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8/18
Tobacco

TOBACCO

Q: The final tobacco rule is at the White House now for review....what does it look like? Will you be releasing it before the election?

A: Just this week the draft of the final rule was sent to the Office of Management and Budget for its review and they have up to 90 days to look at it and we'll release it when the reviews are finished. You can be sure, though, that when it is final, it will meet the goals that I set out a little over a year ago and that is to reduce the access that our young people have to tobacco products, and to crack down on advertising that tells young people that smoking is cool.

> [FYI -- For Administrative Procedures Act purposes, you shouldn't describe what is in the final rule until it is published, but you can describe your goals, and you can describe what was in the proposed rule.]

Q: There are receptions at your Convention that are being hosted by Philip Morris and by Kraft, which is a subsidiary of Philip Morris. Why haven't you banned tobacco money from your Convention? Is there any difference between the Republicans taking tobacco cash and the Democratic Convention taking it?

A: The real question here is who is doing the right thing when it comes to our kids. My Administration was the first to seriously take on the issue of children smoking. Every day nearly 3,000 of our young people begin a habit that will shorten the lives of almost 1,000 of them. Everyone from parents to teachers to community leaders to the federal government needs to do their part to end this tragedy.

What I've been critical of is the apparent impact the tobacco industry's contributions have had on the Republicans' policy decisions. We have had repeated opposition by Senator Dole to what we're trying to do to restrict the advertising of tobacco products to children. The Washington Post reported recently that 85% of tobacco industry money has gone to the Republicans. You can judge for yourself whether contributions have had anything to do with our opposing policy positions on kids' smoking.

Q: **Tonight, on CBS "60 Minutes" we ran a story about tobacco use in Asian nations. While your Administration has put great effort into fighting youth smoking here at home, it has also tried to increase the market for tobacco abroad. Isn't this contradictory?**

A: No. First, it is not correct to say we have actively been promoting cigarette sales abroad.

> [FYI -- the Bush USTR took trade actions to open up the Japanese, Thai and Korean markets to US cigarettes. The Clinton USTR has not taken such actions -- although this is in part due to the fact that the tobacco industry has not asked us to.]

Second, my administration changed the trade policy process so that the Department of Health and Human Services is now involved in cigarette trade policy discussions. And, because of that, we now have a policy where if another country wants to enact legitimate health measures to protect its citizens -- like measures to keep tobacco away from kids -- we respect that. In fact we applaud other nations' efforts to address kids' smoking and would support stronger efforts around the world to protect kids from tobacco addiction.

So, while in general our policy is to insist that U.S. products not be discriminated against, my administration is the first to say this should not undermine other countries' legitimate health policies.

Q: **When he was the USTR, Mickey Kantor was quoted as saying that there is no evidence of a relationship between U.S. exports of tobacco products and increased tobacco consumption in other countries. However, a study by Mr. Frank Chaloupka of the National Bureau of Economic Research concluded that U.S. exports have led to a substantial increase in smoking in other countries. What is your view?**

A: While there are conflicting studies on this issue, the key point is that my administration respects the sovereign right of every nation to take steps to protect the health of its citizens. If another country wants to limit advertising of cigarettes to children, just like I'm trying to do here, I applaud that, and my trade policies will not interfere with it.

Q: **Advertising of tobacco products certainly has an effect on the level of consumption. Didn't we sue Thailand in the GATT for banning advertising?**

A: The Thai case took place under a previous administration. The policy of this administration is different, and it is to respect foreign countrys' adoption of measure to protect public health, including advertising restrictions on cigarettes.

Q: Won't your efforts hurt farmers whose livelihood depends on tobacco production?

A: Tobacco will remain a legal crop and millions of adults will continue to use these products. Many tobacco farmers are looking at diversifying, and several states have programs aimed at helping them to do this. Moreover, we can surely all agree that no one wants to making money from smoking by our children.

THE CLINTON ADMINISTRATION

APPROACH TO REDUCING YOUTH TOBACCO USE

"Our children face a health crisis that is getting worse. One-third more 8th graders, and one-quarter more 10th graders are smoking today than four years ago. One out of five high school seniors is a daily smoker. We need to act, and we must act now, before another generation of Americans is condemned to fight a difficult and grueling personal battle with an addiction that will cost millions of them their lives."

— President Clinton
August 10, 1995

Introduction

Nicotine addiction is a pediatric disease. Every day, about 3,000 young people become regular smokers. Nearly 1,000 of them will ultimately die of cancer, emphysema, heart disease, and other diseases caused by smoking. More than 80 percent of adult smokers start smoking before their 18th birthdays. In fact, smokers almost always become addicted during their teenage years. This occurs despite the existence of laws in every state that prohibit the sale of tobacco products to minors. And it occurs despite the fact that we know that every year smoking takes the lives of more than 400,000 Americans, more than AIDS, alcohol, car accidents, murders, suicides, illegal drugs, and fires combined.

To combat this public health crisis, President Clinton has proposed the nation's first comprehensive and meaningful strategy designed to prevent future generations of our youth from becoming addicted to tobacco. The key to this strategy is to focus on the two factors that cause our young people to use tobacco products and disregard their dangers. They are:

- **Access.** Young people know how easy it is to buy tobacco products: every day they walk past unmonitored cigarette vending machines; the local pharmacist and grocery store clerk sells them tobacco, no questions asked; and they even receive free promotional samples.

- **Appeal.** The tobacco industry spends over six billion dollars every year to portray smoking as fun, sexy, and glamorous – qualities that are particularly appealing to young people.

In August 1995, President Clinton proposed regulations designed to address these problems. First, he would significantly restrict the way cigarettes may be purchased by permitting sales only by a face-to-face transaction. Second, he would place restrictions on tobacco advertisements that glamarize tobacco use to young people. Third, the President would require tobacco companies to fund an educational campaign to prevent youth smoking.

This packet of material summarizes the severity of the public health crisis caused by youth tobacco use and describes more fully the President's proposed FDA regulation. It also describes other methods the Administration is employing to confront the problem and that augment and complement the proposed FDA regulation. For example, in January 1996, the Administration issued the so-called "Synar regulation," which requires that the states enforce their laws prohibiting the sale of tobacco products to minors. In addition, the Administration has created partnerships with state and local governments, as well as with private organizations composed of parents, health professionals, teachers, community leaders, and others, to devise community-based tobacco control methods. Together, these methods, which are described in the following pages, will help our country achieve the President's goal of reducing young people's use of tobacco products by 50 percent over the next seven years.

Children and Tobacco: The Problem

Easy Access

Despite laws in every state prohibiting the sale of tobacco to minors, children can easily buy tobacco products. One study estimated that teenagers annually purchase 255 million packs of cigarettes and 26 million containers of smokeless tobacco. A 1994 review of 15 studies of over-the-counter sales found that, on average, children and adolescents were able to purchase tobacco products 73 percent of the time.

- Vending machines are a primary source of tobacco products for the youngest underaged smokers. A study by the vending machine industry found that 22 percent of 13-year-old smokers use vending machines compared with 2 percent of 17-year-old smokers. The 1994 review referenced above reported that, on average, in 96 percent of their attempts, young people succeeded in buying cigarettes from vending machines.

- Self-service displays allow children to easily obtain tobacco products. The Institute of Medicine, in its landmark 1994 report, "Growing Up Tobacco Free," concluded that placing tobacco products "out of reach reinforces the message that tobacco products are not in the same class as candy or potato chips."

- Free samples are obtained by children, including those in elementary school, despite an industry code prohibiting distribution to anyone under 21. Our children find free samples on street corners, at shopping malls, and sporting events. A 1992 Gallup poll found that 24 percent of smokers aged 12-17 received free samples. And a New Jersey survey found that one third of high school students who were smokers or ex-smokers reported receiving free samples before age 16.

- Young people often are not asked for identification when they attempt to purchase tobacco products. A 1995 study found that 78% of high school students aged 17 and younger who bought a pack of cigarettes in a store in the past month were not asked to show proof of age.

Appealing to Children

Advertising and promotional activities can greatly influence a young person's decision to smoke or use smokeless tobacco products. Awareness of tobacco products and messages is very high among even the youngest children. One study showed that 30 percent of 3-year-olds and 91 percent of 6-year-olds could identify "Joe Camel" as a symbol for smoking. In 1994, the Centers for Disease Control and Prevention reported that 86 percent of underage smokers who purchase their own cigarettes purchase one of the three most heavily advertised brands: Marlboro, Camel and Newport. And a 1996 study found that the effect of cigarette advertising expenditures on brand preferences was three times greater for teens than for adults.

- Tobacco products are among the most heavily advertised products in the United States. In 1993, the tobacco industry spent $6.2 billion on advertising and promoting cigarettes and smokeless tobacco. Tobacco advertising expenditures have increased more than 1,500 percent between 1970 (the year before television and radio advertising was banned) and 1992.

- Promotion of tobacco products through non-tobacco items such as t-shirts, hats and gym bags and through sponsorship of events is reaching children. A 1992 Gallup Survey found that half of adolescent smokers and one quarter of adolescents who do not smoke owned at least one tobacco promotional item such as a tee-shirt, cap, lighter, or other paraphernalia. Another report found that one out of four 12- and 13-year-olds own one of these items. Anyone who uses or wears these items becomes a "walking billboard," promoting tobacco products in schools and other locations where tobacco advertising is usually prohibited.

Children and Tobacco: The Facts

Smoking is the leading preventable cause of premature death in the United States, and health care costs associated with smoking soared to $50 billion in 1993. More than 80 percent of smokers begin to smoke by age 18. While the rate of adult smoking is considerably lower today than it was thirty years ago, the prevalence of smoking by young people has been steadily rising in the last decade. smokers.

A Pediatric Disease

The average smoker starts at 14 1/2 years old and becomes a daily smoker before age 18. More than 80 percent of all adult smokers had tried smoking by their 18th birthday and more than half of them had already become regular smokers by that age. Studies show that if people do not begin to smoke as teenagers or children, it is unlikely they will ever do so.

Each and every day, about 3,000 young people become regular smokers, and nearly 1,000 of them will die prematurely as a result of their smoking. Currently, more than 3 million children and adolescents smoke cigarettes, and 1 million adolescent boys currently use smokeless tobacco. Smoking by young people is rising sharply. Between 1991 and 1995, the percentage of eighth and tenth graders who smoke increased 34 percent. Overall, in 1995, over one third of high school students were current smokers.

Children tend to vastly underestimate the likelihood that they will become addicted to these products. Although only 5 percent of daily smokers surveyed in high school said they would definitely be smoking five years later, close to 75 percent were smoking 7 to 9 years later. A survey conducted in 1992 found that approximately two-thirds of adolescents who smoked said they wanted to quit and 70 percent said they would not start smoking if they could make that choice again.

Smoking: Leading Cause of Avoidable, Premature Death

Tobacco use takes an enormous, deadly toll each year. Tobacco products are responsible for more than 400,000 deaths each year due to cancer, respiratory illness, heart disease, and other health problems. Cigarettes kill more Americans each year than AIDS, alcohol, car accidents, murders, suicides, illegal drugs and fires combined. Smokers who die as a result of smoking would have lived on average 12 to 15 years longer if they had not smoked.

The health care costs associated with tobacco use are staggering. The Centers for Disease Control and Prevention estimated that in 1993 the health care costs associated with smoking totalled $50 billion: $26.9 billion for hospital costs; $15.5 billion for doctors; $4.9 billion in nursing home costs; $1.8 billion for prescription drugs and $900 million for home-health care expenditures. The Office of Technology Assessment calculated the social costs attributable to smoking in 1990 at $68 billion. That calculation was based on $20.8 billion in direct health care costs, $6.9 billion in lost productivity from disabilities, and $40.3 billion in lost productivity from premature deaths.

The FDA Proposal

In August, 1995, the Clinton Administration proposed a comprehensive and coordinated set of measures designed to significantly reduce the number of children and adolescents who become addicted to nicotine in cigarettes and smokeless tobacco. While the proposed measures would continue to maintain the legal status of cigarettes and smokeless tobacco products for adults, they would reduce the easy access and strong appeal for children. The proposal builds on previous actions taken by Congress and others such as the ban on television advertising and state laws to prohibit the sale or use of tobacco by children. In addition, it follows recommendations by the American Medical Association and the Institute of Medicine. Experts have consistently recommended that the keys to achieving the goal are: reducing access to and limiting the appeal of tobacco to children. The key elements of the proposal are as follows:

Reducing Easy Access by Children

- Require age verification.
- Require face-to-face sales by eliminating vending machines, mail order sales, free samples, self-service displays, sale of single cigarettes ("loosies") and packages with fewer than 20 cigarettes ("kiddie packs").

Reducing Appeal to Children

- Ban outdoor advertising within 1,000 feet of schools and playgrounds. Permit black-and-white, text only advertising for all other outdoor advertising, including billboards, posters, and all point-of-sale advertising.
- Permit black-and-white text only advertising in publications with significant youth readership (under 18). (Significant readership means more than 15 percent or more than 2 million. No restrictions on print advertising below these thresholds).
- Prohibit sale or giveaway of products like caps or gym bags that carry cigarette or smokeless tobacco product brand names or logos. Prohibit exchange of non-tobacco products for proof of purchase of tobacco products.
- Prohibit brand name sponsorship of sporting or entertainment events, but permit sponsorship in the corporate name.
- Require tobacco industry to fund ($150 million annually) a public education campaign to prevent kids from smoking.

The Synar Regulation

In July, 1992, Congress enacted the Synar Amendment – named for its author, the late Congressman Mike Synar – which requires states to enact and to enforce laws restricting the sale and distribution of tobacco products to minors as a condition of the states receiving substance abuse block grants. In January 1996, the U.S. Department of Health and Human Services and the Substance Abuse and Mental Health Services Administration (SAMHSA) issued the Synar Regulation implementing the statute.

In addition to requiring states to have in effect laws prohibiting the sale of tobacco products to minors (under age 18), the regulation requires the states to enforce those laws in a manner designed to achieve a sales violation target rate of no more than 20 percent. To measure the rate, states must use random, unannounced inspections of over-the-counter and vending machine outlets, but the regulation allows the states maximum flexibility in determining the strategies they use to attain the 20 percent goal, e.g., stings (use of minors in inspections), licensing of retailers, vending machine restrictions, etc. According to the regulation, each state must negotiate with HHS an interim performance target for achieving the 20 percent goal and must report annually on their progress.

It is critical for states to enforce their already existing laws prohibiting the sale of tobacco products to minors. In 1991, an estimated 255 million cigarette packs were sold illegally to minors, according to the American Journal of Public Health. In the 1995 Monitoring the Future Survey, more than 90 percent of high school 10th graders surveyed said it was "fairly easy" or "very easy" to obtain cigarettes.

Although the Synar regulation and the proposed FDA regulation are designed to reduce youth tobacco use, they use different approaches to address the problem. While the Synar regulation deals with state enforcement, the FDA proposed regulation would restrict the manner by which manufacturers, retailers, and distributors sell and promote tobacco products. Working in tandem, the two regulations would increase the effectiveness of each other. State enforcement would be considerably easier under the FDA's proposed restrictions on how tobacco is sold and promoted, and the President's goal of a 50 percent reduction in smoking by children under 18 would be more easily attained if the states aggressively enforce their already-existing youth tobacco laws.

Administration Tobacco Control Partnerships

State and Community Partnerships

The Clinton Administration supports state- and community-level tobacco control activities, including, for example, the National Cancer Institute's (NCI) ASSIST program and the Center for Disease Control and Prevention's (CDC) IMPACT program.

ASSIST is a $25 million collaboration between NCI, the American Cancer Society, state and local health departments and private voluntary organizations in 17 states. Its objective is to implement comprehensive tobacco control programs and demonstrate that the widespread coordinated application of tobacco control strategies will significantly reduce smoking rates. ASSIST awards range from $647,000 (West Virginia) to $1.8 (New York).

CDC's IMPACT program is an ongoing cooperative program that assists 32 states, the District of Columbia, and a variety of national organizations in planning and implementing tobacco initiatives. The awards may also be used to develop and sustain statewide tobacco control coalitions. IMPACT, with awards that range from $74,000 (planning awards) to $211,000 (core awards), to develop or improve state tobacco control plans to achieve Healthy People 2000 objectives, establish or strengthen state tobacco control coalitions, and provide assistance to community efforts to address the tobacco issue.

Public/Private Partnerships

The Administration also works directly with private organizations and businesses to create unique programs to assist young people and adults in their efforts to reduce youth tobacco use. Examples include the partnerships with the U.S. Women's Soccer Team and with the National PTA.

Launched in March 1996, "Smoke-Free Kids and Soccer" is an innovative collaboration between the Department of Health and Human Services, the U.S. Women's National Soccer Team, and the U.S. Soccer Federation. Its purpose is to highlight the smoke-free lifestyle of national team members – now members of the U.S. women's Olympic soccer team -- and to promote participation in soccer as a means for adolescent girls to resist the pressures to smoke. Team members have appeared in PSAs and in posters carrying the "Smoke-Free Kids and Soccer" message. The posters and other material are being distributed to youth soccer associations, local PTAs, and State/local health departments throughout the country.

Stop the Sale - Prevent the Addiction is a video public health education program produced in 1994 by the U.S. Department of Health and Human Services' Centers for Disease Control and Prevention and the Substance Abuse and Mental Health Service Administration. HHS and the National PTA are working together to distribute the program material, such as the video and a program guide, to the more than 27,000 local PTA chapters throughout the country. *Stop the Sale* is intended to heighten community concern about youth smoking, to improve the enforcement of existing youth access laws.

Preserving Medicaid, Fighting Tobacco Use by Children
July 2, 1996

TODAY, PRESIDENT CLINTON CALLED ATTENTION TO THE LINK BETWEEN TOBACCO AND MEDICAID.

- **Medicaid will spend at least $10 billion this year on smoking-related illnesses.** Smoking-related illnesses will cost at least $10 billion in Medicaid federal and state funds this year. [Source: HCFA based on data from the CDC's Morbidity and Mortality Weekly Report.]

- **Thus, Medicaid will spend at least $60 billion -- and likely much more -- in federal and state funds on smoking-related illnesses between 1997 and 2002.**

PREVENTING CHILDREN FROM TAKING UP THE DEADLY HABIT OF SMOKING WILL CUT COSTS AND SAVE LIVES. IT IS THE RIGHT THING TO DO.

IT IS CLEAR TOBACCO COSTS LIVES. While the tobacco industry and its supporters continue to dispute tobacco's addictiveness, all credible scientific evidence is that it is, and that it costs lives.

- **Every day 3,000 young people start smoking, and 1,000 of them will have their lives shortened as a result.** Currently, more than 3 million children and adolescents smoke cigarettes, and 1 million adolescent boys currently use spit tobacco. Smoking by young people is rising sharply. Between 1991 and 1995, the percentage of eighth and tenth graders who smoke increased 34%. Overall, in 1995, over one third of high school students were current smokers.

- **Over 400,000 Americans die each year from tobacco related illnesses.** Cigarettes kill more Americans each year than AIDS, alcohol, car accidents, murders, suicides, illegal drugs and fires combined. Smoking is the leading preventable cause of death in the United States.

BUT THERE ARE OTHER COSTS AS WELL. Tobacco does more than cost lives; it also imposes direct and indirect monetary costs on society.

- **7% of medical spending due to smoking.** The Centers for Disease Control and Prevention estimate that 7% of total direct medical care expenditures in the U.S. were due to smoking in 1987.

-- More --

PRESIDENT CLINTON HAS PUT FORWARD A COMPREHENSIVE STRATEGY TO PREVENT YOUTH FROM BECOMING ADDICTED TO TOBACCO:

- **President Clinton's strategy.** To combat this public health crisis, President Clinton has proposed the nation's first comprehensive and meaningful strategy designed to prevent future generations of our youth from becoming addicted to tobacco. The key to this strategy is to focus on two factors -- access and appeal -- that cause our young people to disregard tobacco's dangers.

    - **Access.** Young people know how easy it is to buy tobacco products: every day they walk past cigarette vending machines; many local pharmacists and grocery store clerks will sell tobacco no questions asked; and underage youth even receive free promotional samples.

    - **Appeal.** The tobacco industry spends billions of dollars every years to portray cigarettes and spit tobacco as fun, rebellious and glamorous -- characteristics that are particularly appealing to young people.

- **The President's youth tobacco initiative uses several methods to confront these two aspects of the problem of youth tobacco use in our country.** These methods include:

    - **The Synar regulation**, issued in January, 1996, under which the Federal government works with the states to enforce their laws prohibiting minors' access to tobacco;

    - **The proposed FDA regulation,** introduced in August, 1995, which focuses not only on youth access, but also the problem of tobacco's appeal to our young people; and

    - **Partnerships** -- creative ways to work with people outside of government -- parents, health professionals, teachers, local leaders, coaches, clergy and others -- without whom we cannot succeed.

from O'Connor

Final Talking Points for Tomorrow

~~CONFIDENTIAL~~

8/12/96 6 p.m

for use on 8/13/96

Q: Is the tobacco rule at OMB?

A: Yes.

Q: What does that mean? When will it be released?

A: The normal process of rule-making is for an agency to develop a proposed final rule, based on its review and analysis of the public comments, and then submit the proposed final rule to OMB for its review. That review may take up to 90 days.

Q: Can OMB change a proposed final rule?

A: OMB sometimes raises questions that the agency responds to. Sometimes that process leads to changes; other times there aren't any changes.

Q: Do you know the details of the proposed final rule?

A: We are not going to discuss the proposed final rule. It's just that -- a proposed final rule subject to discussions between OMB and HHS and FDA, and it would be premature to discuss its details.

I can say that you should expect a final rule to accomplish the President's goal of reducing tobacco use by children and adolescents. It will be comprehensive in nature like the proposed rule and deal with reducing children's access to tobacco products and reducing the appeal of tobacco products to children.

Q: Does this mean that the Administration is saying cigarettes are addictive drugs?

A: The FDA proposed a finding last year based on the evidence before it that nicotine in cigarettes and smokeless tobacco products is a drug and the products themselves are drug delivery devices. We are not going to comment on what finding the Agency may be making that would support the proposed final rule.

Q: The proposed rule was announced a year ago. Why has it taken so long? OR How could a final rule be ready so soon?

A: This is an historic initiative the President has undertaken. It took 18 months of hard investigation and study by the FDA to develop a proposal, and that proposal received an enormous number of comments from the public -- more than 95,000 individual comments totalling more than 710,000 pieces of mail. Those comments deserved and received

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serious and full consideration by the Agency. We are moving forward. Almost 3,000 young people become regular smokers each day, and nearly 1,000 of them will die prematurely from tobacco-related diseases. It is entirely appropriate that the FDA has made it a priority to complete this rulemaking.

Q: Do you expect the rule to have changed much from the proposed rule?

A: We aren't going to discuss the details of the proposed final rule. But as I said you should expect that it will be comprehensive and aimed at reducing the access children have to tobacco products and reducing the appeal of tobacco products to children.

Q: How long will the rule be at OMB? Will you publish a final rule before the election?

A: As I said, OMB review may take up to 90 days, but it can happen and has happened sooner. We aren't going to try to predict how long it will take. They will do their job thoroughly and professionally.

Q: Did you send it to OMB because of the GOP convention?

A: No. The Department and the Agency were finished with their work, and they sent it forward.

Q: Has anyone in the White House been briefed on the rule?

A: A few senior staff at the White House have been briefed orally on the broad outlines of the proposed final rule, but I'm not going to get into a discussion of who and what.

Q: Was an advance copy of the proposed final rule given to the White House?

A: No.

President Clinton Announces Tough, New Initiative to Fight Teen Smoking
Thursday, August 10, 1995

Challenge to the Nation. Today, the President will announce his strategy to combat one of the gravest threats to the health of young Americans: *teen smoking*. His strategy is based on one simple idea: We should do everything in our power to keep tobacco out of the hands of children and teenagers.

The Threat of Teen Smoking. Smoking is one of the single greatest threats to the health of our children. And it is on the rise:

Teen Smoking is a Critical Health Problem. Smoking among young people is a critical public health problem. Every single day, 3,000 young people become regular smokers and nearly 1,000 of them will die prematurely as a result.

Teen Smoking is On the Rise. Since 1991, as adult smoking dropped, the percentage of teen smokers has risen steadily and rapidly:

- 30% increase in the number of 8th graders who smoke;
- 22% increase in the number of 10th graders who smoke;
- fewer teenagers think smoking is dangerous;
- by the age of 16, the average teen smoker is smoking every day - and will not stop.

Teen Smoking Kills. Over 80% of adult smokers begin as minors. And smoking kills far too many Americans:

- More than 400,000 Americans will die this year of conditions associated with tobacco.
- That's more than one in five deaths in the entire country.
- It's almost ten times the number of people who will die on our highways.
- It is more than the combined deaths last year from accidents, murders suicides, AIDS, drugs, alcohol-related diseases and fire.

We Have a Responsibility to Act. We have a responsibility to head off this tragedy. We must help parents keep cigarettes and chewing tobacco away from their kids. It is far too easy for children to buy and use tobacco products.

Tough Action. Today, the President will unveil his strategy to stop children from smoking -- *and to stop them from starting to smoke*. The actions he announces will be tough, and they will be mandatory.

Seizing the Opportunity -- Creating a Better Future. We have an opportunity to change the entire health care dynamic in America by saving our children from smoking. If we do not act, we will spend years and years paying for the health damage smoking causes. Reducing teen smoking is one of the best and most important things we could do to improve the health of all Americans -- and to make a better future for our kids.

Draft File

Talking points for Oval Office

You will make a very brief statement, in front of the press, about why you are meeting with this group.

"I have brought together the [fill in groups -- get from Marilyn Yager] to talk about my commitment to ending youth smoking. This issue is critical to our efforts to improve the health of our nation. According to the CDC, of the two million Americans who will die in 1995, approximately 420,000 will die of conditions associated with tobacco. I am proud that later today I will announce my strategy for combatting this problem."

After the press leaves, you will have a discussion with the group, and will explain what you plan to do. Here are some suggested talking points:

I. Kids-Oriented Regulation is Necessary

* Although it is illegal in all 50 states to sell tobacco products to minors, smoking by both children and teenagers continues to rise.

* On any given day, approximately 3000 young people become regular smokers, with total youth consumption of cigarettes exceeding 500 million packs per year.

* Over 80% of adult smokers began as minors, beginning, on average, at age 14. If an individual does not become a smoker as a teen, it is unlikely that he or she ever will become one.

* The consequences of these statistics are tragic. According to the CDC, of the two million Americans who will die in 1995, approximately 420,000 will die of conditions associated with tobacco.

* This number is almost ten times the annual highway toll and more than the combined deaths last year from accidents, murders, suicides, AIDS, drugs, alcohol-related diseases and fire.

* Taking steps to prevent more even more children and teens from adding to these grim statistics is obviously both important and appropriate.

II. Principal Components of the Rule

* Permits sale of tobacco products only through a face-to-face transaction with an adult. Under this principle, vending machines, self service displays, and mail order purchases would not be permitted.

* Prohibits all outdoor advertising (e.g., billboards) within 1000 feet of schools and playgrounds.

* For all other outdoor advertising, permits only black and white, text-only advertising.

* For magazines with significant youth readership, limits advertising to black and white, text-only format; no restrictions on advertising in other publications.

* Prohibits sale or giveaways of products (like caps or gymbags) that carry a tobacco brand name.

* Prohibits brand-name sponsorship of sporting and entertainment events, but permits it in corporate name. (For example, the "Phillip Morris Tennis Tournament" would be permissible, but "The Virginia Slims Tournament" would not be.)

* Requires the industry to fund ($150 million per year) a public education campaign designed to prevent kids from smoking.

III. What the Rule Does Not Do

* The rule does not in any way restrict adults' ability to purchase or consume tobacco products; it does not affect cigars or pipe tobacco at all.

* The rule does not follow the course -- already adopted in 20 countries -- of simply banning all tobacco advertising. (Countries include France, Canada, and Norway.)

IV. Status of the Rulemaking Proceeding

* Existing evidence supports the conclusion that nicotine is a drug and is therefore subject to regulation by the FDA. Nonetheless, because of the unique importance of the issue, the FDA has not asserted jurisdiction at this time. Instead, it has solicited comments from all interested parties on that question and is committed to giving careful consideration to any submissions it may receive.

* Interested parties have 90 days to submit comments on the jurisdictional issue as well as the particulars of the proposed rule. The only after receipt and consideration of these comments will the FDA be in a position to issue its final rule.

TALKING POINTS ON PENTAGON REQUEST FOR SHARE OF TOBACCO SETTLEMENT

Background

The Washington Times reported today on a letter from the Department of Defense to the Domestic Policy Council requesting that a part of the money gained in a comprehensive tobacco settlement go to the Department to pay for medical treatment of soldiers and military retirees suffering from smoking-related illnesses.

- The issue raised in the letter from the Pentagon needs to be resolved in the context of the comprehensive tobacco legislation.

- The President did not address this issue in articulating the key elements of tobacco legislation, nor does this issue relate to the President's primary goal of reducing youth smoking.

- There are many competing options for use of the resources that will become available as a result of tobacco legislation, and the President, working with Congress, will give due consideration to the Department of Defense's request in this context.

Medicaid/Tobacco Settlement Talking Points
November 7, 1997

c: OMMA, HHS

6960-6343

State Medicaid Directors received a letter from the Health Care Financing Administration Nov. 3 reminding them that tobacco settlements, like all restitutions to state Medicaid programs, must be reported and shared with the federal government as required by the Social Security Act.

The federal share of all such restitutions is based on the percentage of the state's Medicaid costs paid for by the federal government, known as the "match rate," minus any administrative expenses the state incurred in obtaining the recovery. The letter offers to discuss with states how much of any tobacco settlement is attributable to expenses incurred by Medicaid for tobacco-related diseases. The letter also notes that Congress will consider treatment of tobacco settlements in comprehensive legislation next year.

The National Governors Association and the National Conference of State Legislatures have both passed resolutions opposing application of the law on Medicaid restitutions to tobacco settlements.

1) THE LAW REQUIRES ALL RESTITUTIONS OBTAINED BY STATE MEDICAID PROGRAMS TO BE SHARED WITH THE FEDERAL GOVERNMENT.

Federal recovery of these funds is not an arbitrary act by the federal government, it is the law. States routinely credit all third-party restitutions to the federal government -- the total in 1996 was over $4 billion for everything ranging from drug rebates to fraud and abuse recoveries.

And tobacco money is already being credited back to the federal government. Florida, Massachusetts, and Louisiana have reported more than $780,000 from their Liggett settlement.

2) ALL TAXPAYERS PAY FOR STATE MEDICAID PROGRAMS THROUGH THE FEDERAL GOVERNMENT, SO IT IS ONLY FAIR THAT ALL TAXPAYERS SHARE IN THESE SETTLEMENTS.

Medicaid is a federal/state partnership. The federal government pays at least half and up to 77 percent of each state's Medicaid costs. That's why the law requires all restitutions obtained by states to be shared with the federal government, based on the percentage of the state's program costs paid for by the federal government, minus what it cost the state to obtain the recovery.

3) THE LAW REQUIRES STATES TO IDENTIFY AND PURSUE POTENTIAL MEDICAID RECOVERIES.

That is why states and not the federal government brought suits against tobacco companies. Legal costs incurred by states in these suits, like costs in obtaining any Medicaid recovery, are subtracted from the share that is credited back to the federal government.

4) CONGRESS IS LIKELY TO SETTLE THIS ISSUE.

As the letter to the state Medicaid directors notes, Congress is considering comprehensive tobacco control legislation, and it is Congress that will allocate funds raised under such legislation.

HHS Medicaid/Tobacco Settlement Talking Points
November 7, 1997

State Medicaid Directors received a letter from the Health Care Financing Administration Nov. 3 reminding them that tobacco settlements, like all restitutions to state Medicaid programs, must be reported and shared with the federal government as required by the Social Security Act.

The federal share of all such restitutions is based on the percentage of the state's Medicaid costs paid for by the federal government, known as the "match rate," minus any administrative expenses the state incurred in obtaining the recovery. The letter offers to discuss with states how much of any tobacco settlement is attributable to expenses incurred by Medicaid for tobacco related diseases. The letter also notes that Congress will consider treatment of tobacco settlements in comprehensive legislation next year.

The National Governors Association and the National Conference of State Legislatures have both passed resolutions opposing application of the law on Medicaid restitutions to tobacco settlements.

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PRESIDENT CLINTON ANNOUNCES FIRST ACTIONS UNDER FDA'S RULE TO PROTECT CHILDREN FROM TOBACCO

February 28, 1997

President Clinton and Vice President Gore, joined by administration health officials and students from the Campaign for Tobacco Free Kids, will announce today that the first provisions of the Food and Drug Administration's rule to protect children from tobacco have gone into effect. As of today, February 28, 1997, federal law now:

- Prohibits retailers from selling cigarettes and smokeless tobacco products to anyone under age 18. Although the sale of tobacco to children under 18 was already against state law in all 50 states, the FDA rule now makes this a Federally enforceable regulation, giving retailers a greater incentive to meet the requirement.

- Requires retailers to verify age by photo ID for anyone under the age of 27 purchasing these products. Most state attorneys general, and even tobacco retailers, have indicated the need for checking IDs of customers significantly older than 18 so that retailers don't sell to mature-looking adolescents.

These two provisions are part of the President's broader plan to protect children from tobacco through the implementation of the FDA's final rule on the issue, announced on August 23, 1996. The FDA rule seeks to reduce children's access to tobacco use by 50 percent over seven years through measures that restrict children's access to tobacco products and work to lessen tobacco's appeal to them.

Youth Smoking On the Rise

President Clinton's efforts to protect children from tobacco come in the face of grim statistics. Each day about 3,000 American children become regular smokers. Of these, 1,000 will die early from tobacco-related illness. In the past six years, the smoking rate among eighth graders has risen 50%. Today the average teenage smoker begins to smoke at 14 ½ years old and becomes a daily smoker before age 18. (Source: Department of Health and Human Services)

Moreover, today youth have widespread access to tobacco products. Although selling cigarettes to people under 18 is already against state law in all 50 states, studies show that young people easily obtain tobacco products. Most children and adolescents who smoke purchase their own cigarettes. National data from the 1995 Youth Risk Behavior Survey show that over three-quarters of high school students under age 18 who had purchased cigarettes in the previous month had not been asked by a clerk to show proof of age. Local studies have shown that enforcement of minors' access laws -- especially laws requiring the retailer to check for proof of age -- can significantly reduce the percentage of retailers who sell cigarettes to minors.

The FDA is taking steps to inform retailers and the general public about what the regulations require. Already, the FDA has conducted an outreach program to inform retailers, as

well as parents, health professionals, community groups and state and local officials about the new tobacco regulations.

Additional provisions of the FDA rule go into effect later this year and next. *They are explained briefly below:*

- On August 28, 1997, additional provisions of FDA's rule become effective. They include: prohibiting billboards within 1,000 feet of schools and playgrounds and restricting other advertising to black-and-white text only except in locations only accessible to adults; permitting black-and-white text only advertising in publications with significant youth readership; prohibiting the sale or giveaways of products like caps or gym bags that carry cigarette or smokeless tobacco product brand names or logos; and prohibiting vending machines and self-service displays except in places where people under 18 are never present.

- On August 28, 1998, FDA's final rule will prohibit the brand-name sponsorship of sporting or entertainment events. The rule permits sponsorship in the corporate name.

The President and Vice President will be joined at today's announcement by Health and Human Services Secretary Donna Shalala, Food and Drugs Commissioner David Kessler and student members of the Campaign for Tobacco Free Kids.

The speaking order is as follows:

- Secretary Shalala will make remarks and introduce the Vice President.

- The Vice President will make remarks and introduce Anna Santiago, a 9th grader from Chicago, IL who was named "Youth Advocate of the Year" for the Campaign for Tobacco Free Kids.

- Anna Santiago will make remarks and introduce the President.

- The President delivers remarks.

-30-30-30-

AMERICAN CANCER SOCIETY® GOVERNMENT RELATIONS OFFICE

AMERICAN CANCER SOCIETY STATEMENT
REGARDING IMPLEMENTATION OF FDA RULE
BY JOHN SEFFRIN, Ph.D.
CHIEF EXECUTIVE OFFICER

The American Cancer Society supports the most aggressive and courageous public policy action ever taken to deal with the epidemic of childhood tobacco use. On February 28, the FDA begins to stem the tide of children under 18 having access to deadly tobacco products. The FDA rule is a comprehensive, common-sense approach with one goal -- to protect our children's health.

It is illegal in every state to sell tobacco products to anyone under the age of 18, but these laws are simply not working well enough. The Food and Drug Administration has offered a better way to go. The first provision of the FDA rule, requiring photo identification for anyone who appears to be younger than 27, is just the first of several steps to reducing adolescent tobacco use by 50 percent in seven years. Other provisions which limit advertising targeted at kids will be implemented in six months.

This action to protect kids comes not a moment too soon. In the next 24 hours, 1,100 Americans will die from tobacco use, and 3,000 children will start smoking. In all, 419,000 tobacco users die each year. They are replaced by one million new smokers, 89 percent of whom start to smoke by age 18. Smoking among high school seniors is at a 17-year high and has increased among 8th and 10th graders by 50% since 1991.

The FDA regulation is truly historic because it comes at a time when tobacco industry deception and cover-up are being exposed. Recently leaked internal industry documents leave no doubt that the tobacco companies have long targeted kids and sought to get them hooked on nicotine before they were old enough to resist. A mountain of independent research shows that tobacco industry ad campaigns succeed in recruiting children. Evidence is clear that the tobacco industry knows about the health hazards of its products.

There is broad public support for tough FDA action. More than 80 percent of the public, including 78 percent of smokers, support the FDA regulations. The American Cancer Society urges every member of Congress to embrace these regulations as the only way to save children from the lure of seductive advertising and a lifelong addiction to tobacco.

# # #

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News Release

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FOR IMMEDIATE RELEASE
February 27, 1997

Contact: Bob Redling
800/274-2237 x4218

FAMILY PHYSICIANS COMMEND REGULATIONS PROTECTING CHILDREN FROM TOBACCO

KANSAS CITY, MO – The nation's largest family physician organization – the American Academy of Family Physicians (AAFP) – applauded regulations going into effect tomorrow, February 28th, to further limit children's access to tobacco.

"As a longtime and forceful supporter of initiatives to safeguard our nation's children, the American Academy of Family Physicians commends the efforts of the Clinton administration to protect children from tobacco," said AAFP Board Member Melvin D. Gerald, MD, MPH, a practicing family physician from Washington, DC. "Family physicians deplore any advertising or marketing campaign that tries to seduce America's kids into using deadly products like tobacco."

The regulations are being announced on February 28th at a White House event and will be attended by Dr. Gerard. These regulations will for the first time federally ban the sale of tobacco products to individuals under age 18, and require photo identification of tobacco purchasers who are under age 27. On August 28, 1997, additional regulations will go into effect, banning tobacco promotions on billboards within 1,000 feet of schools and playgrounds, and limiting tobacco advertising in publications with young readers.

The Administration announced the rules in August 1996, out of concern that of the 3,000 children who each day begin smoking tobacco, 1,000 will die eventually from smoking-related diseases.

As part of its effort to combat tobacco use, the American Academy of Family Physicians has endorsed several anti-tobacco efforts, including TarWars, a pro-health, anti-tobacco program aimed at fifth graders. The program reached an estimated 200,000 children in the 1995-96 school year.

The AAFP is the national medical association representing more than 80,000 family physicians, family practice residents, and medical students. Family physicians are medical specialists trained to treat most medical problems for people of all ages and both sexes.

###

6·24·97

Bruce N. Reed
06/23/97 02:07:58 PM

Record Type: Record

To: Joseph P. Lockhart/WHO/EOP

cc: See the distribution list at the bottom of this message
Subject: Tobacco Process Talking Points

Here are the points on our tobacco process that Barry can make at today's briefing:

-- Today, we have begun our review of the proposed tobacco settlement.

-- The review will involve several agencies (HHS/FDA, DOJ, Treasury, USDA, DOL, OMB, etc.) as well as several WH offices (DPC, NEC, CEA, etc). We have established working groups on the major issues in the settlement. The main groups to highlight for press consumption are on 1) FDA regulation/marketing/access/labeling; 2) Budget Issues (how the money is spent); and 3) Industry analysis (which will look at incentives in the agreement, the industry's financial picture, etc.). Other groups include workplace smoking; smoking cessation; litigation/liability/disclosure; international issues; and implementation issues. The budget and litigation groups met today.

-- The President has given us a timeline of 30 days (in his news conference yesterday).

-- Over the next few weeks, we will be reviewing the terms of the settlement, with a particular focus (as the President said yesterday) on the FDA piece and the budget piece. We will reserve judgment on individual provisions until we can assess the overall agreement.

-- Over that time, we will also meet with leaders in the public health community, including the major public health organizations, Drs. Koop and Kessler, leading tobacco foes on the Hill, etc.

-- The review will look at the question of what we can accomplish with a settlement and without one, as well as assessing what is good, what is insufficient, and what may be missing or unclear with respect to this particular settlement.

-- As the President said yesterday, we view this as a great opportunity to advance the public health. We should make the most of this historic chance to do everything we can to protect our children and our country from the dangers of tobacco. It will take us some time to make a serious, informed judgment on the terms of this settlement, but we are delighted that our actions and the steadfast efforts of the attorneys general have changed the landscape on tobacco for all time.

Message Copied To:

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Sarah A. Bianchi/OMB/EOP
Jeanne Lambrew/OPD/EOP

6-23-97

Q&A on Tobacco Settlement
June 20, 1997

Q. Did the Administration help close the deal?

A. No. My staff monitored the talks closely so that we would be in a position to evaluate and respond to any possible settlement. We consistently told the parties that they would have to close an agreement on their own, and they were able to do so without any help from the Administration.

Q. How will you proceed?

A. I have asked my Domestic Policy Advisor, along with the Secretary of Health and Human Services, to undertake a thorough public health review of this agreement. They will consult with all interested agencies, members of Congress, and the public health community.

Q. How long will the review take?

A. The review will take as long as necessary to conduct a careful analysis, but we will seek to work promptly and expeditiously. We expect this to be a matter of weeks, not months.

Q. Dr. Kessler and Dr. Koop have asked in a letter to you that you give them 30 days to complete their own review before signing off on anything. Are you going to wait?

A. I intend to consider closely the views of the public health community, including Drs. Koop and Kessler, before rendering any judgment on the settlement. But it is premature to commit to any firm timetable for reaching my conclusion.

Q. What will you look at in evaluating this agreement?

A. We will evaluate whether this agreement protects the public health -- and particularly the health of our children. We will pay special attention to the part of the agreement dealing with FDA jurisdiction. The actions the FDA has taken under this Administration forced the industry to the bargaining table, and we will insist that the FDA has all necessary authority to regulate nicotine and tobacco products. We also will carefully review the financial terms of the settlement, including whether the money will go toward protecting the health of our children and the general public.

Q. The final deal limits punitive damages -- a key concession to the tobacco industry. Won't you oppose that given your previous opposition to caps on punitive awards?

A. The limitation on punitive damages for past misconduct is not a deal-breaker for us. We understand that the attorneys general extracted substantial concessions from the tobacco companies for this limitation, and we will evaluate whether the agreement as a whole advances the nation's public health interests.

Q. Are you taking a political risk in considering approval of this settlement?

A. This isn't about politics; it's about protecting the public health. We didn't think about politics when we took on the tobacco companies last year with our announcement of the FDA rule. And we won't look to politics now in evaluating this agreement.

6/19/97

SPECIAL

Tobacco talks – Talking points
(Skolfield/Zonana – HHS)

5/16/97

Background: The Wall Street Journal reports this morning that, amid "intense dissension" within the administration, Secretary Shalala vowed that any settlement would get "a very careful and thorough" vetting before being embraced by the administration.

Suggested talking points:

- The is no disagreement within the Administration on the need to carefully review any settlement. As the President has said on many occasions, any settlement will have to be reviewed carefully from a public health standpoint. Our focus will stay squarely on protecting kids and the public health.

- The Administration is monitoring the talks. The Administration has not reached a judgment on the kind of settlement the parties appear to be discussing, and is not trying to encourage or close the deal.

- Secretary Shalala's comments to the Wall Street Journal were completely in line with what she and other members of the Administration have been saying for weeks, namely, that any settlement would undergo strict scruntiny from a public health standpoint.

6/11/97

Talking Points on Tobacco Settlement Talks

- The Administration is closely monitoring the settlement talks among the tobacco industry, state attorneys general, public health groups, and private lawyers. Any agreement would have to be passed by the Congress and signed by the President.

- We will carefully review any settlement that emerges from the discussions, and we will seek the advice of the public health community. As the President has said, in reviewing any settlement proposal, our focus will stay squarely on protecting kids and the public health.

Q: **Would you support a settlement that caps punitive damages? That seems to be the key stumbling block.**

A: I'm not going to speculate on any particular aspects of a potential settlement. The Administration proposed the toughest measures ever to protect children from tobacco, and we are fighting in the courts to see that those restrictions take effect. Our focus in reviewing any settlement will stay on protecting kids and the public health. The President has made it clear he is not going to agree to anything with respect to tobacco that jeopardizes the public health.

Q: **Senator Lott and others are urging quick closure to the talks. They say that the window of opportunity is closing. Is the Administration trying to help close the deal?**

A: No. Because any settlement will have a profound and lasting impact on the public health, the Administration will have to consider a settlement in a careful and thorough manner. There will be no rush to judgment and no precipitous action. We are not going to take a position on a proposal until the Administration and the public health community have fully reviewed it.

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6/3/97

Tobacco talks and second hand smoke

Press Guidance
June 3, 1997

Q. *Are you sending a signal to tobacco makers that you may not endorse any settlement?*

A. We have sent a clear message from the outset -- any settlement between the parties must be consistent with the public health priorities which we have set out especially those designed to protect children. The President has said (in an interview with Face the Nation) that he will have to consult with public health experts before taking a position on any negotiated settlement.

Q Would you endorse legislative proposals to cap punitive damages for tobacco companies? Do you support the Lautenberg amendment? Do you intend to lobby against it?

The Administration has always opposed to the punitive damages and joint liability provisions of the product liability bill including applying them to the tobacco industry.

Q. *Does the President intend to ban smoking in federal buildings as some Members of Congress have called on him to do?*

The Administration is currently looking at proposals concerning banning smoking in federal buildings. Currently DOD and HHS have prohibitions and GSA regulations published in 1986 restrict tobacco use in about 10% of Federal domestic facilities.

Q. *What is the Administration's position on second hand smoke in the workplace?*

Per DPC and OSHA -- Environmental Tobacco Smoke is of great concern particularly in light of recent studies such as the Harvard School of Public Health finding that regular exposure to second hand smoke almost doubles one's risk of heart disease. The Administration introduced a proposed rule to set forth a workplace standard for second hand smoke in 1994 and the comment period ended this Febraruy. Because there was a high level of interest in this issue(115,000 comments), OSHA received more than the usual amount of comment and they are working through these as expeditiously as possible.

Lockhart per Elizabeth Brye and Bruce Reed at DPC and Gaskill at OSHA

5·6·97

Tobacco

Q. What implications does the jury's decision have for the Administration's tobacco rule? The settlement talks?

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

4.29.97

Tobacco
April 28, 1997

Meetings:

The Attorneys General involved in the tobacco talks met in Chicago yesterday.
AG Mike Myers will meet with Bruce Lindsey in the White House around 1:30pm to day to brief him on the progress in the negotiations.
No meetings are scheduled yet for tomorrow, but we will keep you informed if there are any arranged.

Supreme Court Decision -- Baltimore Restrictions on Tobacco and Liquor Advertising

BACKGROUND:

The Supreme Court yesterday denied to hear a case involving a First Amendment challenge to Baltimore's 1994 ban on tobacco and liquor billboards. The 4th US Circuit Court of appeals ruled that such restrictions are permissable; Anheiser Busch asked appealed that decision, arguing that it appeared to conflict with a 1996 Supreme Court decision which struck down a state ban on liquor price advertising.

While this decision appears to help the cause of anti-tobacco advocates, it might not; the Supreme Court did not comment on the merits of the First Amendment case. It is unclear whether this has bearing on the North Carolina decision of last Friday or not.

- We are gratified that the Supreme Court let stand the decision of the 4th US Circuit Court of Appeals. The restrictions that Baltimore has placed on tobacco advertising comport with the types of advertising that we would like to see restricted. Billboards do not differentiate between children and adults -- and thus encourage our children to smoke.

***** In a related matter, several Senators have sent us a letter urging the federal government to ask for $20 billion more from the tobacco companies for the costs associated with smoking-related illnesses for Medicare patients. We have not taken a position on this issue and we will forward the letter to HHS for its opinion.

Drafted: MEGlynn
Cleared: BLindsey
EKagan
Bmarshall

4.25.97

Questions on Tobacco Settlement Talks

Q. How does the judge's decision affect the Administration's interest in a settlement?

A. I have no idea. Today, we should focus on this ruling. [Go to statement on ruling].

Q. Isn't the Administration deeply involved in settlement talks?

A. Like other parties interested in this issue, we have been monitoring the talks. We have a deep interest in protecting kids and the public health.

Follow-up

Q. But papers have reported that Bruce Lindsey is intimately involved in the settlement talks.

A. My staff are staying informed of the talks, but we are not a party in the talks. My only interest is in protecting kids and the public health.

Q: Would you support a settlement that gives tobacco companies immunity?

A: I'm not in any position to judge any settlement. But, I'll say this: everybody agrees that blanket immunity is out of the question. As I've said, my only interest is in protecting kids and the public's health. We have to do right by them.

Follow-up

Q: Then, what form of immunity would you support?

A: I'm not going to speculate on what the participants in the negotiations might agree to. My Administration proposed the toughest measures ever to protect children from tobacco, and I am going to fight to see that those restrictions take effect. I'm not going to agree to anything with respect to tobacco that jeopardizes the public health. Our focus will stay on protecting kids and the public health.

Follow-up

Q: Anti-tobacco advocates -- including former FDA Commissioner David Kessler -- held a press conference yesterday saying immunity should be off the table altogether. Do you disagree?

A: I have tremendous respect for Dr. Kessler on this issue. Again, I'm not going to support anything that jeopardizes the public health.

April 25, 1997

Note to: WH Press Office, Domestic Policy Council

From: HHS, FDA Public Affairs

BACKGROUND
The President announced the FDA rule to protect children from tobacco in August 1996; the rule was immediately challenged by the industry in U.S. District Court in North Carolina.

THE DECISION
The court ruled that FDA has jurisdiction and that the rule's access and labeling provisions are still in effect, but that the advertising and promotion portions of the rule are invalid.

STATEMENT

This is a landmark and historic day for the nation's public health and our children. With this ruling, we can regulate nicotine-containing tobacco products and take important steps to protect our children from a lifetime of addiction and the prospect of having their lives cut short by tobacco-related diseases. We have taken a monumental first step down the long, hard road we knew we had to go to protect our children.

Background statement until POTUS statement:
Attorneys from the Justice Department, the Department of Health and Human Services and the Food and Drug Administration have reviewed the opinion and a statement from the President on what the next legal steps the Administration will take will come shortly.

Q: What are you going to do about the provision of the rule the court struck down?

A: The bottom line is that we are going to protect our children. We're going forward with the provisions the court upheld. A statement on what next legal steps the Administration will take will come shortly.

Q: Doesn't this mean the FDA will have to do something more drastic in terms of access to protect children -- like make these prescription products?

A: We have taken a common sense approach to protect our children by restricting access and we have proposed a common sense approach to limiting appeal. We still believe that is the right way to approach this terrible public health crisis threatening our children.

Q: Doesn't this mean more delay?

A: The access provisions that went into effect in February have been upheld, remain in place and we are working with the states to ensure compliance.

Q: Why not seek a legislative settlement?

A: From the beginning, we have said that if Congress wants to put forth a legislative package as strong as our FDA rule with appropriate oversight and enforcement, we remain prepared to work with Congress. We are monitoring the settlement talks that are going on to see if something results from those talks.

Q: What does this mean in everyday terms?

A: The provisions that went into effect in February making it harder for children to buy cigarettes and smokeless tobacco products are already in effect and we are working with states to begin checking for compliance.

Q: If you appeal, do you think an appeal will be successful?

A: This is an historic decision by the court on the Agency's authority over tobacco products. We believe we have a very strong case and we will ultimately prevail on all parts of the rule to protect our children.

Q: Isn't it time to seek legislation?

A: We have been open to a legislative solution that is as strong as the FDA rule with appropriate oversight and enforcement since the President announced the proposal in August 1995. We are still open to a legislative solution if it accomplishes our goal of protecting our children.

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4.24.97

Tobacco
April 24, 1997

BACKGROUND: There was a wire story which misreported some of Bruce Lindsey's comments on tobacco yesterday. The article implies that the administration has taken a position on a tobacco settlement.

- The White House has always indicated we are opposed to blanket immunity for the tobacco companies. There are many ways to approach this subject; some of these proposals are being discussed by the parties right now. The White House has not taken a position on any of those proposals.

- We believe, as we have said repeatedly, that any resolution of these issue must meet the standards set forth by the FDA. The President wants to protect our children from tobacco products and from tobacco advertising and he is open to solutions which achieve that goal. We have alwyas indicated a willingness to look at the issue of FDA jurisdiction in exchange for legislative enactment of the FDA role.

Q: What is the role of Hugh Rodham?

- Mr. Rodham has been retained by one of the parties in the talks. He has been to meetings on the subject of tobacco here at the White House, all of which would have taken place with or without his participation. He was involved with this issue before there were any discussions of a settlement. As to why he was hired by the party, you should ask the party that retained him. Any position we take will only be one that is in the best interests of the American people, regardless of any ofthe factors.

Drafted: MEGlynn
Cleared: BLindsey

Tobacco
April 21, 1997

Q. Are you pushing for a tobacco settlement?

A. My staff are staying informed of the talks. From the beginning, we have said we would be willing to consider legislation if it was brought to us and it measured up to the final FDA rule. Any legislation would have to be as strong, comprehensive, and effective as what we are doing. The parties in these negotiations know our bottom line is protecting kids and reducing smoking among youth. And we are focused right now on defending our rule in court and moving forward to implement it.

Q. Should the tobacco companies get immunity as part of a global settlement?

A. I understand that the parties involved in these negotiations have talked about immunity. Any agreement will have to take into account the needs of all who are affected, and it's too early to tell what the terms might be. Let me tell you my focus: protecting children and the public health. That is what we are doing with the FDA rule to restrict access and limit advertising and appeal. We have 3,000 children and young people becoming regular smokers each day, and nearly 1,000 of them will have their lives cut short. We simply have to reduce the number of children who start smoking.

Q. How involved are your staff in these negotiations?

We get regular and frequent updates about the status of the discussions. We have consistently impressed upon the parties that any agreement must be in the public interest and must lead to a reduction in the number of our children who start smoking.

Cleared:
Bruce Lindsey

Press Guidance
April 11, 1997

TOBACCO

Bruce Lindsey is quoted in this week's National Journal on the White House position in the growing number of tobacco lawsuits. (See attached article)

- The President is open to legislative or other solutions that protect our children from tobacco products and from tobacco advertising. Any solutions, however, must meet the standards set forth by the FDA.

Is the White House directly involved in a preparing a settlement?

We are prepared to be helpful if all parties involved believe there is a useful role for us. All sides of the various public and private tobacco lawsuits frequently update the White House on the status of these lawsuits and possible non-litigation ways to resolve them.

Is the White House saying that plaintiffs must receive money in order for a settlement to work?

No. The White House is saying that any agreement must satisfy all parties. Terms of an agreement should be addressed by the parties involved.

Bruce seems to indicate that a settlement must be reached by June in order to work?

No. Bruce was just stating the obvious. Once litigation begins it always makes the prospects of a settlement less likely.

When and how often does Bruce or anyone else at the White House meet with the parties? Are there any upcoming meetings scheduled?

All sides of the various public and private tobacco lawsuits frequently update the White House on the status of these lawsuits and possible non-litigation ways to resolve them

Is the White House prepared to limit the FDA rule?

No. We support the rule and believe any resolution of these issues must meet the standards set forth by the FDA. The President wants to protect our children from tobacco products and from tobacco advertising and he is open to solutions which achieve that goal. We have always indicated a willingness to look at the issue of FDA jurisdiction in exchange for legislative enactment of the FDA rule.

Mellody
Approved by Bruce Lindsey

- confirm talks - staying in touch w/ parties

4·3·97

GUIDANCE ON TOBACCO TAXES
APRIL 3, 1997

(A front-page piece in today's New York Times (attached) details efforts nationally and in the states to raise taxes on tobacco products.)

* The President's balanced budget proposal does not contain a tax increase on tobacco products. Overall, of course, the President is proposing a tax cut for middle class families.

* Senators Hatch and Kennedy have proposed raising the Federal excise tax on cigarettes as a means of financing a children's health care initiative.

* We share with the senators the goal of increasing the number of children with access to quality health care. We also share with them the goal of protecting children from tobacco.

* That is why the President is working in the context of his own balanced budget to extend health coverage to 5 million uninsured children. And that is why he is working so hard to make sure that the rules for protecting children from tobacco and tobacco advertising are implemented.

* We have a budget that does expand coverage to 5 million additional children, but we have paid for it in the context of our balanced budget plan, and we think the spending cuts that we have included in that plan to achieve balance and pay for initiatives make a lot of sense.

* But whenever bipartisan leaders like Senators Hatch and Kennedy come together to pursue one of President's highest priorities, their ideas deserve serious study and consideration. We hope and expect that their proposal and the President's mark the beginning of a sustained and strong partnership between Republicans and Democrats to expand coverage to the millions of American children who have none.

* We expect that this issue will be considered as part of the broader debate over balancing the budget and expanding health care for children.

Q: Didn't the President propose to increase tobacco taxes in his own health care reform bill?

* Well, that was in a different context; that was a plan that would have extended coverage to every uninsured American.

* Obviously, as the Congress considers these issues, the President will be open to other ideas, including those of Senators Hatch and Kennedy. We've made that clear.

(As for the various proposals to raise individual state tobacco taxes, obviously they need to be resolved at the state level.)

TOIV
Based on conversations with and materials from NEC

TOBACCO
FEBRUARY 24, 1997

* The parties on all sides of the various public and private tobacco lawsuits frequently update the White House on their discussions, but we are not a direct participant in those discussions. We listen to what they have to say, and we continue to reiterate what we have said in the past:

* The President is open to legislative or other solutions that protect our children from tobacco products and from tobacco advertising. The rules adopted by the Food and Drug Administration that go into effect on Friday accomplish that, and any other solution must meet the standards set by those regulations.

* (If asked whom the parties are contacting) Generally, the parties have contacted Bruce Lindsey to keep the White House informed.

TOIV
Reviewed by Lindsey
Last point also okayed by Radd

PRESIDENT HAS SEEN
1-29-97

THE WHITE HOUSE

WASHINGTON

97 JAN 29 PM 3:04

MMC -
The answers were vetted thru FDA, DPC and finally Bruce Reed. POTUS approved. (I took liberty of sending in memo to [redacted] So - We're all set. This will be published Friday. - Julie

January 29, 1997

MEMORANDUM TO THE PRESIDENT

FROM : MIKE MCCURRY MMC//

SUBJECT : *USA TODAY* / PIECE ON TEENAGE DRINKING AND SMOKING

USA Today spent a week talking with more than 500 teens across the nation about smoking and drinking, and the marketing of tobacco and alcohol. The polls they conducted with these teens confirmed that most teens have instant recognition of the Marlboro Man and Joe Camel, along with other familiar alcohol and tobacco ad icons.

They have asked you to contribute to the story they are writing on this subject. The piece will run in Friday's *USA Today* and is scheduled to be a cover piece. Attached are the questions they have posed, along with answers drafted by your staff.

Please let me know if you would like to make any changes to these answers before we submit them. The deadline for submission is Thursday morning.

THE NATION'S NEWSPAPER

USA TODAY

VIA SATELLITE

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GANNETT

THE NATION'S NEWSPAPER

USA TODAY

NO.1 IN THE USA

1000 WILSON BOULEVARD
ARLINGTON, VA 22229
(703) 276-3400

GANNETT

TO: President Clinton
FROM: USA TODAY
TOPIC: What America's teens say about tobacco, beer and cigarette ads.

THE STUDY:

There's one thing about smoking and drinking that teens seem to know even more about than adults: the ads.

Earlier this month, USA TODAY spent a week talking with more than 500 teens across the nation about smoking and drinking _ and the marketing of tobacco and alcohol. Reporters went to seven schools in Philadelphia, Pa.; Rochester, N.Y.; Parma, Ohio; and Amarillo, Texas. Students viewed ads and then responded to written questions. Then, reporters spents hours talking to small groups of students about the ads.

The combined survey and polling results rank among the most comprehensive ever on the topic by an unbiased organization. USA TODAY went with no agenda. The purpose was simply to give teens a chance to weigh-in on the topic that has become such a political hot button.

CONCLUSIONS

For the most part, the outcome of the poll confirms what many parents already suspect: most teens have instant recognition of such familiar ad icons as Joe Camel, the Marlboro Man, and the Budweiser frogs. More than three in four teens, for example, said they could remember seeing the Joe Camel ads more than six times. And nearly nine in teen were very familiar with the Bud frogs.

But there were some startling results, too.

Chief among them: With the notable exception of Marlboro, the cigarette and beer brands that teens say they (or their friends) actually want are rarely the most heavily advertised. Instead, they want what's cheapest. Or simply, what's available.

QUESTIONS FOR PRESIDENT CLINTON:

- You made the marketing of tobacco and alcohol to kids a central campaign issue. But most teens insist they are not influenced by tobacco advertising. Who is right?

- Although three of four teens are familiar with Joe Camel, the vast majority of teens who smoke say they prefer to smoke other brands (especially Marlboro and Newport). Does this mean Joe Camel isn't quite as big an influence on teens as some critics say he is?

- Since teens say they know and like many of the cigarette and alcoholic beverage ads, do you think the ads actually make teens more susceptible to smoking or drinking?

- Most teens we spoke to could name numerous cigarette and beer brands. But only a handful were able to name even a single brand of hard liquor. Is this an argument to keep liquor advertising off of television?

- Do you, personally, remember being influenced by any tobacco, beer or liquor ads when YOU were a kid?

-What do you suggest that America's parents do to counteract the influence that tobacco and liquor marketing has on their kids. (Perhaps you can offer some perspective on how you and Mrs. Clinton approach this issue with Chelsea.)

USA TODAY QUESTIONS

1. You made the marketing of tobacco and alcohol to kids a central campaign issue. But most teens insist they are not influenced by tobacco advertising. Who is right?

Since I announced our plan to reduce tobacco use by kids in the summer of 1995, I have expressed concern about the problem of tobacco advertising. The evidence is clear that advertising affects the smoking behavior of kids. According to the most recent data, 86 percent of young smokers choose one of the three most heavily advertised brands of cigarettes, while those three brands capture only 35 percent of the overall market. Additional research has shown that the effect of advertising on brand preference is about three times greater for teens than for adults.

Let's face it, people don't think they're affected by ads. But we know that if the ads didn't work, the tobacco companies would not spend billions of dollars every year to market their products.

2. Although three or four teens are familiar with Joe Camel, the vast majority of teens who smoke say they prefer to smoke other brands (especially Marlboro and Newport). Does this mean Joe Camel isn't quite as big an influence on teens as some critics say he is?

It is true that Marlboro dominates the teen market. Marlboro is the most popular cigarette among adults but is twice as popular among teens. As for Joe Camel, the fact is that several years after Joe Camel was introduced, that brand's share of the youth market more than tripled, from approximately four percent to more than 13 percent . During the same time, Camel's share for the adult market was unchanged.

3. Since teens say they know and like many of the cigarette and alcoholic beverage ads, do you think those ads actually make teens more susceptible to smoking or drinking?

Yes, I think advertising can make these products more appealing to teens. That's a major point of our efforts on preventing children's tobacco use -- to reduce the appeal of tobacco products to children under 18. There is no doubt that the billions of dollars spent on tobacco advertising create a climate of "friendly familiarity" around tobacco and tobacco use.

Let me be clear. The problem here is not just the specific cigarette brand, but the imagery associated with it. Images of fun, glamour, and sophistication simply should not be associated with smoking and our children should not be exposed to it.

4. Most teens we spoke to could name numerous cigarette and beer brands. But only a handful were able to name even a single brand of hard liquor. Is this an argument to keep liquor advertising off of television?

Yes. For a half-century liquor companies have agreed not to advertise their products on television and radio for the simple reason that it was the right thing to do. Last November, however, the liquor industry announced it would break its ban and put liquor ads on the air, exposing our children to such ads before they know how to handle alcohol or are legally allowed to do so. That is simply irresponsible. This is no time to turn back.

In my November 9, 1996 radio address, I commended the four major broadcast networks which said they would continue to honor the ban and keep liquor ads off the air. I also urged all other broadcasters to follow that example. Parents have a hard enough time raising good kids these days, and all of us have a responsibility to help make those jobs easier, not harder.

5. Do you, personally, remember being influenced by any tobacco, beer or liquor ads when you were a kid?

I don't remember any particular ads that stood out, but I know that cigarette advertising seemed to be everywhere. One general effect of the ads was that smoking became an accepted part of everyday life, even for many children and teenagers.

6. What do you suggest that America's parents do to counteract the influence that tobacco and liquor marketing has on these kids? (Perhaps you can offer some perspective on how you and Mrs. Clinton approach this issue with Chelsea).

Hillary and I have had many conversations with our daughter about tobacco, alcohol, and drug use. We believe that this is an issue where parents really do make a difference, but to do this, they must be unambiguous and authoritative. It is critical that they discuss these matters frankly and openly with their children, but also let their children know that tobacco use is unacceptable. I believe that children will respond to this unequivocal message.

But parents alone cannot do everything that needs to be done. Therefore, I challenge all Americans not to be complacent about underage drinking, tobacco, and drug use. It's going to take the leadership of all citizens and communities across the country to protect out children effectively.