi attorney general who spearheaded the settlement talks, had pressed the White House to endorse a specific proposal, hoping that would spur Congress to act before the end of the year.

Although some members of Congress have urged immediate consideration and hearings have been under way for weeks, leaders in both houses were always skeptical that Congress could handle such complex legislation before it recesses this fall. Recently, that skepticism has hardened into certainty.

Clinton declined to discuss his plan with reporters yesterday, but insisted that the settlement was not dead, and he promised to keep pushing for it. "I will do it as quickly as possible, working with the leadership in Congress, but I want to do it right," he said.

Recognizing that the settlement would not pass this year, some Clinton advisers urged the president not to stake his prestige on a concrete proposal.

That decision, however, muddies the prospects for a settlement.

Congressional leaders have been reluctant to handle the issue without a clear outline from Clinton. And next year is an election year. With Republicans and Democrats viewing most issues as opportunities to win over voters, the chances of reaching a bipartisan agreement greatly diminish.

For now, the decades-old war between smoking foes and the tobacco companies shifts back to the courts, the arena it was in before the attorneys general announced their sweeping settlement proposal about three months ago.

Decisions in any of these cases could significantly alter the balance between the parties and lead one side to back away from a settlement.

After multibillion dollar settlements in two state lawsuits to recoup

Medicaid costs for smoking-related diseases, the tobacco companies recently refused to settle a suit with Texas. That case could head to trial soon.

Hubert H. Humphrey III, Minnesota's attorney general, plans to head to court in January. Humphrey boasts of the vast number of secret documents -- "smoking howitzers" he calls them -- he has stored in two warehouses.

A ruling is still expected from the U.S. Court of Appeals in Richmond on whether the FDA can regulate tobacco and curtail advertising. And several class-action lawsuits on behalf of smokers are queued up for trial.

The proposed settlement would earmark about $15 billion a year to settle claims from smokers, compensate states for Medicaid costs and pay for a comprehensive education program.

In exchange for settling the suits, the companies would be immune from punitive damages for past illegal actions and exempt from class-action suits.

In addition, the companies agreed to unprecedented advertising restrictions that would ban all outdoor advertising and the use of such cartoons as Joe Camel and such humans as the Marlboro Man.

JournalNow

In the News
The Dallas Morning News

Clinton to seek tougher penalties on tobacco firms

He targets teen smoking; GOP says pact threatened

09/17/97

By George Rodrigue / The Dallas Morning News

WASHINGTON - President Clinton will call Wednesday for costlier penalties against cigarette makers to curb teen smoking but won't offer a detailed replacement for the proposed tobacco settlement, administration officials said.

Senior Republicans said Mr. Clinton's refusal to offer a bill virtually kills chances of congressional action this year and may cast the settlement's long-term future into doubt.

"It'll be difficult if not impossible to pass anything this year," said Senate Majority Whip Don Nickles, R-Okla. "Next year, we'll have to take a look at it."

Republican leaders had said earlier that Congress was extremely unlikely to act before its November recess in any case.

Expecting quick action was naive, House Majority Leader Dick Armey, R-Irving, said Tuesday. "It is not going to be something that happens overnight because of the complexity of it," he said.

With a settlement unlikely until next year, Texas' civil case against the tobacco industry is almost certain to be heard and decided without interruption. That case, which seeks reimbursement for $8.6 billion in Medicaid expenses incurred for smoking-related illnesses, is set for trial Sept. 29 and expected to last more than four months.

The $368.5 billion federal settlement was negotiated this summer between major tobacco firms and some of the states and people who have sued them. It grants the industry immunity from major lawsuits in return for greater government control and payments of something under $10 billion annually in inflation-adjusted dollars.

Administration officials said Mr. Clinton will offer one major new amendment Wednesday: He would vastly increase penalties on tobacco firms that fail to meet targets for cutting teen smoking rates.

His penalties could increase cigarette prices as much as $1.50 per pack, White House spokesman Mike McCurry told reporters. That is at least twice the total price impact of the current settlement, which would add 62 cents per pack. Teen-smoking penalties could cost roughly another dime.

Public health advocates praised the higher penalties, saying price increases are the most powerful means to cut teen smoking.

Mr. Clinton would not impose the penalties immediately, however. He would slowly raise them if firms fail to meet teen smoking targets: A 30 percent cut in five years and 60 percent in 10 years.

"We are going to have to see what he says in context before we have any comment," said D. Scott Wise, an attorney for R.J. Reynolds Tobacco Co.

Speaking on condition of anonymity, other industry officials said Mr. Clinton's proposal need not be a deal-breaker, depending on how the penalties are imposed.

Otherwise, administration officials said, Mr. Clinton's long-awaited statement on the tobacco deal will contain few surprises.

He has already said he opposes its restrictions on the Food and Drug Administration's ability to regulate nicotine, which the FDA calls the key, addictive ingredient in cigarettes.

The president also is expected to seek help for tobacco farmers, who were not mentioned in the original deal. He may also demand fuller disclosure of industry documents, which critics say contain evidence that firms systematically misled smokers about the dangers of tobacco.

Officials said Mr. Clinton will endorse much of the deal, particularly its controls on industry advertising, its curbs on sales to minors and its provisions for anti-smoking advertising.

But some Republicans and Democrats lamented Mr. Clinton's decision to focus on "general principles" instead of concrete proposals.

"When the president does not give us a specific legislative proposal, that is not helpful," said Sen. John McCain, R-Ariz., chairman of the Senate Commerce Committee.

He said Congress may be forced to address tobacco-control issues piecemeal next year, rather than tackling a comprehensive settlement.

Mr. Clinton told reporters Tuesday that he hoped to keep the comprehensive settlement alive. "I don't think it's dead," he said, noting that Republican leaders had already indicated that action was unlikely this year. "We ought to get this legislation through Congress as quickly as we can . . . But we have to do it right."

Some Democrats said Mr. Clinton may be ceding too much responsibility to a Congress awash with millions of dollars in political donations from the tobacco industry.

"The role that the tobacco industry plays in influencing what happens here, through its . . . [donations] is a real problem," said Rep. Lloyd Doggett, D-Austin.

Getting a good bill through Congress, he added, "is going to require his continued participation. Not just one speech on one day."

Mississippi Attorney General Mike Moore, who led state negotiators, said Mr. Clinton told him he would begin inviting members of Congress to discuss the settlement at the White House.

"He has promised to use the power of the presidency to persuade Congress to act as fast as they can," Mr. Moore said.

Administration officials said Mr. Clinton has little choice but to be vague on Wednesday. If he offered a bill, they said, it would be sniped at; if he issued bottom-line demands, the tobacco lobby would circumvent them. Inevitably, Congress would have the final word.

"We have always said from the outset that we have no interest in introducing our own bill. We did that once. It didn't work out too well," said White House domestic policy adviser Bruce

Reed, referring to Mr. Clinton's national health bill.

With an election approaching next year, some Democratic strategists also argue that political pressure should intensify for a good bill.

"I think that this is the right thing to do and that there will be overwhelming pressure to do it," said Mr. Reed.

But one public-health advocate who helped negotiate the tobacco deal said election-year pressures could also poison the atmosphere for a bipartisan deal.

"There is a possibility that this could become a political football. And that worries me very much," said Matthew Myers, general counsel of the National Center for Tobacco-Free Kids.

Staff writers Catalina Camia in Washington and Mark Curriden in Dallas contributed to this report.

September 17, 1997

Clinton: Raise Cigarette Prices

Filed at 7:13 p.m. EDT

By The Associated Press

WASHINGTON (AP) -- Applauded by public health leaders, President Clinton called on cigarette makers Wednesday to dig deeper to salvage the landmark tobacco deal -- including raising cigarette prices by as much as $1.50 a pack. The industry and congressional Republicans found much to fault.

Clinton ignored the deal's focus on settling the lawsuits that plague tobacco companies, instead asking that Congress pass sweeping laws with one goal: stopping tobacco companies from hooking teen-agers.

His decision leaves the summertime tobacco deal an orphan, with no action this year and questions about how Congress could address the issue in 1998. By January, cigarette makers probably will be deep into lawsuits in Texas and Minnesota that could remove their desire to compromise.

``To me, this is not primarily about money," Clinton said. ``This is about changing ... both the behavior of the tobacco companies, the behavior of the American people, the future behavior of our children."

Clinton was repositioning the debate so that ``if you care about reducing the number of kids who smoke, you have to be in favor of the president's proposal," said former Food and Drug Commissioner David Kessler. He said that stance had united feuding public health groups.

But Republican leaders attacked Clinton's recommendations as too vague, and Senate Majority Whip Don Nickles warned that he hadn't decided whether lawmakers should offer legislation necessary for the deal even next year.

``I don't feel compelled that we have to pass this in two months. I don't feel compelled that we have to pass this in 12 months," Nickles said.

Clinton's failure to provide specific recommendations ``makes it far more difficult for us to do at all, regardless of the terms," said Rep. Thomas Bliley, R-Va. He plans informational hearings this winter.

And Democrats said Clinton didn't go far enough. In fact, Sen. Frank Lautenberg, D-N.J., said he would introduce legislation to force the $1.50 price increase immediately, not in 10 years as Clinton would.

increase immediately, not in 10 years as Clinton would.

Clinton withheld endorsement of the deal, which was negotiated in June between tobacco companies and state attorneys general as a way to settle dozens of anti-tobacco lawsuits.

The original terms called for companies to pay $368 billion over 25 years, curb their advertising and pay fines of up to $2 billion if teen smoking didn't drop 30 percent in five years. In return, they would gain legal protections and limits on government control of nicotine.

To make those annual payments, a Treasury Department audit concluded cigarette prices would rise by 62 cents a pack.

Clinton, instead, wants to force companies to raise cigarette prices by up to $1.50 a pack over 10 years -- if teen smoking remains high. Cigarette prices now average $1.74 a pack.

The increase would come from a combination of yearly industry payments and fines, but Clinton left it to Congress to set a starting price rise and decide how fast fines should escalate. If teen smoking truly dropped, as measured in the Centers for Disease Control and Prevention's annual surveys of teen tobacco use, the price would never jump that high. If the $1.50 increase did kick in, the tab for any tobacco deal ultimately could reach $700 billion.

Adding further to industry's cost, Clinton said tobacco companies could not deduct from their taxes any youth-smoking fines.

To further cut youth smoking, Clinton demanded curbs on advertising that might persuade teens that smoking is glamorous or hip, much as the original deal did. But he also called for full FDA control of nicotine and promised vague new protections for tobacco farmers.

For the first time, Clinton sidestepped whether he would give tobacco companies all the legal protections they originally negotiated. ``They have asked for immunity for liability from past deeds. The question there would be, what are they willing to agree to?'' Clinton said.

The industry reacted angrily.

``Given the major concessions already made, we cannot support significant changes to that agreement,'' said Brown & Williamson Tobacco Corp.

Cigarette makers got more bad news Wednesday: The House voted to block them from deducting the new 15-cent federal tobacco tax from any national settlement. A provision slipped into the recently passed tax-cut legislation would have given the industry that $50 billion rebate; the Senate last week also repealed it.

Clinton's stance sealed Congress' unwillingness to tackle the complex deal this fall, and left uncertain who, if anyone, would write a bill in 1998.

By then, two states' lawsuits against tobacco will have begun.

The industry has high hopes of winning in Texas in a suit starting later this fall. But the industry fears the Minnesota lawsuit that begins in late January.

Clinton's move sets up Congress to be deliberating a tobacco deal in the midst of ``day after day of witnesses and document disclosure" from that case, noted Sen. Kent Conrad of North Dakota, the Democrats' tobacco point man.

USA TODAY Opinion

09/18/97- Updated 10:58 AM ET

Main goal: Stop youth smoking

President Clinton has the right priority. In calling Wednesday for stiffer penalties and controls on tobacco firms in a national tobacco deal, he said kids must come first.

The issue, he says, "is not about how much money we can extract from the tobacco industry. It's about fulfilling our duties as parents and responsible adults to protect our children."

In the 90 days since the industry and the states suing it agreed on a 25-year, $368 billion settlement, 270,000 youngsters have taken their first puff. Of them, 90,000 will die prematurely from smoking.

The need for action couldn't be greater. Unfortunately, the proposed settlement falls far short of resolving smoking's threat to those young people.

The deal would hike cigarette prices by 62 cents a pack, enough to meet the primary goal of state attorneys general in suing Big Tobacco - recovery of $4.8 billion a year in smoking-related state Medicaid costs. The settlement also would curb industry marketing practices that appeal to youth.

But the penalties exacted from the industry for missing youth smoking-reduction targets are a joke. They would amount to pennies a pack, nothing compared to the $500 a year each smoker raises in revenue.

Tax load

Taxes as a percentage of the retail price of a pack of cigarettes:

USA[1]	28.9%
Canada	55.6%
Japan	59.8%
Thailand	62.0%
Australia	64.6%
Sweden	69.4%
Germany	71.0%
Spain	74.4%
France	76.0%
U.K.	79.2%

[1]average of states
Source: Tobacco Merchants Association

As bad, the deal would put hurdles in the way of Food and Drug Administration regulation of tobacco. And it would give the industry what it long has wanted - predictable legal costs - with a shield against class-action suits and punitive damages.

Clinton's proposals would redress the imbalance. Penalties for missing smoking targets would be stiff - up to $1.50 a pack over 10 years. That could cost the industry $30 billion a year in lost sales. And the FDA would have full authority to regulate tobacco as any other drug. It then could force the industry to make cigarettes less addictive.

The bad news is that Congress isn't likely to act on any settlement plan soon. Many members, tobacco friends and foes, want to see how current and upcoming court cases decide the industry's liability. Others find the settlement plan too complex for fast action.

Meanwhile, Sen. Frank Lautenberg, D-N.J., is offering his own prod to Congress. It's also unlikely to become law soon, but it reflects the urgency many feel the issue deserves. His proposal: an immediate $1.50 hike in cigarette taxes. Revenues could pay off tobacco farmers and cover state health bills. Most important, the increase would price millions of kids out of the market.

Clinton has it right. Kids must come first. The question is, when will adults put them there in deed as well as in word?

To comment

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- Go to Columnist index
- Go to Opinion front page
- Go to News front page

Front page, News, Sports, Money, Life, Weather, Marketplace

The President on Tobacco

Thursday, September 18, 1997; Page A20
The Washington Post

THE PRESIDENT has come out in the right place on a possible tobacco settlement. The deal negotiated between the state attorneys general and the tobacco companies earlier this year was an important step, but defective in certain respects. The principles the president enunciated yesterday would shore up its weak spots.

Most important is no giving of ground with regard to the power of the Food and Drug Administration to regulate cigarettes as a drug-delivery mechanism and tobacco as the harmful and addictive substance that it clearly is. The deal had seemed to affirm this regulatory authority on the one hand but undercut it on the other by creating all kinds of new hoops that the FDA would have had to go through. That's a giveaway of the government's responsibility for public health; there can be no basis for doing such a thing.

The president would also toughen the penalties on the tobacco companies if teenage smoking failed to fall by certain percentages in the years ahead. It's the right thing to do, not for punitive reasons but because the penalties will drive up prices as the companies seek to recover the cost, and sharply higher prices are the best way to discourage smoking, particularly by young people, who have less money and whose addiction the government seeks above all to prevent. The deal also calls for payments by the companies as reparation for past harm.

The president called for a large enough "combination of . . . payments and penalties to increase the price of cigarettes by up to a dollar and a half a pack over the next decade as needed to meet our [smoking] reduction targets." That's about twice the price increase the negotiated settlement would likely have achieved, and as he observed, the proceeds might help in other respects, such as funding medical research or "build[ing] on the bipartisan agreement to fund children's health care" that was part of this year's budget legislation.

Senate Majority Leader Trent Lott led the Republicans in taking some swings at the president's principles. He called them "late and . . . paltry." But in fact there was too much pressure early on to ratify the negotiated agreement without sufficient thought. It would have been a great mistake. Only the tobacco companies and their allies, a group that includes Mr. Lott, would have been well served. The president was right to slow the process down. As to paltry, it was Mr. Lott who, not many weeks ago, helped to insert in the budget package a provision to reduce the obligations of the companies by about a seventh -- some $50 billion -- in the years ahead. Now Mr. Clinton proposes instead to double the payments, and the majority leader says the proposal is too weak. What do they do up there for math?

Critics say that by failing to send up a full-fledged bill, the president eliminated the last possibility that Congress could pass legislation this year. But there was no such possibility, and it would have been too hasty an act if Congress had tried. Part of the president's gamble is that the pressure on Congress to pass tough legislation will only build in the months ahead, so that next year the legislative climate will be even more favorable than this. He's probably right -- the more so if he himself continues to apply the pressure that his administration has in the past, and that is one of its signal accomplishments.

The president left for another day the question of insulating the industry against lawsuits. Politically, it's a hard one for him and other Democrats. Consumer groups and the trial lawyers oppose grants of immunity, and who knows what further evidence of company culpability may turn up in the next state lawsuits scheduled for trial? The public's view of how much immunity to grant the companies could change markedly. Immunity in any case should be the last topic discussed in any deal. The first issue ought to be what the industry gives, in terms not just of money but of behavioral ground. Only then does it seem to us that a defensible judgment can be made about what the industry might fairly get in return.

Back to the top

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| home page | site index | search | help |

THE WALL STREET JOURNAL INTERACTIVE EDITION FRONT SECTION

September 18, 1997

Clinton Presses Congress For Tougher Tobacco Deal

By JEFFREY TAYLOR
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON -- President Clinton asked Congress to toughen the proposed national tobacco settlement by enacting legislation that seeks to counter underage smoking by raising cigarette prices as much as $1.50 a pack over 10 years.

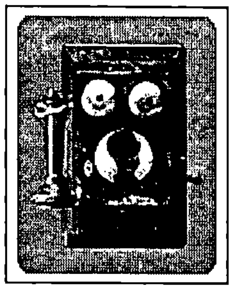
The president declined to endorse the $368.5 billion agreement among tobacco companies, state attorneys general and public-health advocates, which has been dismissed by some as a massive giveaway to the tobacco industry. Instead, in only general terms, he offered his own plan for fighting smoking, embracing some of what is in the deal but repudiating other provisions that have been roundly criticized.

"We're not rejecting what the attorneys general did, we're building on it," Mr. Clinton said. "We have moved from confrontation and denial and inertia to the brink of action."


Bill Clinton

Repeal of Industry Tax Credit

The focus of the tobacco debate now shifts to Capitol Hill, although Republican leaders say no action is expected until next year. Members of both parties agree that the tobacco industry's traditional influence there has been damaged. The House Wednesday unanimously joined the Senate in voting to repeal a $50 billion tax credit for the industry that was inserted into this summer's budget deal. Public outcry over the credit hurt the deal in Congress and may also have hardened White House officials against it.



Links

See President Clinton's tobacco statement and the White House announcement.

Philip Morris Accused in France of Insufficient Health Warnings

The $1.50-a-pack figure the president used would be a combination of up-front industry payments and penalties the companies would pay if teen smoking doesn't decline. "These penalties should be non-tax-deductible, noncapped and escalating to give the tobacco industry the strongest possible incentive to stop targeting children as new customers," Mr. Clinton said. The proposed tobacco settlement, by contrast, would cap such penalties at $2 billion a year, would make them tax-deductible and would let the industry, under certain conditions, apply for refunds.

Philip Morris Cos., RJR Nabisco Holdings Corp., Loews Corp.'s Lorillard Tobacco Co. and UST Inc.'s United States Tobacco Co. said they disagree with some of Mr. Clinton's proposed changes but are prepared to "work constructively with the Congress and the president." The companies objected to being held solely accountable for reducing smoking among young people.

B.A.T Industries Ltd.'s Brown & Williamson Tobacco Corp. unit issued its own statement: "Given the major concessions already made, we cannot support significant changes to that agreement."

Public's Response to Deal

Both tobacco's adversaries and chastened congressional allies will closely watch two pending state lawsuits against the tobacco companies. The industry hopes that the first, which goes to trial in Texas this month, will produce an unequivocal victory that bolsters its position in Congress. Tobacco opponents are betting that the second case, scheduled for January in Minnesota, will weaken the industry further by unveiling documents that attempt to show cigarette makers marketed to children and manipulated nicotine content to make cigarettes addictive.

"The Minnesota case is critical because it will play a big role in influencing public opinion," said Sen. Kent Conrad of North Dakota, who heads a Democratic task force on tobacco.

As Mr. Clinton outlined his long-awaited response to the settlement, a new Wall Street Journal/NBC News poll showed that Americans are still divided on the pact, with 49% in favor and 42% opposed.

Among those who oppose it, more than half say it doesn't go far enough in protecting public health or regulating the companies, while 34% complain that it either gives the federal government too much control or hurts tobacco farmers.

Republicans, for the most part, dismissed Mr. Clinton's policy statement as mere posturing because it didn't include legislative language that could be used as the foundation for a bill. "I don't think he really helped advance the ball if his interest is trying to pass comprehensive legislation," said Oklahoma's Don Nickles, the second-ranking Senate Republican, who has been reviewing the tobacco issue for his GOP colleagues.

Incentives for Industry?

President Clinton said he would invite lawmakers from both parties to the White House to work on tobacco legislation. But he didn't say whether he was willing to try to ensure the industry's participation by giving ground on the tobacco companies" biggest priority: legal relief. The proposed industry settlement would grant cigarette makers immunity from punitive damages in lawsuits alleging past misconduct, a ban on future class-action suits and a cap of $5 billion a year on legal payouts.

"What wasn't discussed is whether the industry gets anything for the enactment of the president's plan," said Matthew Myers, executive vice president of the National Center for Tobacco-Free Kids, who participated in the settlement talks. "That's what we wrestled with in the settlement negotiations, and it will be the most difficult issue Congress has to wrestle with when it considers legislation."

Mr. Clinton took pains to defend tobacco farmers, who weren't included in the settlement talks. He said any legislation approved by Congress must protect these farmers, who are concentrated throughout the South, especially in North Carolina and Kentucky. "Tobacco has a very high return per acre, and so it's not a simple thing," he said. "You can't just say to a tobacco farmer, 'Go plant soybeans,' even if the soil will hold them."

Meanwhile, a group of Democratic senators said they would follow up on the president's $1.50 proposal by introducing legislation proposing a new excise tax of at least $1 a pack on cigarettes, plus penalties of as much as $1 a pack more for industry failures to reduce underage smoking.

In the House, Republican Rep. Marge Roukema of New Jersey, co-sponsor of the measure to repeal the industry's $50 billion tax credit, predicted "a growing body of support" among her GOP colleagues for a large cigarette-price increase.

--Yumiko Ono and Jackie Calmes contributed to this article.

Return to top of page

HELP | NEW FEATURES | SPECIAL REPORTS | GLOSSARY | PERSONAL FINANCE CENTER | CONTACT US | YOUR ACCOUNT | ADVERTISERS

DRAFT

President Clinton's Plan for Comprehensive Tobacco Legislation

Today, President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen smoking. The President announced that he will invite Congressional leaders in both parties to the White House in the coming weeks to launch a bipartisan effort to enact federal tobacco legislation. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth.

In August 1996, the Clinton Administration announced a landmark rule by the Food and Drug Administration to protect children from the harm caused by tobacco products, which was upheld by a federal judge in North Carolina earlier this year. Those victories for the public health, along with the aggressive efforts of the attorneys general, drove the tobacco companies to the bargaining table and extracted concessions that would have been unimaginable just a short time ago.

Since a proposed national settlement was announced June 20, the Administration -- led by Vice President Gore, Secretary of Health and Human Services Donna Shalala, and Domestic Policy Advisor Bruce Reed -- has been working with the public health community, the attorneys general, members of Congress, tobacco farmers, and others to develop a comprehensive tobacco policy.

Today, the President announced five key elements that must be at the heart of any national tobacco legislation:

1. A Comprehensive Plan to Reduce Teen Smoking, Including Tough Penalties If Targets Are Not Met. Every day, 3,000 young people start smoking, and 1,000 of them will die early as a result. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

- **Tough Penalties and Price Increases to Reduce Teen Smoking:** The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, and escalating -- so that the penalties get stiffer and the price goes up the more the industry misses the targets. Reducing youth smoking is the Administration's bottom line, and now it must be the industry's bottom line.

  One of the surest ways to reduce youth smoking is to increase the price of cigarettes. By some estimates, a 10% increase in cigarette prices will lead to a 7% drop in youth smoking. Today, the President called for a combination of industry payments and penalties that could increase the price of cigarettes by up to $1.50 a pack over the next decade if the youth smoking reduction targets are not met.

- **A Public Education and Counter advertising Campaign:** To succeed in reducing youth smoking, legislation must provide for a nationwide effort to warn young people of its dangers, and to help parents discourage their children from taking up the habit in the first place. The tobacco industry should be required to provide funds for a substantial public education and Counter advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.

- **Expanded Efforts to Prevent Youth Access to Tobacco Products:** The current FDA rule includes significant measures to reduce youth access, such as requiring retailers to check photo identification of anyone under 27, banning vending machines and self-service displays from establishments accessible to children, and eliminating free samples and the sale of single cigarettes. The Administration supports legislation to build on those efforts by imposing even stronger restrictions on youth access and establishing an effective retail licensing scheme with tough penalties.

2. Full Authority for FDA to Regulate Tobacco Products. In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has supported federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under this legislation, the FDA's jurisdiction over tobacco products must be as great as its authority over other drugs and devices. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets, nor impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities, on the FDA's regulation of tobacco products.

3. Changes in the Way the Tobacco Industry Does Business. Federal tobacco legislation must include measures to expose the industry's past misconduct, especially efforts to market products to children, and to change the way the industry does business.

- **No Marketing to Children:** Voluntary commitments by the industry -- such as agreements to limit advertising to children -- can serve as recognition of the need for increased corporate responsibility. Today, the President reiterated his call to the tobacco industry to stop marketing tobacco to children.

- **Document Disclosure:** To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, tobacco legislation must provide for broad disclosure of industry documents, especially those containing scientific or other health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents (including documents the industry has falsely claimed to be privileged), as well as to disclose all scientific and health-related information in even privileged documents.

- **Corporate Compliance:** Legislation also must require tobacco companies to set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. Further, the legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

4. **Progress Toward Other Public Health Goals.** Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (i.e., second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for medical research and other health objectives.

- **Second-Hand Smoke:** Federal tobacco legislation should include provisions to restrict smoking in workplaces and other public facilities of the kind found in H.R. 3434, as well as in the President's recent Executive Order on tobacco smoke in federal facilities. The best scientific studies show that restrictions of this kind would reduce the risk of death and injury to non-smokers, including hundreds of thousands of children with asthma and other respiratory illness, and would lead many smokers to quit the habit.

- **Smoking Cessation Programs:** Legislation also should provide sufficient funds to enable smoking cessation programs and services to reach and assist the millions of smokers who want to break their addiction to tobacco products. Data suggests that some 70% of smokers want to quit, but less than 25% now successfully do so.

- **International Leadership:** Legislation should strengthen the Administration's leadership role in global and bilateral efforts to reduce smoking by providing assistance to international organizations such as the World Health Organization (WHO). According to the WHO, tobacco use now causes 3 million deaths a year worldwide; unless checked, that number will rise to 10 million by 2025, with 75% of annual deaths occurring in developing countries.

- **Resources for Medical Research:** Finally, legislation should generate enough additional resources to establish a medical research fund and further other important health objectives. The Administration believes that tobacco legislation should be viewed primarily not as a means of raising money, but of improving the public -- and especially our children's -- health. Nonetheless, tobacco legislation should take into account the costs that the industry has wreaked on society. In particular, the amount of money payable to the public should not be decreased by the amount of the excise tax imposed in the balanced budget. Congress should repeal the provision giving the tobacco industry a $50 billion credit.

5. Protection for Tobacco Farmers and Their Communities. The President made clear today that any tobacco legislation must protect 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. In some states, entire communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.