FOIA Number: 2006-0467-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Speechwriting

Series/Staff Member: Jeff Shesol

Subseries:

OA/ID Number: 19942

FolderID:

Folder Title:
NAAG [National Association of Attorneys General] - Tobacco 3/12/98 Tobacco NAAG 3/12/98 - Final - As Delivered - Press

Stack:	Row:	Section:	Shelf:	Position:
S	91	6	10	1

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	Handwritten. Association of AG Speech, Thurs. 3/12/98. (7 pages)	03/12/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Jeff Shesol
OA/Box Number: 19942

FOLDER TITLE:

NAAG [National Association of Attorneys General] - Tobacco 3/12/98: Tobacco-NAAG 3/12/98 - Final-As Delivered-Press

2006-0467-F
vz1285

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	Handwritten. Association of AG Speech, Thurs. 3/12/98. (7 pages)	03/12/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Jeff Shesol
OA/Box Number: 19942

FOLDER TITLE:

NAAG [National Association of Attorneys General] - Tobacco 3/12/98: Tobacco-NAAG 3/12/98 - Final-As Delivered-Press

2006-0467-F
vz1285

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Chernomyrdin obviously was impressed by the display of the two nation's collaboration in endeavors that for many years they used against each other.

"As few as seven or eight years ago, these toys were aimed at our two countries by our two countries. And these toys have the capacity to destroy everything in this place," Chernomyrdin said. "Who would have thought seven or eight years ago that we would be working together?"

With Chernomyrdin by his side, Gore made the most of the opportunity to display his grasp of the new economy and his skills at diplomacy in a state that will be key to his likely presidential bid in 2000.

With 54 electoral votes, California is essential to any successful presidential candidate, and Gore has been making frequent trips to the state particularly to Silicon Valley to demonstrate his interest.

Gore and Chernomyrdin have been consulting regularly for the past five years. As a result, Gore has played an extraordinary part in managing the evolving relationship between the United States and its former enemy.

The two leaders have met 10 times so far, and their collaboration has spawned numerous connections between the two countries on such topics as space exploration, disarmament, trade, health and agriculture.

Over the past two years, Gore has met almost monthly with a group of a dozen or so technology entrepreneurs who advise him on developments in their industry and share insights about the new economy.

Clinton Backs Plan That Would Cap Tobacco Industry Liability (Wash) By Jonathan Peterson and Alissa J. Rubin (c) 1998, Los Angeles Times

WASHINGTON President Clinton, seeking to fuel support for a broad tobacco overhaul that remains adrift in Congress, on Thursday endorsed a bipartisan proposal that would reduce, but not eliminate, the industry's liability for lawsuit damage awards.

The new plan, which represents the first major bipartisan effort in Congress to impose sweeping restrictions on the tobacco industry, would cap future damage awards at $8 billion a year.

"We're working together to bring our country to the verge of one of the greatest public health achievements in the history of our nation, an historic triumph in our fight to protect our children from the deadly threat of tobacco," Clinton told an audience of state attorneys general.

"It is a good, tough bill," Clinton said of the legislation sponsored by Sens. John Chafee, R-R.I.; Bob Graham, D-Fla.; and Tom Harkin, D-Iowa. "I hope it gets wide support. This legislation will save lives."

Like previous bipartisan proposals, the Chafee legislation immediately drew criticism from partisans in the tobacco battle. Some anti-smoking advocates complained that it is not restrictive enough, while the tobacco industry described it as "punitive and patently unconstitutional."

But the measure has attracted some influential supporters. C. Everett Koop, former U.S. surgeon general, and David Kessler, former commissioner of the Food and Drug Administration, called the measure "tough medicine for a tough problem."

The bipartisan bill more than satisfies Clinton's minimum requirements for tobacco legislation. It would boost the price of cigarettes by $1.50 a pack, preserve the FDA's authority to regulate tobacco, restrict cigarette marketing that could influence young people, advance public health goals such as anti-smoking education, and provide aid to tobacco farmers.

White House officials and anti-smoking advocates maintain that raising the price of cigarettes is a necessary step to reduce smoking among young people. The bill would increase the per-pack price by $1.50 within two years of enactment, a far shorter timetable than the 10 years proposed by the White House.

Under a preliminary deal reached last June between the tobacco industry and 40 state attorneys general, cigarette makers would be protected from class-action lawsuits and exempted from punitive damage awards for past actions. In return, they would pay $368 billion to settle existing state lawsuits, and would accept a near ban on tobacco advertising.

Clinton praised the attorneys general for launching the legal actions that led to the settlement.

"You put tobacco companies on the stand in courtrooms throughout America," he said. "You brought them to the bargaining table. You extracted important concessions. You raised awareness of tobacco's tragic cost to our economy and our children."

The terms of the settlement cannot take effect in the absence of legislation, because only Congress can shield the industry from future lawsuits. So far, efforts to draft legislation have proceeded fitfully, and White House officials are increasingly concerned that the campaign could stall with November congressional elections approaching.

Clinton urged the attorneys general to pressure lawmakers to approve tobacco legislation.

The mixed reaction to the Chafee bill reflects the fragile nature of the coalition that has been pushing for broad tobacco restrictions. Despite a recent attempt at reconciliation, the public health community remains divided between purists who believe the industry should receive no protection from future lawsuits, and those who are willing to accept some limits on company liability.

"We oppose the bill because it has a cap on liability and we don't think that's appropriate," said Paul Billings, deputy director of government relations for the American Lung Association. "The other provisions look strong, they're encouraging."

A public health coalition that includes the National Center for Tobacco Free Kids and the American Cancer Association endorsed the measure.

The tobacco industry had no immediate response to Clinton's endorsement of the Chafee measure. So far, it has indicated no willingness to abandon the far more generous legal protections included in the June settlement.

Senate OKs Huge Transportation Bill (Washn) By Faye Fiore (c) 1998, Los Angeles Times

WASHINGTON The Senate approved on Thursday one of the biggest public works bills in U.S. history, mapping out the nation's transportation plan for the next six years and setting up an expected gush of federal money for the states.

The Senate approved the $214 billion bill by a 96-4 vote and sent it to the House. House members will ultimately decide precisely which roads, bridges and the like will actually be funded when it takes up the bill this spring.

The derby for the money has already begun, with more than 400 lawmakers lodging hundreds of millions of dollars in requests for transportation projects far more than the bill could ever pay for.

In cobbling together the 800-page spending measure, once-frugal senators voted to tap into spend some of the unexpected federal budget surplus, producing a package $59 billion richer than its 1991 predecessor, which expired last year.

The gigantic bill will test the limits of last year's balanced budget agreement and require cuts in other programs yet to be named.

The Senate bill specifically authorized $173 billion for highways and $41 billion for transit construction to be divided among the 50 states. The money comes from federal gasoline taxes collected at the pump.

The legislation increases highway and transit money and preserves environmental programs such as air quality improvement and bike and walking trails that some GOP senators had attempted to roll back.

"We're very happy," said James Corless of the Surface Transportation Policy Project, a coalition of more thant 200 local community and environmental groups. "We see this bill as a testament to the principles of environmental protection and local control."

During its debate on the bill last week, the Senate defeated a proposal to eliminate a federal program that has the goal of awarding 10 percent of federal construction contracts to women and minorities.

Incidence of Cancer Declines Between 1990 and 1995 (Washn) By Marlene Cimons (c) 1998, Los Angeles Times

WASHINGTON For the first time in nearly 20 years, the incidence of all cancers combined and most of the leading types of cancer declined between 1990-95 in the United States, and death rates from the disease also decreased, health officials announced Thursday.

The drop in the rate of new cases represents a reversal of a discouraging trend of escalating cancer incidence over nearly two decades, while the decline in the death rate sustains a turnaround noted for the first time last year.

Moreover, preliminary findings from 1996 show that declines in both incidence and death rates are continuing, officials said.

"The chances of getting cancer are declining, and the chances of dying from cancer are declining even faster," said Dr. James S. Marks, an official at the Centers for Disease Control and Prevention.

Describing cancer as "one of the most feared diseases, and rightfully so," Marks said that with the new statistics, ``the burden of fear should begin to lift."

Stressing that ``behind the numbers are peoples' lives," Dr. Richard Klausner, director of the National Cancer Institute, said that in 1995 alone, the trends translate into 25,000 to 30,000 fewer cancer deaths, and 70,000 fewer new cancer cases.

Klausner added: ``These numbers do not reveal real improvements in the quality of life for cancer survivors (who number about 8.5 million Americans). We did not trade improved survival for a worsened quality of life."

Officials attributed the declines to numerous factors, chief among them earlier detection through screening, improvements in cancer treatments and such lifestyle changes as quitting smoking and healthier diets.

The officials added that Americans still need to be more vigilant than they currently are in undergoing screenings, particularly for colon-rectum and breast cancer. ``One-third of American women have never had a mammogram, and 20 percent don't have them regularly," Marks said.

The new report, to be published in Sunday's issue of the journal Cancer, shows that after increasing an average of 1.2 percent per year from 1973-90, the incidence for all cancers declined an average 0.7 percent annually in the next five-year period, said officials from NCI, the CDC and American Cancer Society.

Overall death rates dropped on average about 0.5 percent each year starting in 1990, after having increased annually 0.4 percent between 1973-90.

The decline in deaths in recent years was seen more in men than in women. It also was reflected in almost all racial and ethnic groups, except for Asian and Pacific Islander females, the officials said.

Also, blacks still are more likely to develop cancer than whites and are about 30 percent more likely to die of cancer than whites.

The report looked at 23 types or ``sites" of cancer, and focused heavily on the four cancers that accounted for the leading incidence and deaths for the five-year period beginning in 1990: lung, prostate, breast and colon-rectum.

These cancers account for more than half of all newly diagnosed cases.

The incidence of breast cancer, the most commonly occurring cancer in women, remained level between 1990-95 after having increased rapidly between 1973-90; death rates between 1990-95 decreased, but only for white and Latina women. The breast cancer death rates remained level for black women and appear to be on the rise for Asian and Pacific Islander women, the report said.

The incidence and mortality rate of prostate cancer both declined. Incidence declined for white men and, more recently, for blacks, the report said. Death rates from prostate cancer have dropped for all except Latinos, officials said.

The report was tempered, however, by data showing a rise among women in the rate of new lung cancer cases and in lung cancer deaths, a contrast to a drop in both measures among men. This contrast is likely explained by the surge in the smoking rate among women in past years, officials said.

For cancer of the colon and rectum, incidence and mortality have declined for men and women, the report said.

The news was less encouraging for some other cancers. Both incidence and mortality from non-Hodgkin's lymphoma and melanoma, a deadly form of skin cancer, are increasing; also, the previous decline in the incidence of uterine cancer has leveled off.

Health officials warned that the large number of children who are still taking up smoking estimated at 3,000 every day could reverse the statistics again unless efforts to curb tobacco use are stepped up.

``We must protect our children," said John R. Seffrin, chief executive officer of the cancer society. ``If we, or Congress, allow (a reversal in the statistics) to happen, shame on us."

Health officials also acknowledged that major inequities in access to health care exist, particularly among poor and minorities, which likely explain some of the disparities in the new statistics.

``We realize that the declines in cancer incidence and deaths have not been seen for all Americans, and that our collective efforts must be directed at reaching populations with a disproportionate cancer burden," the CDC's Marks said.

Also, cancer incidence differs significantly between the United States and other countries but once immigrants move here and embrace U.S. habits, they begin to experience the same cancer patterns as Americans.

Study: Many Children of Working Parents Still Live in Poverty(Washn) By Melissa Healy (c) 1998, Los Angeles Times

WASHINGTON A booming national economy has drawn millions of poor parents off of welfare rolls and into jobs, but many of their children still live in poverty, according to a comprehensive assessment of the nation's youngest poor released Thursday.

In 1996, the most recent year for which data are available, 5.5 million children lived in poverty across the nation, and 63 percent of them lived in families with at least one working parent, according to Columbia University's respected National Center for Children in Poverty.

The number of poor children has declined since peaking at 6.4 million in 1993, shortly after the last recession. In that year, however, only 55 percent of poor young children came from working-poor families.

The finding that kids with working parents represent a growing segment of the nation's poor children underscores a central fear of many state officials and welfare analysts. New requirements that welfare recipients find jobs may be driving many parents off public assistance, but the jobs that these adults can command frequently do not lift their families above the poverty line, which was $12,516 in 1996 for a family of three.

As welfare reform progresses, experts say, the result could be a rising tide of working poor struggling to stay afloat without any federal promise of a life raft. It is the children of these families, some fear, who are at greatest risk of going under.

``All my instincts tell me that folks are struggling out there, trying to put it together," said David Liederman, executive director of the Child Welfare League of America. ``They're doubling and tripling up, and they'll survive as long as they can. And then when they can't do it any longer, their kids will come into the foster care system."

The center's report observed that children living with unmarried mothers were still five times more likely to be poor than were those living with married parents. But living with both parents was no assurance of clearing the poverty hurdle; more than one-third of young children in poverty were living with two parents.

In fact, the poverty rate for children under 6 living in ``traditional" two-parent families in which the father worked full time and the mother stayed home doubled between 1975 and 1996 to 14 percent.

Those findings, said ChildTrends economist Richard Wertheimer, all point to an emerging reality in the U.S. economy: Increasingly it takes two parents and two earners to maintain a household's grasp on middle-class status. Over several decades, he said, the incomes of low-wage earners have eroded slowly, requiring more than a single full-time job to support children.

Experts say the 1996 federal welfare reform law also has contributed to the stubborn child poverty rate.

From 1993 to 1997, more than 6.7 million Americans almost two-thirds of them children have dropped off the nation's welfare rolls, according to the Department of Health and Human Services. The rate has accelerated since August 1996, when welfare reform became law.

Even before welfare reform, a strong economy generated many jobs for parents and helped lift many children out of poverty, according to the report. In 1993, 26 percent of all children under 6 lived in poverty, a rate that dropped to 23 percent in 1996. At the same time, however, the center's data show that the living conditions of many children did not significantly improve when their parents went to work.

``The combination of a robust economy and the social messages that poor parents are receiving are putting more parents to work. But it's had a modest anti-poverty effect" for children, said J. Lawrence Aber, director of the National Center for Children in Poverty. ``The fact that over 60 percent of all poor children have at least one employed parent is striking; it is not what most Americans expect."

Several state officials carrying out welfare reform acknowledged Thursday that while aid recipients were flocking to work, the number of families with children in poverty has been difficult to budge.

``Basically, we're seeing it improve gently, but not as strongly as you would hope to see in a solid economy," said Vermont Secretary of Human Services Cornelius Hogan. That, he added, was in spite of the state's efforts to lift those making the transition from welfare to work out of poverty with an extensive package of wage supplements.

Researchers say little is known about what happens to the children of low-income parents making the transition from welfare to work. Among the children of working-poor parents who either cannot or do not receive public assistance, researchers have found, a mother's decision to work often improves her children's overall well-being.

Clinton backs bipartisan bill to introduce tobacco curbs

A1

Trade-off would put ceiling on companies' legal liability

By Bruce Clark in Washington

President Bill Clinton yesterday threw his personal authority behind an effort to persuade Congress to pass a bill on the tobacco industry in the 68 days of legislative time remaining this year.

Mr Clinton supported the introduction yesterday of the first bipartisan bill aimed at raising cigarette prices and regulating the industry more tightly, in return for a ceiling on legal liabilities faced by the tobacco industry.

In a speech to attorneys-general, Mr Clinton said Congress must act soon to end "30 years of deception" by the cigarette industry and pass into law the agreement reached last June between tobacco companies and the attorneys-general of 40 US states. Under the accord, the companies would restrain their advertising and pay $368bn to settle health-related damages claims in return for a cap on their legal liability.

In an emotional appeal designed to cut through the partisan squabbling that has marked congressional debate on the issue, the president said it was a "national tragedy" that 3,000 children were taking up smoking every day - of whom 1,000 would die prematurely.

"Smoking kills more people every day than Aids, alcohol, auto accidents, murders, drugs and fires combined," Mr Clinton said, adding that 90 per cent of smokers took up the habit before they were 18.

He praised as a "good, tough bill" the tobacco legislation introduced by Senator John Chafee, a Republican, and two Democratic colleagues, Tom Harkin and Bob Graham. Mr Clinton said the bipartisan bill met a series of desirable conditions. It would raise the retail price of a cigarette packet by up to $1.50 over the next decade; it would establish the authority of the Food and Drug Administration over the sector; it would impose penalties on companies that continued selling to children; and it would protect the interests of tobacco farmers.

The half-dozen tobacco bills proposed so far have been dogged by controversy over the degree of authority they allow the FDA, or the principle of capping the sector's total liability, which is opposed by the industry's sharpest critics. Mr Clinton used his speech to convey the message that it was worth accepting the principle of capping liability in return for getting some restraints on the industry this year.

A recent study had indicated that, if Congress acted quickly, teenage smoking could be reduced by half over the next five years alone, he said. This meant 3m children could be stopped from taking up the habit and 1m premature deaths could be avoided.

In a scathing attack on the industry's marketing practices, he said internal company documents recently brought to light showed that children were being targeted. One document boasted that a particular brand was the cigarette of choice among teenagers, while another suggested using a sweet flavour.

Mr Clinton said some cigarette companies had wanted to market what they called a "kiddy pack" - intended to attract children with lower prices. A study had shown that among children aged between three and six, more could recognise the Joe Camel cigarette advertisement than Mickey Mouse.

Bank of Japan chief tipped to step down

By Gillian Tett and Michiyo Nakamoto in Tokyo

A1

Yasuo Matsushita, governor of the Bank of Japan, is expected to resign within weeks to take responsibility for a corruption scandal that led to the arrest of a senior bank official earlier this week.

Mr Matsushita offered to resign yesterday, but Ryutaro Hashimoto, the Japanese prime minister, did not accept the offer. "I told him to do his best in his current job for the time being," Mr Hashimoto said.

Japanese government officials said privately that Mr Matsushita would probably step down before April 1, when a law comes into effect giving the central bank independence on monetary policy.

It will be the first time a Bank of Japan governor has resigned during his term since the second world war.

There has been no evidence that Mr Matsushita, a former ministry of finance official and president of Sakura Bank, has done anything wrong, but it is common in Japan for leaders to take responsibility for wrongdoings of their staff.

A senior bank official was arrested on Wednesday following allegations that he had leaked market-sensitive information to Japanese commercial banks in exchange for favours. The arrest is the latest in a series of corruption investigations in Japan's financial sector in the past year. These have implicated senior officials of seven banks, four securities companies and the Ministry of Finance, and led to a stream of resignations, including Hiroshi Mitsuzuka, former finance minister. The investigations have also led to six suicides, including a ministry official who killed himself yesterday.

The central bank appeared to have escaped the taint of corruption. But this week's arrest has raised the prospect of increased scrutiny of its activities by politicians.

As part of the reforms of the bank's status that come into effect next month, it will be more accountable to parliament. This has left some politicians keen to flex their muscles over the bank, says Takao Toshikawa of Tokyo Inside Line, a newsletter.

Shijuro Ogata, a former deputy governor of the bank, fears the change could lead to an "increase of outside intervention", in the bank's affairs. It could also make it more difficult to find a successor to Mr Matsushita.

The natural replacement had appeared to be Toshikiko Fukui, the current deputy governor and a career bureaucrat. But Mr Fukui is an "insider" and his appointment is likely to be blocked by politicians.

An outside candidate, therefore, seems likely. But there are few obvious choices from the banking world because so many banks have been affected by scandal.

Politicians want a "clean hands" alternative but this may prove difficult.

Editorial Comment, Page 21

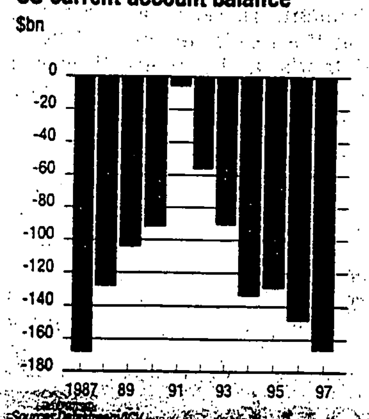
Warm winter drives strong growth in US retail sales

By Nancy Dunne in Washington

US retail sales continued to show strong growth in January and February as shoppers were drawn to the stores by unseasonably warm weather, the Commerce Department said yesterday.

Sales rose a solid 0.5 per cent in February, compared with the previous month. The growth figure for January over December was revised up from 0.1 per cent to 1 per cent. Consumer spending makes up about two-thirds of US economic output.

US current account balance



Many analysts have been braced for indications of a slowdown in the economy as the fallout from the Asia crisis hits US shores, but there were few from the latest Commerce Department survey.

Advances in retail sales were shared equally by durable and non-durable sectors. Both rose by 0.5 per cent. Car sales, a key component of durable sales, rose only 0.1 per cent after falling by 0.2 per cent in January. But sales of building materials jumped by 2 per cent, boosted by the flourishing home building sector.

"While retail sales have rebounded over the past few months, the growth rate is still surprisingly weak given strong jobs growth and record consumer confidence," said economists at Deutsche Morgan Grenfell, in their EcoFax commentary.

However, consumer spending, growing at close to a 5 per cent annual rate this quarter, could be "a big plus to the first quarter gross domestic product".

Fallout from the Asia crisis was more apparent in the latest trade figures. The US current account deficit – the broadest measure of trade performance and currency flows – climbed to its highest level in 10 years last year, the Commerce Department said yesterday.

The deficit jumped to $166bn for the year, against $148bn in 1996, widening in the fourth quarter to almost $46bn from $43bn in the third quarter. Exports had been expected to show a fourth-quarter decline, but an unexpected increase in government grants pushed up outflows.

Although future trade reports are expected to show surging imports, David Hensley of Salomon Smith Barney believes that the damage may be offset by the recent declines in the prices of significant import items, such as oil, commodities and technology inputs and products.

"Lower oil prices are a windfall to US businesses and households, who saved an estimated $14bn on petroleum imports last year," he said. "In the business sector, a decline in oil prices leads to some combination of higher profit margins and lower selling prices. Households get a break on energy costs and eventually reap the downstream benefit of lower prices elsewhere in the economy."

The current account report showed a leap in net capital inflows from more than $72bn in the third quarter to more than $85bn in the fourth. Gerald Cohen of Merrill Lynch attributed this to the Asia crisis. Foreigners sharply increased their bank deposits rather than putting their money into assets such as securities.

US regulators clear accountants merger

FINANCIAL TIMES
FRIDAY MARCH 13 1998

Jim Kelly in London and Emma Tucker in Brussels

US regulators yesterday cleared the $11bn merger of Price Waterhouse and Coopers & Lybrand and the European Commission was poised to wave through the deal.

Official spokesmen for the firms confirmed that the US Justice Department had telephoned senior executives in New York to indicate that they would not seek to block the merger through court action.

Meanwhile competition officials in Brussels said a statement would be made on Monday.

Karel Van Miert, the competition commissioner, is likely to wrap up the regulatory inquiry, ahead of the official May deadline.

"We have not yet received a statement of objections and whilst the EC has not reached a formal conclusion we are hopeful of receiving a clearance," said a spokesman for the firms in London.

Senior executives from both firms have been in negotiations with the European Commission in the past few days and believe that few concerns now remain over the impact of the merger on competition and prices.

Mr Van Miert will meet officials from the Commission's merger task force today to try to settle remaining concerns about the impact of the merger on certain market segments in a handful of EU member states.

"We are still having discussions on what the relevant markets are," said a Commission official.

However, he added that most significant problems associated with the deal had been resolved.

Although the Commission could not, for procedural reasons, clear the merger outright on Monday, it could send a strong signal that this was its intention.

The decision would still have to be approved by the full Commission and checked with the member states, but these are mainly formalities.

The timing of the two regulatory decisions appears to indicate a high level of co-ordination between the EU and US.

Concerns over the merger have diminished dramatically since the collapse of the $17bn merger between KPMG and Ernst & Young.

The two mergers together would have raised substantial concerns about the level of market concentration in the auditing business.

However, on its own, the Price Waterhouse and Coopers & Lybrand deal will not, it is thought, strengthen or create a dominant position in the accountancy field.

The last remaining issue of any substance is thought to be market share concentrations the merged firm would have in specific areas – such as insurance and banking.

The firms have argued that the market should not be judged on national markets or using out-dated definitions of sectors such as banking.

SUNTUM_M @ A1
03/12/98 12:17:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: 1998-3-12 remarks to National Assn of Attorneys General

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 12, 1998

REMARKS BY THE PRESIDENT
TO THE NATIONAL ASSOCIATION OF
ATTORNEYS GENERAL

The Washington Court Hotel
Washington, D.C.

11:16 A.M. EST

THE PRESIDENT: Thank you very much. Attorney General Doyle. Attorney General Reno, thank you for joining us here today and for the work you have done with the states' attorneys general and local prosecutors on domestic violence and to reduce the crime rate and a whole host of other issues. I want to thank Fred Duval for the work he does on my behalf with you and this association. And I'd also like to thank the two former attorneys general that are working for me -- Bonnie Campbell, who heads the Attorney General's effort on violence against women; and Chuck Burson, who was formerly president of NAAG, now the Vice President Counsel.

I've really been looking forward to coming over here today. I have had the opportunity to know and work with most of you personally, and I see some former attorneys general out in the audience who were my colleagues and friends. I thank them for being here.

It used to be a staple of all my speeches that the best job I ever had was being an attorney general, and to me it was. I didn't have to hire or fire anybody -- (laughter) -- except the people on the staff. I didn't have to appoint or disappoint anybody. (Laughter.) Every unpopular thing I did I blamed on the Constitution. (Laughter.) Now I'm just a punching bag from time to time -- (laughter) -- who's grateful to have an Attorney General. It's a very interesting thing. (Laughter and applause.)

On a more serious note, I loved the job that you now hold. And I suspect that I ran for it for the same reason you did -- I wanted to protect families and consumers and enforce the law. And you have been very strong allies of our administration and good partners in those endeavors, and I thank you for that very much. In many ways, we are still colleagues -- whether it's on domestic violence or reducing crime or giving our young people a more positive future.

Now we're working together to bring our country to the verge of one of the greatest public health achievements in the history of our nation -- a historic triumph in our fight to protect our children from the deadly threat of tobacco. Together we have waged a great struggle in the courts, in the Congress, across the negotiation tables and in our communities, where our children have been the targets of mass-marketing schemes and where you have been on the front lines to protect them from this effort to get them involved in addiction to tobacco.

We've made a lot of great strides in just a few years. And whenever I talk to any of you who are involved in this, naturally enough, we're always talking about what the present state of play is and what all the various issues are and what's going to happen tomorrow or what happened yesterday. And we can talk about that some

more, too. But what I'd like to do is take just a few moments to see how far we've come and then to visualize the outcome that I believe we will achieve -- first, to look back and see why we ever took on the tobacco companies in the first place when, when some of you filed your suits it was laughable -- people said it was a fight that was unwinnable; and, second, to look ahead to the end of the day -- what we have to do to win the fight, to ensure a healthier, stronger America for our children in the new century.

We are poised to enter this new century stronger than we have been in decades. This is a great moment for our country, full of opportunity. We have the lowest unemployment rate in 24 years, the lowest inflation rate in 30 years, the highest home ownership in history, smallest welfare rolls in 27 years, the lowest crime rate in 24 years. It is a great moment of opportunity.

We have a chance to open vistas of peace and prosperity and freedom that our people have never before known. Because most of the next century will belong to our children and grandchildren instead of to ourselves, we, all of us together, have worked these last five years to give them a future of safety, health and security. We've done a lot of specific things in addition to the economic and crime and welfare statistics that I talked about. Here in Washington we have worked with many of you to implement a zero tolerance policy to keep guns and drugs out of schools. The v-chip and the television ratings and educational television have helped parents to strengthen the values as well as the minds of our children.

We've worked to bring order and discipline to our children's lives by supporting community reform efforts like curfews, school uniforms, tougher truancy laws; and to bring hope into their lives by supporting higher educational standards and keeping schools open after hours, because, as all of you know, most juvenile crime is committed when the school doors close for the day, but before the parents get home from work. We've worked to support community service, from America Reads to AmeriCorps to America's Challenge. And now we're helping to get millions of uninsured children the health insurance they need.

This is a moment of great opportunity, but also of great obligation. And we have to build on this powerful momentum to make the future we want for our children. To me, that's the most important thing that you are doing in the tobacco litigation.

It is so easy in good times to relax, but you and I both know that the world is changing so rapidly that whatever is happening today, there will be something different happening tomorrow. The sheer volume of knowledge is doubling every five years now. We are literally, because of human genome research we are literally solving problems in a matter of days that took years to solve not long before I took office. The worldwide web is growing by something like 65,000 web sites an hour now. When I took office, there were 50 -- (laughter) -- 50. Think about that. Just a little over five years ago the web was the province of a handful of scientists, physicists, started by a government research project in the Defense Department. The government, quite properly, having done the basic research and getting it up and going, got out of the way, and now it's the fastest growing organ of human interaction ever, in all of human history.

I say that again to hammer home the fact that when people have confidence because times are good, but leaders know times are changing, there is a heavier than normal responsibility to do the hard things for tomorrow. That is why it is so important that you have engaged this tobacco issue. I cannot overstate it. You know quite well that smoking kills more people every day than AIDS, alcohol, auto accidents, murders, suicides, drugs and fires combined; and that nearly 90 percent of smokers lit their first cigarette before they turned 18. David Kessler, the former FDA Commissioner, called smoking a pediatric disease. Today and every day, 3,000 children start smoking illegally; and 1,000 will have their lives shortened as a result. This is a national epidemic. It is a national tragedy. We must struggle to end it until we prevail.

Just last month, the Journal of the American Medical Association concluded that advertisements and promotions were even more crucial than peer pressure in getting teens to start smoking. Now, the law says that they can't advertise tobacco products on television or radio, but you can't escape the ads anywhere else -- in our magazines, our sports centers, on billboards. Tobacco is one of the most heavily advertised products in America.

In the early 1990s, Joe Camel alone had an advertising budget of $75 million. He could have run for President. (Laughter.) And that's a pretty good investment from the tobacco companies' point of view. More 3- to 6-year-olds can recognize Joe Camel than Mickey Mouse.

The advertisements have taken a deadly toll. That's why you began to bring your lawsuits. That's why in 1995 I launched a nationwide effort to prevent our tobacco companies from advertising to children, to educate children about the dangers of smoking, to reduce children's access to tobacco products. Working with the FDA, we made it the law of the land essentially what was already the law in your states -- no sale of products to anyone under 18, required ID showings for anyone under 27 to make sure teens don't buy cigarettes. And I'm very proud that last year the courts upheld this authority.

Without the foresight and courage and determination of the attorneys general the progress would not have occurred. You put tobacco companies on the stand in courtrooms across America. You brought them to the bargaining table; you extracted important concessions. You raised awareness of tobacco's tragic cost to our economy and our children. You got documents out that needed to be out. Your work has been essential and the American people owe you an eternal debt of gratitude.

The worst part of this epidemic is that it isn't the product of deadly natural forces raging out of control, but a sophisticated, deliberate marketing campaign targeted at our children. I don't know how many of you saw it over the weekend, but there was a story that I saw on at least two different networks about this deadly virus that gets into small rats in the Southwest, and because of El Nino and the warming, the area of influence of this little animal is larger. And the couple of hundred people that have gotten this infection from the mice, the small mice, in the last four years -- the fatality rate has been 50 percent.

We spend a lot of time in our administration trying to make sure that the National Institutes of Health and the CDC has the investment they need both to do the research and then to set up the mechanisms to deal with the spread of disease. And as more and more of us travel to faraway places, and more and more people from faraway places travel to us, and we meet strangers in the airport, one of the great challenges of the 21st century will be the spread of disease. One of the things that global warming has done is to raise mosquitoes bearing malaria to higher and higher altitudes now, so more and more people are exposed to it. Then they travel and more and more people come in contact with it. There is now an actual public health phenomenon called airport malaria.

I'm saying that not to scare you -- we'll figure out how to handle it, we'll deal with it -- (laughter) -- but the point is that this is what we ought to be worried about. That is we ought to be worried about those things that are arising out of the natural course of events over which we have no control, that require a public health response. We should not have to worry about things that are the deliberate result of calculated decisions to make money. We shouldn't do that. (Applause.)

If it hadn't been for your efforts we might have had to wait another 30 years for the documents that have confirmed our worst suspicions. You did that. For years we've known cigarette makers study kids' habits and tastes, preying on them with targeted marketing. Joe Camel t-shirts, Virginia Slims rock concerts, toy race cars emblazoned with tobacco company logos -- the free giveaways tell the tale.

Just last year some tobacco companies wanted to market what some called a kiddie-pack -- smaller, more affordable packs of cigarettes, sort of a starter kit. And I was in a community last week in which a person concerned about this told me that more and more cigarettes were being sold to children one by one, for a quarter apiece.

Now, as the documents are released, we begin to learn the whole story. In an internal document, one company proudly described it's brand as, "the brand of choice among teenagers." Another described its plan to flavor cigarettes with apples, honey or Coca-cola because, "it's a well-known fact that teenagers like sweet products." Another company memorandum put it even more bluntly -- the 14 to 24 age group, it says, "represent tomorrow's cigarette business." And tomorrow's Medicare and Medicaid bills and hospital wards and premature funerals.

This avalanche of evidence is bringing down the walls of deceit. Now we know the facts. Now you have acted. Now Congress must act. Congress must pass comprehensive tobacco legislation that gets the industry out of the business of marketing cigarettes to our children. Thirty years of deception -- now Congress must act to bring it to an end. Thirty years of manipulation -- Congress must now act to bring it to an end. And it must act now. (Applause.)

Most Americans have 200 days left in their work calendar this year. But the work calendar schedule in Washington is only 68 days -- partly because it's an election year, partly because of things that are scheduled for holidays, partly because members do have to go home, legitimately, and work in their home states and districts. I say that to say 68 days is not a lot left this year, but it's more than enough to get this job done. The attorneys general have proved that this is not an issue of party, but an issue of principle. It's not an issue that divides America, but one that can unite us.

I was in Utah the other day -- not exactly the strongest Democratic state in America. (Laughter.) And I was with Senator Bennett and Governor Leavitt and the two House members, and I said, it's wonderful that I'm here in Utah with my family just as this tobacco fight is opening; it's the only issue I can think of that all of Utah is to the left of me on. (Laughter.) And praise the Lord for the Mormon Church. (Laughter.)

But it's a funny story, but it illustrates a very serious and sober point. This is an American issue. This is not about politics. Believe me, there is a solid majority of Congress in both Houses, comprised of members of both parties, who want to do this and do this right. Now, it's a complicated issue -- there are complicated questions of the jurisdiction in the Congress, which committees and subcommittees should have this piece or that piece of the legislation. A lot of people are having trouble with how you work out the future liability of the tobacco companies, and how much to give up in return for the advertising fix that we want, which otherwise may not prevail in the courts. You know, there are all these questions out there.

But what I want to tell you is that we can do this. And you have to help us do this. You have to go to the Congress and say, a thousand kids a day is too high a price to pay for another year's delay. (Applause.) Thank you. Thank you very much. I think we should say clearly and simply that Congress should not go home until it passes comprehensive tobacco legislation. This is one thing that has to be done this year. (Applause.)

Now, I have said I would support any comprehensive bipartisan legislation if it meets five principles: I believe it must raise the price of cigarettes by up to $1.50 a pack over the next decade and impose tough penalties on companies that continue to sell to kids. It must reaffirm the FDA's authority to regulate tobacco products. It must get the tobacco companies out of the business of marketing to our children. It must further our other public health goals and it must protect the tobacco farmers and their communities. And I take it we're all agreed on that; I think that is very important.

Today, I'm happy to report that Senators John Chafee, Bob Graham and Tom Harkin are introducing the first bipartisan bill that meets all five of these principles, and I strongly support their effort. It is a good, tough bill. I hope it gets wide support. The evidence is clearer than ever that this legislation will save lives. We have now a recent study that says if Congress acts, we can cut teen smoking by almost half in the next five years alone. That means we can stop almost 3 million children from beginning. That means we can prevent almost 1 million premature deaths.

Again, I say, sure, there will be important issues to be worked out, even among allies. Even among yourselves, you have to worry about that. I know that. But if you decide that you have to act, then you figure out a way to work out the issues. This 30-year struggle also, I will say, is not about money. There are some budget and spending issues in Congress between me and the Democrats and the Republicans -- three or four or five different ideas. But if we just remember this is not about money, it's not about the size of the prize we can extract from the tobacco industry, it is about fulfilling our responsibilities to our children -- as parents, as a government, as a nation.

You have shown enormous courage and foresight in helping us get where we are today. Again, I would say, in the heat of the moment do not forget how far we have come. If someone had told me just a couple of years ago we would be here today, hardly a one of you would have believed it. Be proud of what you have done, but bring all your influence to bear on the Congress. It's not a question of party, it's a matter of principle. And it will have a very great deal to do with what your country looks like when your children are sitting where you are today.

Thank you very much, and God bless you. (Applause.)

END 11:40 A.M. EST

Message Sent To:

Revised Final 03/12/98 9:30AM

PRESIDENT WILLIAM J. CLINTON

REMARKS TO THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

THE WASHINGTON COURT HOTEL

WASHINGTON, DC

March 12, 1998

Acknowledgments: AG Reno; AG Jim Doyle of Wisconsin, Chair of the NAAG.

It's a privilege to address my former colleagues. I ran for attorney general for the same reasons you did--to protect families and consumers and to enforce the laws of my state. I want to thank you for being strong allies of this administration on everything from domestic violence to judicial appointments. Your leadership is important on all these fronts, and I applaud you for it.

In a sense, you and I are still colleagues.

Because of the work this administration has done, and the work you have done, today we stand on the verge of one of the greatest public health achievements in history--a historic triumph in our fight to protect America's children from the deadly threat of tobacco. Together we've waged a great struggle--in the courts, in the Congress, and anywhere our nation's children have been targets of tobacco companies' mass-marketing schemes. And that's just about everywhere. The attorneys general know this, because you've been on the front lines.

We've made great strides in just a few years. But when you're in the middle of a great struggle, it's difficult, sometimes, to see just how far you've come.

And that's what I'd like to do today. First, to look back--to consider why we ever took on tobacco companies in the first place, in a fight so many people said was unwinnable. And then I want to look ahead--at what we can do to win that fight, and to ensure a healthier, stronger America for our children, and all of us, in the 21st century.

Our nation is poised to enter the next century stronger than it has been in decades. This is a great moment for America, a moment full of opportunities to extend the promise of peace and prosperity, and to widen the circle of opportunity. It is a moment to ensure that our deepest values endure in a century that will bring great change.

Much of the next century will belong to our children, and that is why we have worked so tirelessly, these five years, to raise them in safety, health, and security. Our growing economy is lifting families off the welfare rolls and into work. Our zero tolerance policy has helped keep guns and drugs out of schools. The V-chip and educational television have helped parents strengthen the values and minds of our children. We've worked to bring order and discipline to children's lives by supporting community efforts like curfews and school uniforms and tougher truancy laws. And last year, we helped make sure that millions of uninsured children get the medical coverage they deserve and the help they need.

This is a moment of great opportunity--to ride this powerful momentum forward into the future. And that is why we've challenged the tobacco industry--one of the most powerful industries in America--to fundamentally change the way it does business. The opportunity for change is great. And the stakes could not be higher. At stake is what America values most--its children. Their health, and their lives.

Smoking kills more people every day than AIDS, alcohol, auto accidents, murders, suicides, drugs and fires combined. Nearly 90 percent of those smokers lit their first cigarette before they turned 18.

That's why David Kessler, the former FDA commissioner, called smoking a "pediatric disease." Today--and every day--3,000 children will start smoking. 1,000 of them will die prematurely because of it.

This is a national epidemic, and a national tragedy, and for the sake of our children we will wage this struggle until we win it for good.

Just last month, the Journal of the American Medical Association concluded that advertisements and promotions were even more crucial than peer pressure in getting teens to start smoking. Is this any wonder?

The law says they can't advertise tobacco products on television or the radio, but you can't escape the advertisements anywhere else. Cigarette ads in our magazines. Cigarette ads in our sports centers. Cigarette ads on our billboards. Tobacco is one of the most heavily advertised products in America. In the early 1990s, Joe Camel alone had an advertising budget of $75 million a year. A pretty good investment, from the tobacco companies' point of view: more 3-to-6-year-olds could recognize Joe Camel than they could Mickey Mouse.

These advertisements have taken a deadly toll.

And that's why, in 1995, I launched a nationwide effort to prevent tobacco companies from advertising to children, to educate kids about the dangers of smoking, and to reduce children's access to tobacco products. Working with the FDA, we made the law of the land what was already the law in every one of your states--no sale of tobacco products to anyone under 18. And we'll ID anyone under 27 to make sure teens can't buy cigarettes. I'm very pleased that the courts last year upheld this authority.

Without the foresight and the courage and the determination of the attorneys general who join us here today, the progress we've made would be unthinkable.

You put tobacco companies on the stand in courtrooms across the land. You brought them to the bargaining table and extracted important concessions. You raised awareness of tobacco's tragic costs to our economy and our children. Your work has been essential, and I applaud you for it.

The worst part of this epidemic is that it is the product not of deadly natural forces raging out of control, but a sophisticated marketing campaign targeted at America's children. If not for your efforts, we might have waited another thirty years for the documents that have confirmed our worst suspicions about the tobacco industry.

For years, we've known that cigarette makers study our kids' habits and tastes, preying on them with targeted marketing. Joe Camel T-shirts, CD's, Virginia Slims rock concerts, toy race-cars emblazoned with tobacco company logos--the free give-aways tell the tale. And just last year, some tobacco companies wanted to market what was called a "kiddie pack"--smaller, more affordable packs of cigarettes. Sort of a starter kit.

As more and more documents are released, we're learning the whole story. In an internal document, one tobacco company proudly described its brand as "the brand of choice among teenagers."

Another described its plan to flavor cigarettes with apples, honey, or Coca-Cola, because "it's a well-known fact that teenagers like sweet products." And another tobacco company memorandum put it even more bluntly. "The 14-24 age group," it says, "...represent tomorrow's cigarette business."

This avalanche of evidence is bringing down the walls of deceit. Their conclusion is inescapable: that America needs and Congress must pass comprehensive tobacco legislation that gets the tobacco industry out of the business of marketing cigarettes to our children.

Thirty years of deception--and only Congress can bring it to an end. Thirty years of manipulation--and only Congress can bring it to an end. And thirty years of deception and manipulation cannot be met with even a day of delay.

Most Americans have 200 work days left in the year. Congress has only 68 days left in session. And that's not a lot--but it's enough to get the job done. And so after thirty years of tobacco industry obstruction, denial and delay, let's make these 68 days a time of action for our nation's children. Congress should not go home until it passes comprehensive tobacco legislation that protects our children.

I have said I would support any comprehensive, bipartisan tobacco legislation that meets five principles: it must raise the price of cigarettes by up to $1.50 a pack over the next decade and impose tough penalties on companies that continue to sell to kids; it must reaffirm the FDA's authority to regulate tobacco products; it must get tobacco companies out of the business of marketing to children; it must further our other public health goals; and must protect tobacco farmers and their communities.

Today, Senators John Chafee, Bob Graham, and Tom Harkin are introducing the first bipartisan bill that meets these principles, and I strongly support this effort. It is a good, tough bill and I hope it gets wide support.

The evidence is clearer than ever that strong and sweeping legislation will save lives. If Congress acts, we can cut teen smoking by almost half over the next five years. If Congress acts, we can stop almost three million children from taking that first puff. If Congress acts, we can prevent almost one million premature deaths.

You and I know that in any legislation this important there will be many issues to work out, even among allies. But I am confident that we will resolve any budget or spending issues. After all, this thirty-year struggle is not about money. It is not about the size of the prize we can extract from the tobacco industry.

It is about fulfilling our responsibility to our children--our responsibility as parents, as a government, and as a country. The attorneys general have shown great courage and foresight in helping us get this far. Today I urge you to join me in taking the next, important step toward a healthier, stronger America in the 21st century.