8C: *Penalties could be assessed as a flat fee or per pack charge that does not vary no matter how much the youth smoking target is missed, or it could be structured to ramp up steeply as the distance from the target increases. What are the pros and cons of different ways of graduating the penalty depending on the amount by which the target is missed?*

The penalty -- or some part of it -- for missing youth targets could be made "nonlinear" to maximize impact. For example, a *non-abatable* part of the surcharge could be structured to cost more per percentage point of youth use at higher levels than at lower levels. This would have the effect of increasing the penalty as the level of noncompliance rises. Another way of implementing this nonlinear penalty approach would be to have the abatement percentage increase as the level of teen smoking got closer to the reduction target.

- The escalating levels of fines presumably would represent increasing multiples of the present value of the profits a firm would expect to receive over the life of a teen smoker.
- If companies can take action to reduce smoking to some extent, but that the ultimate level of success is uncertain, non-linear penalties would provide the greatest incentive in the range where they can make a difference.

ALASKA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **36.5%**
Past month **smokeless** tobacco use by high school students: **15.6%**

Dogs Work to Trample Tobacco

The SmokeLess State initiative called Trampling Tobacco has sponsored a musher to participate in the Itarod dog sled race. There are tobacco control curriculum materials for schools that follow the race.

Funders Collaborate to Reduce Minors' Access

Local communities are being supported with IMPACT SmokeLess States funding to reduce youth access to tobacco by undertaking compliance checks, conducting merchant education and working with law enforcement and the media.

CDC Funding:

*IMPACT:	$227,734
**Block:	$0
Total:	$227,734

Fax to Craig
530 - 2140

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

ALABAMA

tobacco

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **31.%**
Past month **smokeless** tobacco use by high school students: **11.8%**

Many Partners Spread the Word to Reduce Sales to Minors
Alabama's tobacco control program has created new youth access materials to supplement existing tobacco educational materials including brochures, posters and fact sheets.

The tobacco control program continues to provide Stop the Sale, Prevent the Addiction materials to the Alabama Alcohol Beverage Control Board (ABC) for distribution to local enforcement officers for their use with merchants.

In addition to educating merchants, the coalition worked with American Cancer Society to produce youth access PSAs were broadcast on television stations throughout Alabama.

Helping Students Achieve the "Performance Edge
The Alabama tobacco control coalition helped to advertise the availability of "The Performance Edge" through teacher newspapers and individual promotional mailings to all junior high and high schools in Alabama. More than 200 teachers ordered more than 5,000 copies of the magazines for their students and conducted school wide tobacco awareness programs.

CDC Funding:

*IMPACT:	$ 65,488
**Block:	$0
Total:	$ 65,488

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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ARIZONA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Tucson Puts on the Full Court Press
Tucson was the site for the Full Court Press Project. A number of activities to reduce youth tobacco use were held such as youth leadership development, media advocacy, and coalition development.

Arizona Teens "ATTAC" Tobacco Issue
A new coalition has developed in Arizona. This coalition is an entirely teen-run organization called the Arizona Ante-Tobacco Teen Action Coalition (ATTAC). ATTAC held a youth summit in November of 1996 to educate youth about health related issues as well as the role for teens in advocacy and working with the media.

Tobacco: a tumor causing, teeth-staining...
The state is providing grants from the recent excise tax increase to local communities and schools for educational purposes. The target audience is elementary school children. Also funded was a large media initiative called "Tobacco: a tumor causing, teeth staining, smelly, puking habit." Radio and television ads for this campaign were broadcast across the state.

CDC Funding:

*IMPACT:	$82,541
**Block:	$0
Total:	$82,541

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

ARKANSAS

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **37.2%**
Past month **smokeless** tobacco use by high school students: **12.7%**

Newspaper Articles Warn About ETS Danger to Children

The Independence County Coalition developed a number of newspaper articles to increase public awareness about the hazards of ETS, especially to children. Based on these newspaper articles, other local coalitions are adapting them for their own use and participating in a training session on media access.

The materials and training provided as a part of the campaign include training on compliance checks, merchant education, working with the media as well as with the county prosecutor.

ASTHO Recognizes Achievement

Assistant Secretary for Health, Dr. Philip R. Lee, presented the Arkansas Health Department with the prestigious ASTHO Excellence in Public Health Award for their achievement in tobacco control under the IMPACT program.

Little Leagues Promote Tobacco Free County Message

The tobacco control program funded two local community Little League Baseball Teams. The teams' uniforms carry a tobacco-free message. Events were planned events at ball parks in order to, successfully, gain media attention on youth tobacco use issues.

"KICK" Tobacco Away from Youth

The coalition is working closely with the Division of Substance Abuse and the Tobacco Free Arkansas Coalition to fund local communities to assist with the implementation of Synar by using the KICK campaign, Keep Illegal Cigarettes from Kids Campaign.

*IMPACT:	$ 95,343
**Block:	$ 9,218
Total:	$104,561

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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COLORADO

High school students using cigarettes in the past month: 33.7%
High school students using smokeless tobacco in the past month : 15.0%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Colorado ASSIST Alliance
1992: 8 Coalitions, 71 members
1996: 13 Coalitions, 560 members

Selected Highlights

- More than 8,000 "Tobacco Free School" signs were distributed to Colorado Schools.

- Results of compliance checks conducted in 1996 in several communities show that fewer kids are able to purchase tobacco from retailers and there are fewer cigarette vending machines compared to the 1995 compliance check results. ASSIST communities have sent congratulatory and/or informational letters to merchants visited during the compliance checks.

- "Smoke free Day at the Zoo" attracted 1200 students from 13 area schools. Former Denver Bronco Jim Ryan spoke at the event, and members of the Colorado Foxes soccer team and local cheerleaders contributed their talents.

- Denver was one of 12 cities nationally chosen to participate in the Kick Butts Day teleconference. President Clinton, Florida's Governor Chiles, and Governor Romer discussed youth access and tobacco advertising.

- The SHOUT (Stay Healthy - Oppose Using Tobacco) card received an endorsement from Governor Romer at its recent debut. Youth who pledge to remain tobacco free can use the merchandise discount card at area theaters, fast food restaurants, clothing stores and other businesses. More than 7000 Coloradans ages 10 to 17 have signed the pledge and received their cards.

- Students and community members developed Little League fence billboards urging young players, "Tobacco is a con game. Don't join in."

- Lasso Tobacco's Demolition Car "smashed the tar" at the San Luis Valley Demolition Derby. Nearly 10,000 people saw the car in Alamosa's Round-up Rodeo parade and the Derby.

Funding Source

In 1996, the state of Colorado received $1,236,865 from the National Cancer Institute (NCI) to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

CONNECTICUT

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Youth Take Multi-Media Approach in Anti-Tobacco Campaign
After a successful program involving older students, anti-tobacco programs are being developed for presentation to elementary schools. The twist is that secondary school students will be presenting these messages using multi-media products ranging from video, to radio, to print, and theater. District and school systems will be selected by and subcontracted with the Connecticut Association of Health, Physical Education, Recreation and Dance. Teachers of these disciplines in the state will participate in this innovative program.

Statewide Media Campaign Targets Youths
Under a contract with the American Cancer Society, Connecticut Division, Inc., 12 billboards were placed statewide using an adaptation of the CDC's Stop the Sale- Prevent the Addiction print product. The billboards read "Stop Youth Sales, Stop Teen Addiction" in red, yellow, and black. Radio ads geared towards youths and young parents are currently being developed to continue the campaign.

Health Departments Provide On-Site Help to WIC Mothers
Six health departments are continuing to provide on-site smoking cessation programs for mothers and mothers-to-be in their Women, Infants, and Children (WIC) centers.

Coalition "MATCH" Efforts to Minimize Youth Access to Tobacco
The Minimize Access to Tobacco for Children's Health (MATCH) coalition developed strategies to advance policy initiatives to reduce youth access. Comprising representatives from a number of statewide and local organizations, MATCH contributed to efforts aimed at reducing youth access.

CDC Funding:

*IMPACT:	$69,357
**Block:	$0
Total:	$69,357

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

DELAWARE

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **34.5%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **7.6%** (unweighted data)

Clearing the Air
Delaware is developing a media campaign to promote its new Clean Indoor Air Act. The media campaign also included a 1-800 number to register violations. In addition to passing a Clean Indoor Air Act, Delaware has established tobacco-free school policies throughout the state.

Smoking Cessation Hits the Schools
Eleven out of twelve coordinators in the Delaware school based Wellness centers have become certified smoking cessation instructors.

Coalition collaborates in Supporting Implementation of Synar
The tobacco control coalition was a signer of a Memorandum of Understanding (MOU) with other state Departments (Health and Social Services; Public Safety; Children, Youth and Their Families) and the Governor. The MOU detailed responsibilities and time lines in order for the state to comply with the requirements of the Synar Amendment. The IMPACT coalition will develop the sampling methodology, recruit and train volunteers, conduct compliance checks, and compile information.

CDC Funding:

*IMPACT:	$84,873
**Block:	$0
Total:	$84,873

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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DISTRICT OF COLUMBIA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **22.0%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **1.4%** (unweighted data)

Latino Youths Publish Tobacco Prevention Themes

The Commission of Public Health, the American Cancer Society, and the Latino Civil Rights Task Forces formed a partnership to use the Great American Smokeout as a campaign to promote tobacco use prevention among Latino youths. The campaign included a youth written essay contest. The winners were published in the Washington Hispanic newspaper. This campaign has been enhanced by promoting the Smoke Free Class of 2000 and school-based tobacco use prevention education programs.

Local Communities Work to Keep Tobacco Away from Youths

The District of Columbia tobacco control coalition has been using Stop the Sale-Prevent the Addiction campaign materials with the support of the PTA, local media, and youth groups to educate retail merchants, parents, youth and community leadership on preventing the sale of tobacco products to minors. Additionally, the coalition has been active in the support of public policies to enforce youth access laws, worksite smoking restrictions, tobacco advertising, promotional restrictions, and increases in local tobacco taxes.

Smoke Free Class 2000 Youth Forum Works with Surgeon General

The Smoke Free Class 2000 Youth Forum had about 110 participants which included students, teachers, counselors, and parents. They listened to the Surgeon General's talk on "Advocates in Action." Students were involved in workshops that dealt with legislative issues, survey interviews, community activism, and spokesperson training.

Training Youths to "Stop the Sale--Prevent the Addiction"

A two hour long training session involving youths was held. Topics included hazards of smoking, local and national tobacco statistics, and a viewing of Stop the Sale-Prevent the Addiction video. The participants also role played various situations between grocers and a minor attempting to illegally purchase tobacco products.

CDC Funding:

*IMPACT:	$205,813
**Block:	$0
Total:	$205,813

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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FLORIDA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Tobacco Advocates are Shifting Gears for Health
The Robert Wood Johnson Foundation funded a race car in the St. Petersburg Grand Prix in February. The race car displayed the Tobacco Free Florida Coalition name, with the message "Smoking Kills". A tent was set up for race fans to talk with the car's driver and with local tobacco prevention coalition members. At the Daytona 500, an airplane with the message "Smoking Kills Racing Fans" was flown throughout the race.

Brown Ribbon Campaign receives political support
A press conference announced the Brown Ribbon Campaign. The Palm Beach Tobacco Free Coalition began the campaign and handed out brown ribbons to signify the 3,000 youth who begin smoking each day. The legislative representative from Palm Beach county actively endorsed the project.

Charlotte County Youth- Proud to be Smoke free
The Charlotte County PRIDE group sponsored a Smoke free day in the local mall. The group acted out skits and sang about the importance of staying tobacco free. A poster contest is also underway for fourth and fifth graders. The theme is "Too Much PRIDE to Smoke." The top three winners will have their posters made into placemats, which will be distributed to all county Smoke free restaurants. The winning posters will also be made into billboards. In addition, the posters will be displayed at the local mall, all county libraries and the local county museum.

High School Students Look For Clean Air
The Taylor County Coalition trained high school students in conducting air quality sampling at eight restaurants who agreed to participate. The students will determine the difference in air quality between the "smoking" and "non-smoking" sections of these restaurants.

CDC Funding:

*IMPACT:	$249,208
**Block:	$245,900
Total:	$495,108

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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GEORGIA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **28.4%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **5.9%** (unweighted data)

Georgia scores a goal! U.S. Women's Soccer Against Tobacco
The tobacco control coalition collaborated with CDC's Office on Smoking and Health to promote the kickoff of the U.S. Women's Soccer Federation for Smoke-Free Kids Media Campaign. Coalition members staffed a booth at the U.S. versus Germany women's soccer game and sponsored a half time drawing for autographed soccer hats.

Tobacco Control Committees Partner with Substance Abuse
Two committees of the CHARGe coalition, youth access and clean indoor air, conducted sessions on these topics at a statewide substance abuse conference.

CDC Funding:

*IMPACT:	$76,067
**Block:	$0
Total:	$76,067

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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HAWAII

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **32.4%**
Past month **smokeless** tobacco use by high school students: **4.5%**

Youth Participate in Tobacco Control Activities in Schools and Community Fairs
The Hawaii Tobacco Control Coalition conducted a health fair at Puuhale Elementary school in conjunction with Drug Awareness Month.

A Safari to Wellness fair reached approximately 400 students with tobacco control messages and activities.

Youth Peer Educators Use Drama to Get the Message Across
The Kauai Tobacco-Free Coalition worked with 8th graders and drama club members to create a skit on smoking and youth. The youth presented the skit to Junior High School audiences.

CDC Funding

*IMPACT:	$208,022
**Block:	$0
Total:	$208,022

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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IDAHO

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **27.1%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **13.3 %** (unweighted data)

Training Sessions Give Insight to Tobacco Control Planning and Advocacy
The Idaho Tobacco Control Program Coordinator provided youth training sessions on tobacco control program planning at the Idaho Drug Free Youth Conference. Nearly 200 Idaho teenagers (7th to 12th graders) and health department staff participated in this conference, learning how to develop and film public service announcements, develop a program concept, and find program support and resources.

CDC Funding:

*IMPACT:	$143,524
**Block:	$0
Total:	$143,524

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

ILLINOIS

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **35.7%**
Past month **smokeless** tobacco use by high school students: **7.6%**

Preventing the Addiction
The Illinois Coalition collaborated with DePaul University to establish a program that monitors tobacco sales to minors in Chicago. The program resulted in reduction of sales rates from 89% to 25%.

Singing the Blues
The Illinois coalition received media coverage for its counter demonstration at the tobacco industry sponsored Chicago Jazz Festival.

Youth Design T-Shirts/Participate in Rally
Over 7,000 fourth and fifth graders through Illinois competed in a contest to design T-shirt art to demonstrate the truth about tobacco or tobacco advertisements. The grand prize winner's design was worn at an Illinois Coalition Against Tobacco Youth rally.

Teens try to stamp out advertising aimed at kids
Teens who were members of a program offered by the Illinois Coalition Against Tobacco participated in tracking ads targeted to youth in their neighborhood. When they found ads in stores or billboards near schools, they wrote letters to those stores, or to city aldermen, requesting removal of the ads due to their location. This is part of the Tobacco Free Illinois Project designed to reduce tobacco use among people ages 8 - 21.

CDC Funding:

*IMPACT:	$246,844
**Block:	$0
Total:	$246, 844

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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INDIANA

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Indiana Coalition for a Tobacco-Free Society
1992: 1 Coalition, 21 members
1996: 6 Coalitions, 500 members

Selected Highlights

- Local coalitions conducted approximately 300 visits to retailers on state youth access laws.

- Three regional workshops were held with the Indiana Oil Marketers Association to educate them on youth access policies.

- Smokeless Sunday events were held around the state reaching 3,500 people in 650 African American and Hispanic churches.

- The Hands on Discovery Museum Project is sponsored by the Junior League of Evansville. The Vanderburgh County Coalition participated by constructing a permanent exhibit titled "10 Things to Do Instead of Smoking." The exhibit is open daily at the largest area mall and has captured extensive media attention. An estimated one million people pass through the mall each month. In addition to activities for children, there is material for adults to read and take home. It serves to educate children and adults in a non-threatening atmosphere.

Funding Source

In 1996, the state of Indiana received $1,171,070 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

IOWA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Teens Tackle Tobacco at School
The Teens Against Cigarettes Program was presented at a number of local schools through a collaborative effort of the Iowa Tobacco Control Program and the American Lung Association. This program trains teens to be peer educators.

Youth awareness of targeted advertising and participation in developing counter-advertising was stimulated through a presentation by the Iowa Tobacco Control Program in local schools. The youth counter advertisements were used as school displays.

CDC Funding:

*IMPACT:	$175,823
**Block:	$0
Total:	$175,823

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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KANSAS

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

The Ugly Dragon Campaign Arrives in Kansas
All middle schools received program materials for the counteradvertising campaign, "Puff'n Snuff, the Ugly Dragon." Collaborative efforts included events with the Kansas Recreation and Parks Association and at the Kansas Shrine Bowl, a statewide college all-star game.

Fourth Graders Lead the Way on Tobacco Awareness Campaign
Fourth graders at R.V. Haderlein Elementary school became "teachers and spokes people" as a result of learning about tobacco. They hosted a school-wide assembly which included parents and community members. They also designed and presented magazine advertisements, posters, and rap presentations.

Look Joe, Real Camels Don't Smoke
The Kansas Tobacco Control Coalition conducted a media event called "Real Camels Don't Smoke" as part of the Wichita Sedgwick County Great American Smoke Out activities.

Smoke Free Teens are Rising (STAR) Day
Smoke Free Teens are Rising (STAR) Day, a youth rally, was held at the state capitol in January 1996. More than 500 students from across the state participated in hands-on educational activities designed to develop their advocacy skills.

Teens as Teachers Training Going Strong in Third Year
The "Teens as Teachers" Training Workshop is in its third year of existence as a training mechanism for high school students to become peer educators in refusal and advocacy skills.

High School Students Scream Out Against Tobacco Advertising
Derby Kansas High School students conducted a Scream Out as part of the Great American Smoke to protest the advertising and promotion of tobacco to youth. They also conducted a tee shirt exchange program where students traded t-shirts and cigarette advertising products for "It's just not cool, don't smoke" t-shirts.

CDC Funding:

*IMPACT:	$314,055
**Block:	$ 30,068
Total:	$344,123

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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KENTUCKY

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Kentucky Students Meet the Challenge
The Kentucky ACTION Coalition sponsored the Nicotine Free Middle School Challenge, targeting public and private middle schools across the state. The project aims to enlist commitment from students and staff to abstain from all nicotine products for a six month period.

Participating schools competed for points based on tobacco prevention activities and the proportion of successful "abstainers" at the end of the challenge period. The school with the most points wins a recognition ceremony, a trophy, banner and other prizes.

Eight hundred middle school students were educated about youth access during the challenge. Schools also received CDC materials, Stop the Sale Prevent the Addiction.

Kentucky has Smoke free Shopping!
The Kentucky ACTION coalition, in partnership with the local-level tobacco teams, and supported by the American Cancer Society, Kentucky Division helped to implement smoke-free policies in five shopping malls across the state.

Protecting Kids is as easy as ABC
A new law passed in Kentucky allows the Alcoholic Beverage Control (ABC) to conduct youth buying operations to assess compliance with youth access laws. Teens and adults were appointed to an advisory board to oversee the enforcement of Kentucky youth access laws.

CDC Funding:

*IMPACT:	$72,460
**Block:	$0
Total:	$72,460

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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LOUISIANA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Youth Rally Against Tobacco and Get Fit

The Louisiana coalition held a youth rally in partnership with the Governor's Council of Physical Fitness and Sports. The rally was held in conjunction with National Health and Physical Education Month. Approximately 2,500 children from 20 elementary schools participated.

The youth then proceeded to the Capitol for the "Youth Against Tobacco Rally" and participated in a Youth Tobacco Prevention Pledge. The event received extensive media coverage.

Youth Demonstrate For Health

Through Project NIC, seven mini-grants were awarded in the amount of $300.00 each to school demonstration teams throughout Louisiana. The demonstration teams consisted of the principal, parent, student and a teacher. The schools conducted activities such as making place-mats and posters that encouraged clean indoor air. Area businesses were encouraged to use and/or display these items in their establishments.

In January, 1996 a demonstration team training was conducted. Some of the demonstration team activities included a Jazz Funeral for Mr. Butts, newspaper articles pertaining to youth tobacco use prevention, and an essay contest.

CDC Funding:

*IMPACT:	$175,740
**Block:	$0
Total:	$175,740

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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MAINE

High school students using cigarettes in the past month: 37.8%
High school students using smokeless tobacco in the past month : 9.0%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

ASSIST Coalition for a Tobacco-Free Maine
1992: 3 Coalitions, 33 members
1996: 2 Coalitions, 133 members

Selected Highlights

- 61 youth attended Maine's first annual youth summit to learn how to be tobacco-free leaders in their communities. The summit received local media coverage from two newspapers and one TV station.

- Merchant education materials were distributed to anyone applying for a license to sell tobacco products.

- The local coalition in Ellsworth held an "Eye on the Button" media campaign in which radio stations visited schools and provided prizes to students wearing an tobacco prevention slogan.

- Coalitions statewide participated in Kids for Kids interactive theater in which students conducted role plays and skits about resisting peer pressure to smoke.

- Coalitions in St. John Valley and Ellsworth developed concepts, wrote scripts for, and acted in television and radio spots and print tobacco prevention ads.

- Youth in the Greater Lewiston/Auburn area published articles in local daily newspapers.

Funding Source

In 1996, the state of Maine received $829,085 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

MARYLAND

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Smoke free Stadiums in Maryland
A local coalition is working to make their new minor league ballpark smoke free. The Lower Shore ACTION Coalition already was successful in its efforts to make their local stadium Smoke free and tobacco advertising free.

Maryland Teens Talking About Tobacco
Maryland held its first forum for Youth Tobacco Use Prevention- Teens Talk Tobacco. Over 300 teens, adult advocates, teachers, school principals, and others interested in eliminating tobacco use among Maryland's young people participated. The program consisted of presentations from YAS (Youth Against Smoking), CC.Tribe Dance Troupe and a Tobacco Rap and Smoking Cessation Rap was presented by a local health educator.

CDC Funding:

*IMPACT:	$183,943
**Block:	$0
Total:	$183,943

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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MASSACHUSETTS

High school students using cigarettes in the past month: 35.7%
High school students using smokeless tobacco in the past month : 8.4%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Massachusetts Tobacco Control Oversight Council
1992: 4 Coalitions, 100 members
1996: 20 Coalitions, 500 members

Selected Highlights

- Two Red Sox players and a coach spoke to fans at Fenway Park during "Red Sox Talks." This proved to be an excellent venue to reach teens with tobacco prevention messages. The youth attendance for the event ranged from 80 to 380 youths.

- The MTCP has worked with local health departments and boards of health in restricting youth access to tobacco. Several activities have been conducted, including the enforcement of existing regulations through inspections and compliance checks and the establishment of new regulations to ban free-standing displays, coupons, and free-samples.

- A youth awareness mall tour aimed at teenage girls was launched in February 1996. The "Model for Health Tour" featured former Lucky Strike model Janet Sackman and Seventeen Cover Model Carol Monteverde. Close to 4,000 girls ranging from ages 10 to 18 participated.

- A youth summit and rally titled "Youth Helping Youth Diss Tobacco Use" targeting African American youth was held. Over 250 youth listened to motivational pep talks, networked among themselves, participated in a rap session, and watched tobacco skits. Several organizations, including the Boys & Girls Club of Boston, The Medical Foundation, YWCA, BYTAG, Women Inc., and C.O.S.T. (Churches Organized to Stop Tobacco) collaborated on this effort.

- More than 700 malls, museums, and retailers are participating in the Smoke-Free Card program, which has secured pledges from over 200,000 youth. Youth who carry smoke-free card pledges are eligible for discounts from the participating stores.

Funding Source

In 1996, the state of Massachusetts received $1,355,181 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

MICHIGAN

High school students using cigarettes in the past month: 38.8%
High school students using smokeless tobacco in the past month : 12.1%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Tobacco Free Michigan Action Coalition
1992: 4 coalitions, 270 members
1996: 8 coalitions, 643 members

Selected Highlights

- Local coalitions conducted a variety of events and activities to encourage the development of smoke-free policies, including sponsoring a smoke-free bowling event at 8 bowling centers, reaching over 500 youth and adults and 30 employees.

- A local coalition held a t-shirt exchange at eight community centers for students to bring in any advertisement, propaganda, or promotion produced by the tobacco industry in exchange for a "Virginia Dims" t-shirt.

- The local Smoke Free Class of 2000 students advocated for an indoor arena policy that bans tobacco use and advertising in the arena.

- Two Native American tribal nations in Michigan have incorporated a discussion on the harm of tobacco use into their annual trainings for tribal members.

- The involvement of Native American youth in ASSIST resulted in a smoking ban in the Tribal Council Chambers as of May 1996.

- A nicotine anonymous chapter was established by a local coalition.

- "The Night Harry Stopped Smoking," a Michigan Opera Theater Program was presented to elementary children in the Houghton, Dickinson-Iron, and Schoolcraft areas. Through the publicity generated by this program, not only the students but also the community members are educated on tobacco issues.

Funding Source

In 1996, the state of Michigan received $1,594,628 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

MINNESOTA

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Minnesota Statewide Coalition
1992: 3 coalitions, 25 members
1996: 26 coalitions, 318 members

Selected Highlights

- More than 400 teens from the KICK BUTTS program attended a press conference and youth rally. Youth participants carried posters with tobacco control messages from their home schools. Youth speakers proposed an approach to control underage tobacco use that includes enforcement of the age-of-law sale and reinstatement of Minnesota's tobacco prevention education messages to help create an environment that supports nonsmoking among young people. This event was covered extensively in the local papers.

- The Native American community worked with a youth advocacy group called The Legal Eagles to develop a tobacco-free educational campaign. A positive outcome of the campaign has been the implementation of a smoke-free policy of the Minneapolis American Indian Center (MIAC). The Legal Eagles developed their campaign after their assessment findings indicated that billboards and advertising of tobacco products were prevalent in the community.

- The Dakota County Coalition purchased billboard ads supporting the local youth tobacco prevention program. The coalition also worked with a community movie theater to insert a tobacco-free ad prior to each movie.

Funding Source

In 1996, the state of Minnesota received $1,149,132 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

MISSISSIPPI

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **35%**
Past month **smokeless** tobacco use by high school students: **10.1%**

Health Fair Reaches Elementary School Youth
In Jackson, more than 300 elementary school youth participated in a health fair to learn about tobacco use prevention.

TAR WARS' Awards Fuel Media Event
The Mississippi Tobacco-Free 2000 Coalition recognized the efforts of 60 young people and adults in the Tar Wars Poster Awards contest. Several of the award recipients conducted media interviews. Through this program, 2200 students were educated on the hazards of tobacco use.

CDC Funding

*IMPACT:	$ 76,826
**Block:	$ 60 ,786
Total:	$137,612

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

MISSOURI

High school students using cigarettes in the past month: 39.8%
High school students using smokeless tobacco in the past month : 16.0%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Missouri ASSIST Coalition
1992: 3 coalitions, 25 members
1996: 10 coalitions, 318 members

Selected Highlights

- The St. Louis School Committee brought together 4,000 sixth graders to attend the Smoke-Free Class of 2000 program, "Keep Your Power," at the Fox Theater.

- The Kansas City Coalition held a town hall meeting to alert community groups to tobacco company advertising directed at minority communities.

- A county council passed one of the most comprehensive youth access policies in the nation. This policy generated 22 newspaper articles, four radio and TV news stories, and several letters to the editor. The county council also passed a policy restricting distribution of free tobacco samples in public areas.

- Approximately 48 African-American ministry, local citizens, and policymakers attended a training on becoming advocates in support for smoke-free policies.

- The Kansas City Community Committee sponsored a tobacco education and grant process meeting for 28 representatives from the African-American, Hispanic, and Native American communities.

- A Ministerial Alliance training was conducted at Sikeston. The "Sunday Morning Message About Health" was developed by the First African Methodist Episcopal Church of Oklahoma City. A total of 30 ministers and key parishioners attended. The session was video taped and received press coverage. This message will be replicated in several area churches.

Funding Source

In 1996, the state of Missouri received $1,106,638 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

MONTANA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **34.8%**
Past month **smokeless** tobacco use by high school students: **22.8%**

Smoke and Chew Campaign Hits the Airwaves
In 1996, the coalition coordinated a statewide media campaign directed at youth and young adults who chew and/or smoke tobacco, or who are contemplating starting. The video PSA used for this effort was developed through the Tobacco-Free Washington-Spokane coalition, thus saving significant production costs, yet staying regionally appropriate to the audience.

Media Campaign Targets Moms and Moms-to-Be
The Coalition partnered with the Montana Perinatal Program in the development of a statewide media campaign directed at women of childbearing age and pregnant women who smoke. The campaign includes a video PSA, 6 minute infomercial, brochure and poster for the clinic setting and artwork for billboards and/or print advertising.

"Mo the Moose" says "Just Say No to Tobacco"
In 1995, Montana's coalition developed the "Mo the Moose" campaign, which includes a video PSA targeted at elementary school children. "Mo the Moose" is a cartoon character designed to counter the Joe Camel image. Children can call a toll-free number to hear a pro-health message from "Mo the Moose". Four TV and radio spots were also produced related to youth and tobacco.

Youth Advocates Train the Trainer
In 1995, the Coalition organized a statewide youth tobacco control advocacy workshop. Youth Advocacy leaders went on to train additional youth in their respective communities.

Statewide survey defines the problem
In 1995, the Coalition completed Tobacco Accessibility Surveys for Kids (TASK) to determine the number of merchants selling tobacco to minors. The results were used to create community awareness of the problem, as well as to support state Synar compliance efforts.

Retailer Education and Compliance Check Launched
Training was provided for local tobacco control coalitions on retailer education and compliance checks.

CDC Funding:

*IMPACT:	$214,000
**Block:	$0
Total:	$214,000

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

NEBRASKA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **37.5%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **17.8%** (unweighted data)

Kids say "Tobacco is Trash"
May 31, 1996 was World No-Tobacco Day, an event sponsored by the Tobacco Free Lincoln Coalition. A rally with local students and the mayor of Lincoln declared "Tobacco is Trash."

High School Students Broadcast Anti -Tobacco Message
Student representatives from five county high schools wrote and acted in their own PSAs warning about the dangers of tobacco use. This all-teen effort produced a campaign that was broadcast during the Indy 500 and other major televised sporting events.

African-American Teens "T.E.A.M." Together to Promote Prevention of Tobacco Use
The state coalition, Tobacco Free Nebraska, and the Douglas County Health Department created the "T.E.A.M." Project (Teen Tobacco Awareness through African-American Mentorship). The primary goal of this peer education program is to assess the prevalence of tobacco use in Douglas County. By promoting prevention through peer education activities including a youth forum, role modeling programs, and community involvement, T.E.A.M. hopes to achieve this goal. Members of this group have already collaborated with a local director and playwright to produce a multi-media theater presentation on the type of tobacco issues African-American youth face. From this production, they were able to stimulate discussion and smart decision-making among the teen audience.

Drug Free Youth Take on Mission Possible
The state has recently made funds available to drug free youth groups to implement Mission Possible. This funding is targeted at the most rural areas of Nebraska to provide resources for youth groups to work with local merchants on not selling tobacco to minors. The program includes media activities and conducting compliance checks.

CDC Funding:

*IMPACT:	$271,707
**Block:	$0
Total:	$271,707

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

NEW JERSEY

High school students using cigarettes in the past month: 36.1%
High school students using smokeless tobacco in the past month : 9.2%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

New Jersey Commission on Smoking OR Health
1992: 3 coalitions, 74 members
1996: 3 coalitions, 321 members

Selected Highlights

- Tobacco control advertisements were placed on milk cartons delivered to schools.

- 200 New Jersey Transit buses carried tailgate ads with a tobacco prevention message.

- During the 143 Trenton Thunder baseball games, a tobacco prevention radio spot was aired. The spots are designed to restrict youth access to tobacco products.

- The Little League Statewide Directors have identified the elimination of smokeless tobacco, cigarettes, and secondhand smoke as educational priorities. The Executive Director of the Little League Association of New Jersey is a member of the ASSIST Community Group Subcommittee and has played a key role in reaching the group.

- At least six institutions of higher learning developed tobacco-free policies. Other such institutions that have existing policies have indicated their intent to strengthen the enforcement of their policies.

- Carnevalis, an annual Hispanic festival on Labor Day, no longer distributes free tobacco products.

- Teens who participated in compliance checks were taped for a television talk show that aired March 25, 1996.

Funding Source

In 1996, the state of New Jersey received $1,132,329 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

NEW MEXICO

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Tobacco Free New Mexico
1992: 5 coalitions,31 members
1996: 8 coalitions, 109 members

Selected Highlights

- Tobacco Free New Mexico produced two videos, one aimed at Hispanic youth on advertising and promotion targeting minorities, and another for the Native American youth on commercial versus ceremonial use of tobacco. Both are distributed throughout the state via the public education system, detention facilities and tribal offices. Five hundred copies of the Native American video were distributed nationwide through the Indian Health Service. A manual accompanies the videos to facilitate discussions on youth access issues.

- A partnership has been established with the Albuquerque housing authority to conduct presentations to youth groups in public housing. A side benefit of this effort has been the development of positive relationships between law enforcement representatives, who talk about compliance checks, and Hispanic and African American youth.

- Over 900 youth were reached during August and September 1996 through presentations at schools and community centers.

- Compliance checks were done throughout the state.

Funding Source

In 1996, the state of New Mexico received $885,070 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

NEW YORK

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Commission for a Healthy New York
1992: 9 coalitions, 54 members
1996: 23 coalitions, 909 members

Selected Highlights

- Genessee County held a conference on tobacco advertising and its effects on youth. 1200 sixth graders attended and brought enough tobacco promotional items to fill a coffin. There was extensive media coverage.
- The Adirondack Tobacco Free Network sponsored a conference on women, girls, and tobacco.
- A Youth Partnership for Health homepage has been established on the World Wide Web. The site provides information about the program and hyperlinks to other tobacco-related websites.
- The Niagara Frontier Transit Agency voluntarily banned tobacco ads on buses, bus shelters and subway stations.
- The Chautauqua County Tobacco Control Coalition released a survey of tobacco promotions in retail stores showing the prevalence of youth-targeted advertising in stores. It also released a survey showing that half of ninth grade smokers shoplift tobacco. The coalition launched a campaign to elimine self-service tobacco displays.
- A Smoke-Free school manual has been completed and distributed at a training. Over 150 coalition representatives and school personnel participated in the training.
- The Coalition for a Smoke-free New York City published "The Truth About Secondhand Smoke" in English and Chinese. These pamphlets are part of the statewide media campaign raising awareness of the dangers of ETS.

Funding Source

In 1996, the state of New York received $2,069,174 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

NORTH CAROLINA

High school students using cigarettes in the past month: 31.3%
High school students using smokeless tobacco in the past month : 9.2%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

ASSIST to Health Coalition (North Carolina)
1992: 11 coalitions, 23 members
1996: 10 coalitions, 301 members

Selected Highlights

- Nine local coalitions conducted buying operations to determine the extent of sales of tobacco products to minors. Sales in more than 900 over-the-counter outlets and 110 vending machines were assessed. Youth aged 11 to 17 were able to purchase tobacco products in half the stores and essentially all the vending machines. The participating youth led press conferences discussing the results in nine communities. Media coverage was extensive.

- Teenagers from the Greensboro Youth Council, members of ASSIST schools, and the youth committee visited local retailers to educate them about youth access restrictions. The Greensboro *News and Record* printed a story about the retailer education effort. The teenagers also presented results of the compliance check to 20 Kroger Grocery Store managers as well as to the greater Greensboro Society of Medicine.

- Watauga County Operation Smoke-Out Youth Team distributed retailer awareness posters and stickers to county stores. All stores were receptive and welcomed the materials. Graham and Swain Counties also completed merchant education programs, visiting 60 businesses.

- Three youths from Wake County coalition presented findings of their past compliance check to the Raleigh City Council. Of particular interest to the council was that the only time youth were unable to buy from vending machines was when the vending machine had been removed or broken. When the vending machine was available, youth were able to make a purchase.

- Onslow coalition held a Video Commercial Contest for and drama club students. The video commercials were shown on a local television station.

Funding Source

In 1996, the state of North Carolina received $1,520,033 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

NEVADA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **32.9%**
Past month **smokeless** tobacco use by high school students: **11.4%**

Nevada Partners Work Together to Stop the Sale of Tobacco To Youth

Nevada collaborated with the Bureau of Alcohol and Drug Abuse in the distribution of 5,000 copies of merchant education packets and also collaborated with the Douglas County Sheriff's department to develop a pilot youth tobacco survey project. The coalition is working to disseminate CDC "Stop the Sale Prevent the Addiction" materials to local health districts and the Nevada State PTA.

In addition, tobacco control staff undertook a survey of tobacco outlets surrounding a local school as part of the national Join Together Youth Access to Tobacco Project.

The coalition is also working with the Attorney General's office which is in charge of enforcing the laws banning minors' purchase of tobacco products. Law enforcement officials have conducted a series of enforcement checks resulting in fines for violators. Sales of cigarettes to minors has dropped significantly since law enforcement agents have begun this effort.

The Attorney General also sent 400 letters out to vending machine operators encouraging owners to move their machines to adult only locations.

Local Attorney concerned about foster kids' tobacco exposure

A local attorney concerned about lack of clean indoor air and presence of secondhand smoke in foster homes received press coverage in two local papers.

High School Helps Kids Kick Butts

A local high school program showed students how to kick butts for a day. During Anti-Tobacco Day students who smoke were urged to quit cold turkey.

CDC Funding:

*IMPACT:	$82,230
**Block:	$0
Total:	$82,230

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

NEW HAMPSHIRE

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **36%**
Past month **smokeless** tobacco use by high school students: **10.4%**

Local Youth Star in PSAs

The New Hampshire Tobacco Control Program has developed a series of how-to kits focusing on youth tobacco use prevention and cessation. All products were developed with the involvement and endorsement of a variety of relevant groups. Local youth, through focus groups, participated in developing the TV and radio ads. The kids also have "starring" roles in the ad. Thirty-five students from area schools star in the tobacco use prevention PSAs. The PSAs have an MTV-style format.

New Hampshire Police Chiefs Endorse Tobacco Control Resource

The police how-to kit, on addressing youth tobacco use prevention, is endorsed by the NH Police Chief's Association and is largely based on the work of the Dover, NH Police Department which conducts education and compliance checks. Other how-to kits being developed include: Vendors; Schools; 4-H/YMCA type organizations, and a parent spin-off.

CDC Funding

*IMPACT:	$245,960
**Block:	$134,028
Total:	$379,988

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

NORTH DAKOTA

Youth Tobacco Use (CDCYouth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **39.6%**
Past month **smokeless** tobacco use by high school students: **NA**

Local licensing/ enforcement reduces sales to minors
In 1996, numerous communities have passed, or are considering local ordinances to reduce the sale of tobacco to minors. These efforts include vending machine restrictions, penalties for retail license holders who sell to minors and banning self-service displays.

Local tobacco retailer licensing ordinances reach 32% of the population, as a result of IMPACT mini-grants to communities. These local mini-grants support and nurture local action.

The most recent statewide compliance survey showed virtually no illegal sales in communities with licensing (4.2%) while the state average was 51% non-compliance.

Smoke-Free Kids rally in Bismarck
The Coalition co-sponsored a statewide Smoke Free Class of 2000 rally in Bismarck, featuring Patrick Reynolds. Nearly 2,000 eighth graders attended.

Youth Advocates "KICK BUTTS"
Through local coalitions, three youth advocacy trainings entitled "KICK BUTTS" were sponsored. Nearly 100 youth participated in three areas of the state.

1996 Smoke-Free Awards
In its 1996 annual awards ceremony and news conference, the state coalition publicly awarded more than 50 smoke-free workplace and restaurants in more than 20 communities.

PTA activates Stop the Sale, Prevent the Addiction
Stop the Sale, Prevent the Addiction materials were used widely by local coalitions and Parent Teacher Associations.

CDC Funding:

*IMPACT:	$209,281
**Block:	$0
Total:	$209,281

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

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OHIO

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **38.5%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **14.6%** (unweighted data)

Toledo Mud Hens Show Kids What They Can Do If They Are Tobacco-Free
The Toledo Mud Hens, a minor league ball club, and students from 4th-8th grades in six area counties showed what anyone could do if they didn't smoke. Students drew the team mascot in numerous activities thanks to his tobacco-free behavior. A winner among the students was selected and got to throw out the first pitch of a ball game. The winner, winner's family and school were publicly recognized. All participants were given free tickets to the baseball game.

Local Coalition Helps Kids Quit and Promotes Being Smoke-Free
The Delaware County Coalition is providing cessation referral information to schools for use by teachers and students. They are working with school districts to assist in the implementation of the Pro-Children's Act of 1994. In addition, they are working with the Parks and Recreation Department to make county parks tobacco free.

Tobacco-free and Drug Free Schools Being Jointly Planned
Tobacco control program staff are participating in the development of Ohio's strategic plan to meet national and state objectives for safe, alcohol, and tobacco-free schools. In the fall of 1995, this plan will be presented to the State Board of Education.

Day Care Facilities Smoke Free
With the growing concern of secondhand smoke to children's health, tobacco control coalition members testified in support of policies prohibiting smoking in day care facilities. The bill was passed by the Ohio House and was signed by the governor in December, 1995.

Smokeless Tobacco Program Piloted by Local Dentists
The Ohio Dental Association and the Ohio Department of Health, Bureau of Oral Health Services created a pilot, school-based program on preventing use of smokeless tobacco. Local dentists assisted classroom teachers in presenting the educational materials.

1996 Great Lakes conference
The 1996 Great Lakes conference on youth and tobacco focused on "Growing Up Tobacco Free."

CDC Funding:

*IMPACT:	$263,841
**Block:	$388,611
Total:	$652,452

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

OKLAHOMA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Annual Meeting Celebrates High School Heroes
The 1996 Tobacco Free Oklahoma Annual Meeting, *Tobacco and Health: Women and Children Under Attack* is being held on October 25th in Tulsa. A separate youth track will provide training to 250 - 400 youth as High School Heroes, a peer education/youth advocate training program. (High School Heroes continues to be an effective media advocacy tool in Oklahoma for increasing coverage on the subject of youth and tobacco.)

Panelists in the "adult" track include former New York Yankees baseball player and native Oklahoman Bobby Murcer; and Oklahoma Smoke-Free Class of 2000 Ambassador, Amanda Tunnell. The lunchtime address from Oklahoma's Attorney General, Drew Edmundson, will focus on corporate responsibility.

Elementary schools generate media coverage through TAR WARS
TAR WARS, a fifth grade tobacco prevention education program and poster contest also continues to foster a significant amount of media coverage in rural communities statewide.

Governor's Task Force on Youth and Tobacco gets the word out
Established in 1995, the Governor's Task Force on Youth and Tobacco issued in 1996 five sets of "findings and recommendations" resulting in print media coverage on several tobacco policy related issues. The task force was also instrumental in facilitating sponsorship by a number of organizations for placement of TV, radio and print ads available through CDC/OSH's Media Campaign Resource Center.

Local coalitions take on Stop the Sale -Prevent the Addiction
Stop the Sale - Prevent the Addiction Campaign materials were highlighted and disseminated to local coalitions at the 1995 annual tobacco control meeting.

Coalition and state and local partners collaborate on youth access policy
Over half a dozen city councils, including Oklahoma City passed resolutions in 1995 to enable local communities to establish youth access laws different and/or more protective than the state law. A statewide effort was supported by a variety of organizations including the Oklahoma Municipal Leagues, Parent Teachers' Association and other statewide groups.

CDC Funding:

*IMPACT:	$126,593
**Block Grant:	$280,000
Total:	$406,593

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

OREGON

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Second Hand Smoke Makes Healthy Kids Sick
IMPACT staff provided input into the development of a Maternal and Child Health brochure on kids and second hand smoke entitled "Second Hand Smoke Can Make Healthy Kids Sick". The brochure is relevant for low literacy populations.

Local action with Stop the Sale Prevent the Addiction
Stop the Sale Prevent the Addiction campaign materials and program guides were highlighted at the state's first annual tobacco control meeting in November 1995. As a result, eight local coalitions were formed as a result of the meeting and their exposure to this resource. Some local coalitions are actively involved in conducting compliance checks in retail outlets, laying the groundwork to pass local tobacco control ordinances, and reduce tobacco advertising in their communities.

Campaign to Protect Kids From Tobacco Launched
The Coalition has organized the Oregon Campaign to Protect Kids from Tobacco. The campaign is publicized through a brochure which lists options for educational resources and provides technical assistance for reducing minors' access to tobacco as well as reducing the appeal of tobacco to youth.

Youth advocates trained at regional conference
Oregon participated in the Gulf/Western and Pacific regional youth advocacy conference in September 1996.

Youth access a priority for 1997
Coalition plans for 1997 include regional training of community leaders to reduce youth access, further distribution of Stop the Sale materials and CDC/OSH Media Campaign Resource Center, and assistance with merchant education as part of the statewide Synar effort.

CDC Funding:

*IMPACT:	$85,319
*Block:	$0
Total:	$85,319

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

PENNSYLVANIA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Thousands of Youths Pledge to be Tobacco Free
During the 1995 State Farm Show, 8448 youths participated in the Youth Against Tobacco Pledge Campaign. These teens pledged to be tobacco free. During the six day event, promotional anti-tobacco material including "smoking animals" luggage tags and posters with the message "It Looks Just as Stupid When You Do It" were distributed to over 35,000 people. Radio and TV broadcasts were also used to promote the Youth Against Tobacco campaign.

Kids Receive Gold Medals During Smoke-Free Kids Week
Over 5,000 youth participated in this Valentine's week event. Schools and youth organizations designed events with a Smoke Free Olympic theme. Fitness activities and poster contests sending the message that nonsmokers are winners were some of the many activities conducted.

Community Coalitions Partner with Cooperative Extension Service to Tackle Youth Access
Over a dozen community coalitions, created in partnership with the Penn State Cooperative Extension Service, are addressing the issue of youth access. Training for coalition members on retailer education and conducting compliance checks will be provided through an October 1996 satellite video conference.

Youth Access a Priority for Governor's Office and State Health Department
Restricting youth access to tobacco has been selected by the state health department and the Governor's office as a priority. An Executive Plan to address this issue is being implemented, which includes adoption of the Stop the Sale Prevent the Addiction campaign.

Compliance Check Manual Provided to Local Communities and Partners
The tobacco control program developed and distributed a manual to be used for conducting compliance checks.

CDC Funding:

*IMPACT:	$265,062
**Block:	$345,705
Total:	$610,767

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

RHODE ISLAND

High school students using cigarettes in the past month: 37.1%
High school students using smokeless tobacco in the past month : 5.4%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Rhode Island Project ASSIST Coalition
1992: 1 coalition, 50 members
1996: 1 coalition, 164 members

Selected Highlights

- In the Stop Addiction through Vendor Education (SAVE) program, training sessions were held for over 100 retailers, including owners of a chain of convenience stores.

- Youth conducted ten classroom trainings on reducing youth access to tobacco products and also placed posters in community businesses on the issue.

- A partnership of 28 substance abuse task forces, municipal police departments, and Initiatives for Human Development's Teen Institute completed 298 compliance checks in 32 of Rhode Island's 39 municipalities.

- All schools in the state are smoke-free.

- ASSIST recruited 32 Cambodian, Hmong and Vietnamese youth into their tobacco control program to reduce barriers to greater participation in tobacco control in these communities.

Funding Source

In 1996, the state of Rhode Island received $878,648 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

SOUTH CAROLINA

High school students using cigarettes in the past month: 32.6%
High school students using smokeless tobacco in the past month : 12.0%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Alliance for a Smoke-Free South Carolina
1992: 8 coalitions, 82 members
1996: 12 coalitions, 240 members

Selected Highlights

- The alliance and local coalitions conducted the second annual Compliance Check Operation. About 700 volunteer youth participated, making 2,481 attempts to purchase cigarettes, of which 1,191 (48 percent) were successful.

- A statewide news conference to announce the results of the youth buy was held on June 1 at the South Carolina State House. Highlight of the conference was the testimonial of three people who had participated in the operation. The conference received excellent press coverage, including by the following: Associated Press, South Carolina Educational Radio, South Carolina Radio Network, *The State* newspaper, WBTW-TV, WIS-TV, WLTX-TV, and WSCQ-FM.

- The Anderson coalition provided Tobacco Health Tips for church bulletins. The coalition also developed and distributed a church folder for a minority church which included a non-smoking policy for the church, health tips, fact sheets, and community activities.

- 100 percent of school districts in South Carolina are smoke-free.

- All daycare centers in the state are smoke-free.

- The Alliance conducted tobacco education workshops for teachers and coaches throughout the state.

Funding Source

In 1996, the state of South Carolina received $984,759 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

SOUTH DAKOTA

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **38%**
Past month **smokeless** tobacco use by high school students: **22.9%**

Coalition Sponsors School Poster Contest
The South Dakota Statewide Coalition sponsored a TAR WARS tobacco education program and poster contest in 129 schools. This effort resulted in the participation of 2,977 fifth-graders state-wide.

Mall Rats Surveyed for Tobacco
A state-wide Youth Mall Intercept Survey was conducted to determine youth access, usage of and attitudes towards tobacco. The results of this survey will be released publicly and used to create youth prevention programs and a media campaign.

"Don't Start Club" Kicks Off
The coalition is involved with the creation of a marketing campaign called "Don't Start Club." With information gained from the "Mall Rats" youth survey, the subsequent launching of this campaign will target youth.

Kids Camp Out to Prevent Tobacco Use
There is also an youth improvisational camp held each year for young people that provides information and training for kids to deal with peer pressure to use tobacco and alcohol.

CDC Funding:

*IMPACT:	$ 71,541
**Block:	$0
Total:	$ 71,541

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

TENNESSEE

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **35.3%** (unweighted data)
Past month **smokeless** tobacco use by high school students: **14.4%** (unweighted data)

Kids and Knights say SCAT to Tobacco

With the help of the Nashville Knights, a local hockey team, members of the Student Coalition Against Tobacco (SCAT) and the state tobacco coalition (TACT), created an informational campaign to warn youths of the hazards of tobacco use. The campaign also promotes prevention, and generate awareness of the state efforts to protect children from tobacco.

Members of SCAT, who are 7th and 8th graders of Ethridge School, were on hand for two hockey games to distribute educational materials. A poster drawing contest was also held where the winner received an authentic hockey stick from the Nashville Knights.

Anti-Tobacco Ads Printed in Local High School Publications

Approximately 65 high schools placed anti-tobacco ads in their newspapers, annuals, or sporting event programs through the print ad reimbursement program. Schools that participated in this effort were reimbursed up to $25 each for publishing each ad.

CDC Funding:

*IMPACT:	$ 65,821
**Block:	$250,400
Total:	$316,221

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

TEXAS

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
No data available

Adolescent Girls Discuss Dangers of Tobacco
Interview footage with a terminally ill woman suffering from lung cancer was the backdrop of a PSA, which included a focus group discussion with adolescent girls.

Houston Elementary School Awarded on Successful Efforts in Tobacco Prevention
The Commissioner of Health, Dr. David R. Smith, and Miss Teen USA, Keylee Sue Sanders, awarded the faculty and students of Pine Forrest Elementary for their comprehensive tobacco prevention activities. These activities will be packaged and marketed statewide.

Youths S.T.A.N.D. for Strong Youth Access Policies
Local coalitions have formed S.T.A.N.D. youth groups (Stop Tobacco and Nicotine Addiction). These youth organizations have been active in the advocacy and education of the need for strong policies and enforcement of youth access laws and vending machine bans.

"Butts Are Gross" for Texas Youths
A "Butts Are Gross" media campaign directed to youth was conducted in 18 communities. The message broadcast through over 1000 radio and TV PSAs. Additionally, 86 billboards were placed, and 80,000 posters distributed.

Texas Kids "Too Smart to Start" Tobacco
Junior high school assemblies entitled "You're too Smart to Start" were conducted in collaboration with the American Cancer Society.

CDC Funding:

*IMPACT:	$250,757
**Block:	$ 21,434
Total:	$272,191

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

UTAH

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **17%**
Past month **smokeless** tobacco use by high school students: **6.9%**

KIDS Coalition Conduct Statewide Advocacy Campaign
The Utah KIDS Coalition received substantial media coverage during their youth access initiative. Over 5,000 youth were involved in a statewide advocacy campaign. Activities included radio, television, and newspaper interviews, and meeting with decision-makers to increase community awareness for restricting youth access to tobacco.

Peer Leaders Emerge from Smoke Free Class of 2000
A Peer Leadership Program designed to involve high school and college students in the education of 8th grade students emerged from the Smoke Free Class of 2000. Kids will tackle such issues as the health hazard of tobacco use, marketing of tobacco , and peer pressure will be tackled.

KIDS Involved in Tobacco Control Efforts
Six local health departments are prepared to start the Kids Involved in Discouraging Smoking (KIDS) program. Youths will be involved in policy initiatives and peer programs to prevent tobacco use. The KIDS coalition will work with the state coalition, Coalition for a Tobacco Free Utah, in providing $500 mini-grants to schools and youth groups who hope to take part in promoting tobacco free behavior.

CDC Funding:

*IMPACT:	$190,025
**Block:	$120,000
Total:	$310,025

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

VERMONT

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **37.7%**
Past month **smokeless** tobacco use by high school students: **11.6%**

Tobacco Prevention and Control Conference Held
The annual tobacco control conference featured the Vermont Kids Against Tobacco (VKAT) teams who reported on their tobacco prevention efforts. A training was also held for school personnel on how to comply with the school smoking ban.

Kids Create Coalition
Vermont is creating a Kids' Coalition to assist with the retailer education and compliance check process.

Vermont Kids are Stopping the Sale
The state is developing a media campaign with SmokeLess State funding that will address youth smoking. Vermont Kids Against Tobacco used the Stop the Sale-Prevent the Addiction materials to work within their communities on the youth access issue including merchant education and compliance checks.

CDC Funding:

*IMPACT:	$77,611
**Block:	$0
Total:	$77,611

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

VIRGINIA

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Coalition for a Smoke-Free Virginia
1992: 6 coalitions, 26 members
1996: 14 coalitions, 310 members

Selected Highlights

- Teens from a local coalition collected 1,600 subscription cards from magazines that advertise tobacco products and attached a label on them with a message encouraging the magazine to stop accepting tobacco advertising and returned them to the magazines.

- The "It Takes Two" program was replicated in eight localities. Local merchants volunteered to require two forms of identification to purchase tobacco products.

- Five Teens as Teachers training workshops were held. Older students were trained to teach elementary school students about tobacco use prevention.

- The Eastern area coalitions presented information about smoke-free policies at the following events for minority populations: a NAACP Unity Breakfast, a Black Heritage Gospel Fest, and a Black Heritage father-and-son event.

- Staunton coalition worked with students from Central Shenandoah Valley Governor's School to produce five tobacco-free radio ads. They are being run on local radio stations.

- The Lynchburg Inner City Task Force sponsored a soap box derby featuring a non-smoking car and two ads in the program guide.

- Seventh grade classes in Bristol, Washington, and Smyth Counties participated in a tobacco-free poster contest. The entries were displayed for two weeks in Bristol Mall, and the winning entry remained on display for the month of July.

- Coalition members held the premiere of a puppet show about tobacco smoke for school and youth leaders. Seven more performances are scheduled.

Funding Source

In 1996, the state of Virginia received $1,087,047 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

WASHINGTON

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Tobacco Free Washington Coalition
1992: 5 coalitions, 40 members
1996: 10 coalitions, 700 members

Selected Highlights

- A 35-minute tobacco-free puppet adventure titled "Free to Grow" was created in conjunction with the Friends Puppet Company. More than 10,000 children (K-6) have seen the show. Take-home materials are given to the kids to share with parents.

- The Tobacco Free Coalition of Pierce County and SMOOTH Coalition sponsored an all-city tobacco-free high school dance. "Dance Your Butts Off" drew nearly 800 high school students from the Takoma school district.

- The Sno-King Media Task Force planned and implemented a Youth Art Show to showcase and award the art submitted for the "Pack of Lies" contest. Fifty contest entries (finalists) were displayed at the Seattle Space Needle. The event was well covered by local television and print media.

- Approximately 100 teenagers were trained in methods for teaching middle school students about tobacco issues. The teen teachers subsequently spoke with more than 2,300 sixth-grade students.

- A billboard with a Native American theme was placed on all roads leading to Indian reservations in Spokane County. It featured a "medicine wheel," composed of the universal no-smoking sign superimposed on a chew can. The billboard was nominated for the local ad council's cultural diversity award.

- The Ruth Dykeman Children's Center created culturally appropriate materials to use in training Cambodian teenagers to educate youth in their communities about the dangers of tobacco use. Trained staff members then made presentations to more than 500 Vietnamese children.

Funding Source

In 1996, the state of Washington received $1,259,334 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

WEST VIRGINIA

High school students using cigarettes in the past month: 43.0%
High school students using smokeless tobacco in the past month : 18.7%
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Coalition for a Tobacco Free West Virginia
1992: 35 members
1996: 24 coalitions, 71 members

Selected Highlights

- More than 600 compliance checks have been conducted statewide in 1996. Al location coalitions and their youth membership participated.

- The Youth Access Prevention Task Force and local coalitions throughout the state presented newborn babies with t-shirts featuring the statement, "I'm a Born Non-smoker--Help Keep Me Tobacco Free."

- The Marion County Tobacco Coalition held a contest for students to design a counter advertisement to a Marlboro Man billboard. The winner was displayed on a billboard.

- Coalition throughout the state held t-shirt swaps at local malls, distributing about 400 t-shirts appealing to African American youth. The t-shirts focused on preventing youth access and restricting tobacco advertising and promotion.

- The city of South Charleston has achieved a 0 percent youth buy rate through regular compliance checks, publicity, and citations.

Funding Source

In 1996, the state of West Virginia received $861,683 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

WISCONSIN

High school students using cigarettes in the past month: NA
High school students using smokeless tobacco in the past month : NA
(Source: Youth Behavioral Risk Factor Surveillance System, CDC, 1995)

Tobacco Free Wisconsin Coalition
1992: 13 coalitions, 25 members
1996: 29 coalitions, 61 members

Selected Highlights

- Bayfield-Twin Ports coalition held a poster contest and displayed winning entries on billboards, buses, milk cartons, book covers, and bookmarks.

- Students in three other counties held poster or essay contests in which students were asked to draw or write about tobacco control themes such as tobacco advertising and its effects on kids, how smoking by adults affects kids, and keeping kids away from tobacco. Winning entries were displayed in local businesses or published.

- Sauk County Coalition provided pamphlets to schools, worked with a High School Health Occupations instructor to train students to make presentations to middle schools, and recruited new members who are school staff.

- Vilas County helped schools to use the Teen Tobacco Free Kit in their curricula.

- Former Winston model, Dave Goerlitz spoke at schools throughout Rock County on the hazards of tobacco advertising.

- Oneida County coalition developed tobacco-free print advertisements which were placed in high school and college newspapers.

- The Milwaukee coalition presented information about youth access on a televised talk show aimed at the Hispanic community.

Funding Source

In 1996, the state of Wisconsin received $1,162,589 from the National Cancer Institute to implement tobacco control activities through the ASSIST (American Stop Smoking Intervention Study) Project. This collaborative project of the NCI and the American Cancer Society is designed to reduce significantly the prevalence of smoking and to study the most effective interventions to accomplish this.

WYOMING

Youth Tobacco Use (CDC Youth Risk Behavior Surveillance, United States, 1995)
Past month **cigarette** use by high school students: **39.5%**
Past month **smokeless** tobacco use by high school students: **25.1%**

Miss Wyoming takes on Tobacco
Miss Wyoming, Dawn Frantz, adopted tobacco as her topic in her "Speaking in the Schools" tour and produced a poster, with the financial and distribution help of the Coalition. The poster read "Think About It: When Used as Directed Tobacco Kills".

Wyoming works for Clean Indoor Air
Wyoming conducted a public information and education campaign aimed at increasing awareness of the health effects of environmental tobacco smoke (ETS) by distributing CDC's ETS restaurant spots to all TV and radio stations in the state. Local tags were attached with Department of Health 1-800 number.

Wyoming also worked with State Health Officer, Dr. Bill Letson to send letters to each Mayor about the CRS report, the EPA report and ETS. They also provided billboards to Tobacco-Free Lander Coalition on Clean Indoor Air.

Kids Start TAR WARS
Wyoming conducted a TAR WARS project with over 72 fifth grade classrooms in 26 communities (over 1,500 students). TAR WARS is an educational program on tobacco, which includes poster contests. The project resulted in 2 radio newscasts and 10 print news releases.

CDC Funding:

*IMPACT:	$62,267
**Block:	$0
Total:	$62,267

*CDC's Office on Smoking and Health's cooperative agreement program, Initiatives to Mobilize for the Prevention and Control of Tobacco Use (IMPACT), funds State health departments to build capacity to conduct tobacco use prevention programs at the state and local levels.

**Funds from CDC's Prevention Health Services Block Grant are applied by State health departments to support tobacco use prevention activities.

Lexington Herald - Leader 9-21-97

Editorials

Don't wait for Washington

State lawmakers should tax tobacco now to safeguard rural Kentucky's future

The outlook for tobacco in Congress became even more puzzling and unpredictable last week. The only sure message that emerged from all the carryings-on in Washington was this: Rural Kentucky better start looking out for itself, and it should start at home.

When the General Assembly convenes in January, lawmakers and Gov. Paul Patton should be ready to throw themselves into the task of positioning tobacco communities to weather whatever economic squalls may be coming.

Patton and lawmakers have at their fingertips a ready way to finance new rural ventures and opportunities: The state tax on cigarettes, the second lowest in the nation, is overdue for a hefty increase.

For generations, it's been *verboten* for Kentucky politicians to so much as mention raising taxes on cigarettes. But those old rules changed forever in June when the cigarette companies agreed to pay $368.5 billion to settle suits filed by 40 states. If ever enacted, the terms of this settlement amount to a new, $368.5 billion tax on tobacco.

The companies welcomed this tax increase because it would secure their financial futures. In the same way, a state tax increase could help secure the future of rural Kentucky. The state's farm and political establishments should accept a cigarette tax increase to do for rural Kentucky what the cigarette companies were only too happy to do for themselves.

Kentucky taxes cigarettes at a rate of 3 cents a pack; the national average is 33 cents a pack. Each penny of cigarette tax raises about $5 million in Kentucky. Increasing the state tax to the national average would initially generate $150 million a year.

This could create a rural development fund that Kentuckians would control for Kentucky's future. Waiting on Congress, the Clinton administration and the tobacco companies to take care of rural Kentucky is risky and irresponsible.

Anyone who doubts that the world of tobacco has been turned upside down needed only to listen to Sen. Mitch McConnell last week. McConnell, a long-time defender of tobacco farmers, warned growers not to count on the survival of federal price supports, the New Deal program that made tobacco the lifeline for Kentucky's small farms.

McConnell's statement was revolutionary in the unchanging world of tobacco, but he was only acknowledging the obvious. Even if tobacco weren't such a lightning rod, the survival of any New Deal farm program that guarantees prices runs counter to today's free-market current and the 1995 federal farm bill, which gradually ends most price supports. Even without tobacco's unique liabilities, Republicans like Richard Lugar would be gunning for the allotment system that props up the price of tobacco.

Tobacco farmers, McConnell said, must consider "whether at some point in the process, you lose the program and get nothing. ... How long can we continue to win these battles?" Ironically, McConnell's commendable honesty came the same week that President Bill Clinton pledged to protect the "good, hard-working, tax-paying citizens" who grow tobacco.

Of course, Clinton made this pledge at the same time he demanded up to a $1.50-a-pack increase in the price of cigarettes. (The administration predicts the proposed deal would have raised cigarette prices by only 62 cents.) Clinton and many in Congress couldn't be more serious about reducing smoking in this country and the need for a domestic tobacco crop.

Clinton's demand for more concessions from the companies also put the deal on the slow track in Congress. The negotiations will slow and pick up weight, including more calls for an end to the tobacco program that maintains high prices for leaf.

This is all the more reason to get a plan for rural Kentucky on the fast track in Frankfort.

I gave a copy to Tanya already

Tom F.

Mary

help support a global electronic clearinghouse and communications network to standardize, strengthen and facilitate the global exchange of tobacco-related information. Funds might also be employed to assist countries to participate in developing an ***International Framework Convention*** as recommended in May 1996 by the World Health Assembly.

In addition to international cooperative efforts and technical assistance, funds can be made available to conduct ***international research*** on tobacco policy, prevention effectiveness of developing country tobacco interventions, economic cost-benefits, health risks and outcomes, and macro-effects of tobacco agriculture and production. Official inter-governmental efforts should complement and be coordinated with those undertaken by non-governmental organizations (NGOs). There are many medical organizations (e.g., the American Cancer Society and the American Medical Association) as well as other NGOs (including the National Center for Tobacco-Free Kids, the Center for Communications, Health and the Environment and the Advocacy Institute) active in tobacco control and which could substantially increase their international contributions if additional funding were available. Indeed, funds could be employed as seed money for a new global coordinating mechanism for NGO tobacco control activities in the field.

Creation of an international fund would be integral to implementing a global tobacco control strategy. An initial **fund of $50 million** has been suggested. This would be increased as capacity and knowledge to conduct more aggressive and effective programs increases. In addition to stimulating, supporting and helping to implement tobacco control prevention activities, particularly in developing countries, and funding international capacity building, funds could be used to increase U.S. domestic capacity, including developing international tobacco control policies that are consistent with domestic tobacco control policies and training USG Foreign, Commercial and Agricultural Service employees stationed abroad regarding tobacco use and its adverse health effects.

Although HHS would continue as the USG focal point for international health issues related to tobacco, cooperation with the Departments of State, Commerce, Agriculture, Treasury and the USTR will be essential to ensure proper coordination in the development and implementation of comprehensive and science-based tobacco control policies. Representatives of these agencies would have a policy advisory role to ensure that fund resources are appropriately allocated in pursuit of global objectives.

FYI

Baesler says questions about buyout remain

By Bill Estep
HERALD-LEADER STAFF WRITER

The issue of buying out individual tobacco allotments is fraught with uncertainties that growers need to weigh carefully, U.S. Rep. Scotty Baesler said last night.

Talk of a buyout has swept the state's tobacco fields.

But major questions remain unresolved, Baesler said, such as where the money would come from, whether it would be taxable, whether it would be paid in a lump sum or over 25 years, how to divide it between quota owners and tenants, and what the conditions would be under which farmers could keep growing tobacco after a buyout -- if at all.

"This is a very complicated thing," Baesler said at a meeting he called to discuss the proposed $368.5 billion tobacco settlement.

About 125 people from several counties in Central Kentucky attended.

U.S. Sen. Richard Lugar, an Indiana Republican who heads the Senate Agriculture Committee, has proposed including an $8 a pound quota buyout in the settlement and ending the price-support program.

Baesler estimated 70 percent of farmers would support an $8 buyout if the money was non-taxable and if they could keep growing burley on the land.

Add other restrictions, however, and support goes down, he said.

Many farmers would oppose ending the 60-year-old support program that has stabilized prices in a market dominated by only a few buyers.

The end of the program would almost certainly cut prices to farmers and squeeze many out of the business, though others would likely get bigger and more competitive.

In a show of hands that Baesler requested, nearly everyone in the crowd favored keeping the price supports, while roughly half favored a buyout at $8.

Few said they'd favor a buyout with a payout over 25 years, however.

Baesler said he doesn't think the House will pass Lugar's plan for ending the program any time soon.

Tobacco-state lawmakers oppose it and they'll pick up support, even from foes of tobacco who understand that ending the program would hurt many farmers but not the companies, Baesler said.

"I don't have any fear that the tobacco program as we know it will be here next year, the year after, the year after, the year after ... ."

It's unlikely the tobacco deal will be resolved this year, and there is reason to question whether it will be approved at all.

HHS staff brief for Shalala 9/5/97

Global Tobacco

The proposed Agreement does not include any provisions that address global tobacco control, and accordingly, has been widely criticized by the health community, in the media, and among some members of Congress. This criticism most recently was reinforced in a resolution passed at the 10th World Conference on Tobacco or Health in Beijing, China.

In considering the appropriate actions to reduce the global harm of tobacco use, three principles should be considered to guide U.S. policy:

- consistent with domestic policies and Article XX of GATT, tobacco products should be treated consistent with the associated deleterious health effect;

- the activities of U.S. embassies and missions should be consistent with domestic policies. Specifically, U.S. embassies and missions will not engage in activities that are intended to or are likely to increase the overall consumption of tobacco, or which contravene the rights of foreign governments to establish and maintain sound public health practices; and

- the U.S. government will support efforts to ensure U.S. companies equal access to a shrinking global tobacco market.

In addition to consistent and coherent Administration-wide policies, we believe that the U.S. government has an obligation to support global tobacco control and public health activities and to share the U.S. experience and discovery of relevant science and tobacco industry-related information with other countries. Accordingly, a funding proposal is being developed to increase domestic capacity to collaborate with multinational and development organizations and through bilateral agreements with other countries. [The National Economic Council has recommended that the proposal be funded and implemented, regardless of the settlement outcome.] amended

interagency

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fo Wh Co

Nomination Declared 'Dead,' But Weld Vows to Fight On

By George Lardner Jr.
Washington Post Staff Writer

Even as Senate Majority Leader Trent Lott (R-Miss.) pronounced the nomination "dead," former Massachusetts Republican governor William F. Weld vowed to step up pressure on the Senate by carrying his fight to become ambassador to Mexico into "the court of public opinion."

Claiming strong support from President Clinton, Weld said he has no intention of withdrawing from the battle despite Friday's adamant refusal by Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.) to give him a hearing.

At the moment, Weld said on NBC's "Meet the Press," people who have been watching television for the past few days have seen that the face of the Republican Party is "the face of Jesse Helms" and they've seen that face "on a matter where he's just plain wrong." Weld made clear that he thinks public clamor over that perception will lead enough senators to change their minds and "force action to be taken."

Lott, however, accused Weld of behaving "really outrageously" toward Helms and antagonizing other senators in the process. The majority leader said he spoke with Clinton on Saturday and urged him to choose another nominee for Mexico City.

Weld "started off six weeks ago attacking the chairman and questioning his integrity, in effect, and his beliefs," Lott said on CBS's "Face the Nation." "He went about it in absolutely the wrong way."

Rejecting suggestions that he bypass Helms and bring the appointment up for a vote on the Senate floor, Lott said Weld "should not be confirmed and will not be confirmed. This nomination is dead."

Helms has been critical of Weld's stance on drugs as governor of Massachusetts, where he favored medical prescriptions for marijuana. Weld said yesterday he would not carry his views as governor into Mexico, but would hew to the administration's position, which is opposed to such usage. He also said he had been vigorous on narcotics prosecutions as a Justice Department official in the Reagan administration and as governor.

"I'm Mr. Mandatory Minimum for narcotics offenses," Weld said. "More people are serving time for narcotics offenses in Massachusetts than before I became governor."

At a dramatic showdown meeting Friday, Helms rejected appeals from a majority of his committee to give Weld a hearing and turned the session into a forum for attacking Weld, his supporters from both parties and the news media. Helms told Weld, who was sitting in the audience, "I do not yield, Mr. Weld, to ideological extortion."

In his talk with Clinton, Lott said, the president expressed his continued support of Weld, but the senator said the White House "surely" realizes he cannot be confirmed. Lott said the White House "had no idea" Weld would resign his governorship to fight for the ambassadorship. "I think the administration's been aghast" at Weld's performance, Lott said.

Refusing to give up, Weld said, "There are 100 senators. If they hear from people out there on Main Street, I think that's what's going to change the dynamic here. . . . I think it's worth fighting for because the issues here go to the essence of our democratic institutions." Weld said he "felt a little bit ashamed to be an American citizen sitting in that hearing room" Friday.

Asked that he might be using the battle to run for office again, Weld said he would not run for the Senate in 2000 and has no intention of running for president. Calling both prospects "vanishingly unlikely," he said, "My sights are set on Mexico City."

Gingrich Encourages Repeal of Tobacco Tax Break

By John E. Yang
Washington Post Staff Writer

House Speaker Newt Gingrich (R-Ga.) yesterday backed repeal of a $50 billion tax credit for tobacco companies that he and Senate Majority Leader Trent Lott (R-Miss.) pushed to include in this summer's budget deal with President Clinton.

"I would certainly encourage my colleagues to vote to take it out," Gingrich said on ABC's "This Week." "It's clear that people want to take the provision out . . . I am very comfortable voting to take it out."

Last week, Lott voted with an overwhelming 95 to 3 Senate majority to scuttle the credit, which was intended to reduce the cost of a $368.5 billion national settlement of lawsuits brought against tobacco companies by state attorneys general. The tax break would allow the companies to deduct the amount of revenue to be raised by a 15-cent increase in cigarette taxes from the cost of the settlement. The agreement itself, however, appears to be in serious trouble on Capitol Hill, which also must sign off on it.

Lawmakers are likely to ask House negotiators to accept the Senate provision when House-Senate bargainers meet to resolve differences in the underlying legislation, which would fund the Labor, Health and Human Services and Education departments for the year beginning Oct. 1.

In addition, Rep. Marge Roukema (R-N.J.) is leading an effort to have a direct vote in the House on repealing the tax credit. The controversy over the provision is "feeding the cynicism of the American public," she said in an interview. "It's diminishing our achievements."

While calling for the tax credit to be repealed, Gingrich stressed that it was included with the clear approval of White House officials. "The Clinton administration understood that provision, approved that provision," he said. "It was out in the open, people knew about it."

On the ABC broadcast, Gingrich also backed politically sensitive efforts to allow congressional salaries to go up to keep pace with inflation for the first time since 1993.

"There should be a cost-of-living [increase] for members of Congress and for [federal] judges," whose pay is linked to lawmakers' salaries, he said. "It has to be done out in the open, in public, and people have to see the vote if it's going to happen."

House leaders are considering a plan to use a routine parliamentary procedure to block an attempt in the House to exempt lawmakers from the automatic 2.8 percent cost-of-living adjustment they are entitled to under federal law.

The increase, which the Senate voted in July to cancel, would raise the pay for a rank-and-file lawmaker to $137,340 from $133,600 and the speaker's pay to $176,302 from $171,500. If the House does not cancel the pay increase, the matter would be settled by House-Senate negotiators.

The Washington Post
Monday, September 15, 1997

Unfamiliar but Enthusiastic, Rep. Kasich Builds a National Following

The Washington Post
Monday, September 15, 1997

By Ceci Connolly
Washington Post Staff Writer

ATLANTA, Sept. 14—Rep. John R. Kasich (R-Ohio) may not be a household name. But those who do know him? Oh, how they swoon.

And gush. And talk in CAPITAL LETTERS and exclamation points like he does!!!

"He is easy to understand, he is so down to earth," said Helen Tippett of Florida, who heard Kasich speak in person for the first time this weekend. "I felt he was speaking from the heart."

Her husband, the Rev. Ben Tippett, sees in Kasich refreshing candor and a commitment to "the moral fiber of the nation."

One young man from South Carolina proclaimed Kasich "just awesome!"

In Washington, Kasich is known as the hyperactive, cocky Republican from Columbus, Ohio, who helped cajole the bigwigs into passing legislation that trims taxes and balances the budget by 2002.

But he is laying the groundwork for a possible presidential run in 2000. And around the country, at grass-roots gatherings such as this weekend's Christian Coalition meeting here, Kasich is quietly developing a small but fervent following.

"It's that charismatic, excitable attitude," said Sallie Baldwin, 26, from Charleston, S.C. "He's not just some ignorant sheep following the leader."

On a smaller, blander scale than, say, rock stars, politicians have their groupies. The curiosity with the Kasich cult is it breaks the standard political molds; the fans cross philosophical boundaries, span generations, share no regional or ethnic ties. He just seems to collect them like trinkets as he hopscotches the country and works the talk show circuit.

"One member came up to him last week and said, 'My mom watches you on TV and she wants you to run for president. She'll help you,'" recalled one of his closest friends, Rep. David L. Hobson (R-Ohio).

Mix Robert F. Kennedy's fire in the belly, Ronald Reagan's sunny disposition and the friskiness of a lovable puppy and you begin to get a taste for why conservative activists enthuse about this otherwise obscure Budget Committee chairman.

"He hasn't had all the rough edges worn off by Washington," explained Larry Miller, 50, a program analyst and Christian Coalition member from Virginia. "The power structure makes it hard for enthusiastic people to make changes; he isn't affected by it."

Inside the Beltway it is a giggle to think that this erratic 45-year-old who is not even widely known in other parts of Ohio could be contemplating a presidential run in 2000. Even close friends point out he can be nasty, overbearing, undisciplined and late because of the combined effects of not wearing a watch and not knowing when to stop talking.

President Clinton, a baby boomer who enjoys Kasich, has been known to muse in private: "The trouble with Kasich is he's like a stereo with only one volume."

But some of the people who lick the envelopes, hammer the yard signs and yearn for a fresh new leader are nevertheless eyeballing him quite seriously.

"He has enormous appeal across the philosophical lines within our party," said Rep. Charles F. Bass (R-N.H.), who escorted Kasich to a Hillsborough County GOP dinner in May. "I've seen a lot of candidates come to New Hampshire with a great line, but you don't get the feeling it comes from the heart but rather from a poll or a political consultant. Not with John Kasich."

Despite his youth and limited experience, not to mention hurdles such as money and exposure, Kasich is unabashedly pursuing a slot on the GOP ticket. The political action committee he formed this year, Pioneer PAC, has raised about $100,000; he is writing a book about do-gooders, tentatively titled "Angels on Our Shoulders," and traveling extensively to Republican strongholds.

"All the options are open. Part of what I have to do is put myself in a position where I can determine my own destiny," he said over a lunch Saturday that was frequently interrupted by admirers. "I think our party knows it's in desperate need to have a changing of the guard. We are in a significant generational change in the Republican Party."

In between getting married and hammering out the budget deal this year, Kasich has visited California, New Hampshire, Iowa, Michigan, Florida, Massachusetts, Pennsylvania and Georgia. He talks to restaurateurs, Kiwanis and even liberals in New England: "I don't feel there's any place in the country I can't go and haven't gone." Next week he will speak in South Carolina, the conservative state whose presidential primaries turned the tide for George Bush in 1992 and Robert J. Dole in 1996.

"John was in the right place at the right time," said South Carolina Gov. David M. Beasley (R), referring to Kasich's prominence on the budget.

Overall, that has been a huge political boost, putting him on the front pages and Sunday talk shows more than any other House member except perhaps controversial Speaker Newt Gingrich (R-Ga.). But some core conservatives criticize the deal as too little, too late.

"He's a proponent of the budget agreement, and I'm not a big fan of that," said Doug Johnson of Lenexa, Kan.

Conservative commentator Arianna Huffington said the deal—which includes new spending and only minor tinkering in the budget process—compromises Kasich's image as a reformer. And many are waiting to see if Kasich can branch out beyond the budget.

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

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

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

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

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

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

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

Vice President Opens Drive For Anti-Tobacco Legislation

By Ceci Connolly
Washington Post Staff Writer

Surrounded by youngsters in fire-engine red "Tobacco-Free Kids" T-shirts, Vice President Gore yesterday inaugurated the administration push for comprehensive tobacco legislation with a vow to stand firm on the anti-smoking goals President Clinton laid out Wednesday.

Gore said the administration has invited Democratic and Republican congressional leaders to the White House in early October to help craft a bill that would curb tobacco advertising and sales to youngsters, grant the FDA broad regulatory powers over nicotine and increase the price of a pack of cigarettes by $1.50 over 10 years if teenage smoking is not sharply reduced.

What Clinton and Gore have refused to do is endorse the specific $368.5 billion settlement negotiated in June by the industry, health advocates and state attorneys general.

"It was classic Clintonesque," said Sen. John McCain (R-Ariz.). He said the president seized on easy issues such as teenage smoking but did not address thornier matters such as immunity from liability from lawsuits for the tobacco companies. "The hard ones he punted over to Congress."

House Speaker Newt Gingrich (R-Ga.) is open to a White House meeting, said his spokeswoman, but only if the talks are broadened to cover a range of teenage health problems, such as drug and alcohol abuse.

And a spokesman for House Commerce Committee Chairman Thomas J. Bliley Jr. (R-Va.) said, "The way to work together is to send a bill, not an invitation."

Despite the tepid response from GOP congressional leaders to Clinton's demands for changes in the tobacco settlement, Gore was resolute on what he termed "Day One of the effort to persuade Congress and the country" to support the president's anti-tobacco initiative. "I am encouraged the president's anti-smoking legislation will pass," he said after spending an hour in his office brainstorming with seventh- and eighth-graders from Stone Middle School in Fairfax County.

Gore said he wanted some advice from the youngsters about how adults can persuade children not to smoke or chew tobacco. And they were full of ideas.

At the top of the list, the children recommended using graphic photos and horrific descriptions of the adverse effects of tobacco-related illnesses. The youngsters urged more after-school activities to keep their friends out of trouble.

The children said they are inundated with sexy smoking images on billboards, in magazine ads and in the movies.

"Role models such as John Travolta smoke in their movies," explained one boy.

Gore made a pitch for Clinton's controversial price increase proposal, noting that cigarette prices overseas include a tax to help cover the medical costs of "people who make themselves sick smoking. . . . If the price goes up, then an awful lot of young people will say this just isn't worth it anymore."

The Clinton administration faces a difficult but hardly insurmountable battle. Although the tobacco industry does not welcome penalties and stricter regulation, it has already demonstrated a willingness to swallow certain bitter pills in return for an end to costly lawsuits.

But the industry is not the only player in the complex world of tobacco. At the same time Gore was making his pitch, tobacco farmers were on Capitol Hill asking for money to help cushion the blow of a decline in the number of American smokers. Clinton said a way should be found to help the 124,000 tobacco growers.

"We deserve to share equitably in any proceeds distributed as a result of a settlement," Bob Jenkins, president of the North Carolina Farm Bureau, told the Senate Agriculture Committee.

The Washington Post
FRIDAY, SEPTEMBER 19, 1997

FINAL

Lott [illegible] Sched[illegible] Campaig[illegible]

McCain Is Optim[illegible] Deal Can Be Reached [illegible]

By Helen Dewar
Washington Post Staff Writer

Key senators worked last night toward agreement on a plan for consideration of legislation to overhaul campaign finance laws in the next few weeks.

While no final agreement was reached in negotiations involving Senate Majority Leader Trent Lott (R-Miss.) and Sens. John McCain (R-Ariz.) and Russell Feingold (D-Wis.), chief sponsors of the bill, McCain said he was optimistic that one could be achieved perhaps today.

"I believe we can probably get an agreement [illegible] but it's still not a done deal," McCain said, emphasizing that the final decision was up to Lott, who until recently had resisted scheduling the bill until the Senate learns more from ongoing hearings into abuses from the 1996 campaign.

Several senators said the Governmental Affairs Committee, which is conducting the hearings, was discussing whether to expedite consideration of issues that will be at stake in debate over the legislation.

The bill would be a scaled-back version of an earlier McCain-Feingold proposal. It would ban unregulated "soft money," require more disclosure, and put some limits on unions' use of dues for political purposes, on independent expenditures and on out-of-pocket spending by wealthy candidates. But it would not ban political action committees (PACs) or provide free television and other incentives for compliance with voluntary spending ceilings. Such provisions could be offered as amendments, however.

McCain and Feingold have been threatening to try to attach the bill to other legislation if Lott refused to schedule it separately, assuring a controversy regardless of what Lott did. While it would be a breakthrough for McCain and Feingold if Lott agrees to take up the bill, they still face the formidable challenge of trying to get the 60 votes needed to break a filibuster.

PROGRAMS / FUNDS IN TOBACCO SETTLEMENT

(Dollars in billions unless otherwise specified)

YEAR	1	2	3	4	5	*5 Years*	6, 7, 8	9-25	*25 Years*
UP-FRONT COMMITMENT	**10.0**	-	-	-	-	***10.0***	-	-	***10.0***
BASE PAYMENTS									
Reduce Use	125 m	125 m	125 m	225 m	225 m	*825 m*	225 m	225 m	*5.325*
FDA	300 m	300 m	300 m	300 m	300 m	*1.5*	300 m	300 m	*7.5*
Programs like ASSIST	75 m	75 m	100 m	125 m	125 m	*500 m*	125 m	125 m	*3.0*
Research	100 m	100 m	100 m	100 m	100 m	*500 m*	100 m	100 m	*2.5*
Education	500 m	500 m	500 m	500 m	500 m	*2.5*	500 m	500 m	*12.5*
Cessation Fund	1.0	1.0	1.0	1.0	1.5	*5.5*	1.5	1.5	*35.5*
Teams' Fund	-	75 m	75 m	75 m	75 m	*300 m*	75 m	75 m	*1.8*
Health / Other	3.9	4.825	5.8	7.675	7.175	*29.375*	9.675	12.175	*265.375*
Federal Share	**2.223**	**2.750**	**3.306**	**4.375**	**4.090**	***16.744***	**5.515**	**6.940**	***151.264*** Fed
SUBTOTAL	**6.0**	**7.0**	**8.0**	**10.0**	**10.0**	***41.0***	**12.5**	**15.0**	***333.5***
PUBLIC HEALTH TRUST FUND	**2.5**	**2.5**	**3.5**	**4.0**	**5.0**	***17.5***	**2.5**	**-**	***25.0***
TOTAL	**18.5**	**9.5**	**11.5**	**14.0**	**15.0**	***68.5***	**15.0**	**15.0**	***368.5***

Note: Annual base payments are adjusted for inflation and sales volume decreases; protected during bankruptcy/ reorganization proceedings; and should be passed through to consumers through price increases to discourage use.

Date: 05/23/97 Time: 15:28
Cigars Gain Ground Among Teenagers

By Doris Sue Wong, The Boston Globe
Knight-Ridder/Tribune Business News

May 23--While Massachusetts' antitobacco program may be dissuading more high school students from smoking cigarettes and chomping on chewing tobacco, it has missed a new fad catching on with teenagers -- cigars.

Nearly three out of every 10 high school students recently surveyed by the state Department of Public Health reported having smoked a cigar in the past year.

About 1.5 out of every 10 junior high school students said they had puffed on a cigar over the last 12 months.

The findings in Massachusetts are similar to national figures to be released by the Centers for Disease Control today. Nationally, nearly 27 percent of young people between the ages of 14 and 19 reported smoking a cigar within the past year.

Meanwhile, the center also reported yesterday that nationally, among adults 35 years and older, the recent declines in smoking in general have begun to bottom out. Between 1985 and 1990, the percentage of those adult smokers dropped from 28.4 percent to 24.1 percent. But from 1990 to 1994, it hovered between 23.6 percent and 24.8 percent.

The decreasing rate of decline among those adults was attributed to the greater availability of discount brands and the fact that the most resolute smokers are likely to be the last to quit.

The study of cigar smoking among students in Massachusetts was the first time the issue had been explored in the Commonwealth, and the results stunned antismoking activists.

"We were sandbagged a little bit by this," said Dr. Blake Cady, a board member of the American Cancer Society and chairman of the Massachusetts Tobacco Oversight Council. "When the cigar craze started a few years ago we thought it would be an adults-only type thing. That was our delusion."

Gregory Connolly, director of the Department of Public Health's tobacco control program, said, "What it speaks to is the vulnerability of kids. They mimic what is going on in the adult world. This did not come out of high schools; it is Hollywood-driven."

Smoking foes said just as teenagers sought to emulate the actors seen smoking in the 50's and '60s and athletes with wads of chewing tobacco in the '70s and '80s, they now are being bombarded with images of actors, athletes and supermodels with stogies.

Noting that it took 10 years to "knock out" the use of chewing tobacco among teenagers, Connolly said, "Now we turn around and see the Hydra pop up another way."

Two other factors also seem to be fueling the cigar trend among teenagers, said antismoking activists. Compared to a pack of cigarettes, cigars can be cheaper, making it more affordable to youths. In addition, as with adults, teenagers may be under the misperception that cigars are safer than cigarettes.

According to the Centers for Disease Control, cigar smoking dramatically increases the risk of heart disease and mouth and throat cancer, and a single cigar can contain 40 times the amount of nicotine as a cigarette.

Norman Sharp, president of the Cigar Association of America, called suggestions that the cigar industry could influence Hollywood absurd.

"It is not an organized industry campaign," he said. "The industry is not marketing this product to children and discourages cigar-smoking by children. We make our products for adults only."

US cigar consumption peaked in 1965 with 9.1 billion sold. It reached a record low of 2.1 billion in 1993. But, with the help of multimillion dollar advertising campaigns, sales ran to 4.5 billion last year, according to industry figures and the CDC.

Antismoking activists called for passage of a package of bills pending in the Legislature aimed at curbing cigar smoking. Sponsored by Senator Warren Tolman (D-Watertown), the package would require cigar packaging to bear large warning labels, increase penalties for selling cigars to minors, force manufacturers to disclose additives to cigarettes, and subject cigars to the same Food and Drug Administration regulations as cigarettes.

Because California already requires cigars to carry labels warning that the product could cause cancer and other health problems, Sharp said, 90 percent of the cigars sold in the United States already have the labels. Mandating separate labeling for cigars sold in Massachusetts would put the $1 billion industry in an "untenable position," he said.

Date: 06/02/97 Time: 18:04
TShalala talking tough on cigarette deal

WASHINGTON (AP) The Clinton administration sent a strong signal to tobacco negotiators Monday that it may not endorse any peace deal with cigarette-makers, adding another hurdle even as the negotiations temporarily stalled.

``There is going to be a full-scale, strict scrutiny, a public health review, of anything they come up with,'' said Donna Shalala, the secretary of Health and Human Services, adding that ``we didn't ask for this'' potential settlement.

The move came as anti-tobacco senators prepared an amendment to remove from a broad product-liability bill a provision that would give cigarette-makers the protection they crave against paying punitive damages to sick smokers.

Punitive damages are central to the tobacco firms' peace talks with 32 states that have sued the industry to recover Medicaid money spent treating sick smokers. The industry wants not just to settle those suits, but a deal that would determine how the nation regulates tobacco for the next 25 years.

Among the proposals: capping at $1 million the compensatory damages the companies would ever pay a sick smoker, and a ban on punitive damages.

But attorneys for the 32 states told cigarette-makers last week they would accept no peace deal that limited the companies' legal liability.

``We have taken the toughest stance that anyone can,'' a lead negotiator, Mississippi Attorney General Michael Moore, said Monday. Tobacco firms ``want more than we are willing to give.''

Furious, cigarette-makers told the state attorneys general to put their final offers in writing. Subcommittees will meet through the week to do just that, but Moore said the 32 states are united in their opposition to legal liability protection.

Even if that's so, the industry thought it had a trump card. A bill to reform the nation's product liability law, likely to pass Congress soon, would limit the tobacco industry's punitive damages at $250,000 or twice the compensatory damages awarded, whichever is less.

``That would be a sweetheart deal for Big Tobacco that would render the settlement talks meaningless,'' said Sen. Frank Lautenberg, D-N.J., who is introducing an amendment to drop all tobacco provisions from the product liability legislation.

``Without our amendment, the bill will hand the tobacco industry a victory with nothing in return for the American people,'' Lautenberg said in a letter to be sent to fellow senators Tuesday.

The question now is whether a settlement is even possible. The White House has grown more doubtful that even if Moore can produce a signed deal, it would be acceptable to public health groups and thus to President Clinton.

White House aides hope to firm up the administration's position on the settlement's provisions this week. But officials privately say Clinton now needs support by more than the American Medical Association and the Campaign for Tobacco-Free Kids the only two public health groups that are part of the peace talks for political cover to accept any deal.

Moore said Monday that tobacco companies may walk away from the talks, sensing they're getting nothing in return for their $375 billion payout.

``We've got to figure out something the industry gets out of this plan, and make sure we don't give up too much,'' he said.

The pivotal question is whether the concession offered is the

Food and Drug Administration's full authority over the addictive nicotine in cigarettes, sources familiar with the talks told The Associated Press Monday.

Cigarette-makers have proposed setting national nicotine levels that the FDA could not alter, or requiring congressional approval if the agency ever yielded to anti-tobacco activists' calls to remove the nicotine from cigarettes.

Public health groups have told Moore they will not consent to FDA's authority being abridged.

APNP-06-02-97 1819EDT

A Senseless Federal Subsidy

There is not much good to say about the way the Federal Government has managed the national forests. Over the years, the Forest Service has behaved more like a partner of the timber industry it is supposed to regulate than as a fiduciary for the American people, who on the whole would like to see more of the forests preserved for future generations rather than cut for immediate profit. Changing that will require a new mindset in the Forest Service and a tightening of the outdated National Forest Management Act of 1976. But in the near term, perhaps as early as tomorrow, the Senate can do something positive for the forests by getting rid of a small but pernicious subsidy that fuels deforestation at taxpayer expense.

At issue is a program under which the Forest Service builds access roads in the national forests to help logging operations. The roads are built either by the Service itself or through "purchaser credits," whereby the companies build the roads and are then reimbursed with what amounts to free or below-cost timber. Taken together, the two programs add up to a $97 million annual subsidy.

Two months ago the House agreed to modest changes, cutting the $50 million "purchaser credit" program in half and making small reductions in the $47 million appropriation for the Forest Service's own road-building program. Senator Richard Bryan, Democrat of Nevada, hopes to do better. Later this week he will offer a rider to the Interior Appropriations bill that would abolish the credit program altogether and divert some of the Forest Service appropriation to maintaining old roads rather than building new ones.

The amendment deserves the support of Mr. Bryan's colleagues. The national forests account for only 4 percent of the nation's timber production, which means that the companies will not go bust if their subsidies are eliminated. Indeed, surveys by various environmental groups suggest that without the subsidy, most companies will simply stay away from roadless areas.

At the same time, roads create environmental havoc, speeding soil erosion, clogging wetlands with debris and destroying streams. Both Michael Dombeck, the new head of the Forest Service, and Jim Lyons, who as the Under Secretary of Agriculture is Mr. Dombeck's boss, have said their biggest problem is containing the environmental damage caused by 377,000 miles of existing roads. Neither seems all that eager to build new ones.

That is a fairly enlightened attitude for a Federal bureaucracy that historically has been far more interested in harvesting trees than in acting as a responsible steward of the American landscape. It is now time for the Senate to do some pruning of the legislative landscape, eliminating once and for all a truly destructive program.

Selling Cigarettes in Asia

In Hong Kong, hip clothing stores pass out American cigarettes free to their customers. Salem sponsors a "virtual reality" dome, where teenagers attack each other with laser guns. Empty packs of American cigarettes can be redeemed for tickets to movies, discos and concerts.

Hong Kong is one of the battlefronts of the modern-day Opium War. While Britain went to war last century to keep its Indian-grown opium streaming into Chinese ports, today American tobacco companies win profits and build addiction throughout Asia, where tobacco consumption is growing at the fastest rate in the world. Indeed, American cigarette companies have agreed to the proposed domestic tobacco settlement in part because it does not touch them overseas, where profits are soaring and they can boldly target teen-agers without fear of lawsuits or powerful critics.

American cigarette exports have tripled since the 1970's, when domestic smoking rates began to fall. Since 1990, sales of Philip Morris cigarettes have risen by 4.7 percent in the United States, but 80 percent overseas. Cigarette manufacturers find the Asian market particularly inviting because of its size and the Asian love for tobacco. In Vietnam, for example, 73 percent of men smoke.

In much of Asia, governments hold monopolies or near-monopolies on cigarette production. The largest manufacturer in the world, in fact, is the Chinese Government. But American companies are moving into Asian markets, and have had substantial help from Washington. The White House's Trade Representative and American embassies abroad have pressured countries to open their markets to American cigarettes, often threatening trade restrictions if they do not. Such practices have diminished under the Clinton Administration.

Tobacco companies say they are not promoting smoking, just gaining access to an existing market. But the entry of American companies often transforms the cigarette industry in ways that increase consumption. Unlike government tobacco monopolies, American companies lobby hard against anti-smoking laws. They also advertise, whereas government monopolies advertised little. Before the American cigarette invasion of Korea in the mid-1980's, Korea had banned virtually all tobacco ads. But the Trade Representative's office demanded and won the right for American companies to advertise in Korean publications. The same thing happened in Taiwan.

Since the vast majority of smokers start before age 20, advertising is largely directed at young people, who are more affluent and rebellious than ever before. Smoking by teen-agers and children is soaring all over Asia, especially among girls.

In Hong Kong, where American tobacco blends make up 94 percent of the market, Salem sponsors tennis tournaments featuring the American player Michael Chang, an idol of Hong Kong girls. A Madonna concert from Spain was rebroadcast into Hong Kong as a Salem Madonna concert. Stores sell Camel and Marlboro caps, watches and binoculars.

While the manufacturers deny they are targeting young people, the merchandise and events they offer appeal mainly to teen-agers. Cigarette advertising is banned from television and radio, but billboards and print ads showing young people having sophisticated fun are practically identical to those in the United States. These ads piggyback on the lure of American pop culture, which represents freedom and excitement for many Asian youths.

It is probably unrealistic to expect that overseas considerations will be added to the proposed domestic tobacco settlement. But Washington can surely remove tobacco from the category of products that get aggressive support for opening foreign markets. It can also finance anti-smoking programs in health organizations overseas and put the Agency for International Development to work discouraging smoking. American companies and the American Government unleashed sophisticated marketing campaigns that increased smoking in many countries where people do not fully understand its danger. That gives Washington a responsibility to undo the damage.

The New York Times

WEDNESDAY, SEPTEMBER 10, 1997

THE WALL STREET JOURNAL
WEDNESDAY, JULY 9, 1997

A Modest Proposal on Tobacco Lawyers' Fees

By MATTHEW SCULLY

Let me see if I've got this straight: The settlement worked out between the tobacco industry and the trial lawyers is contingent upon acceptance by Congress. If Congress ratifies the agreement, that would create a settlement fund on the order of $350 billion, to be paid over 25 years, with another $15 billion to be paid every year thereafter, forever.

Out of this fund would also come the lawyers' fees. The settlement, if adopted in one form or other, would supersede all other agreements, so that, for example, the $3.3 billion settlement Mississippi announced last week would be rendered null and void. Mississippi's agreement with lawyer Richard Scruggs—a 25% cut or roughly $800 million—would also be overridden by a federal settlement.

The same for the Castano group, a consortium of class-action lawyers awaiting hundreds of millions of dollars from suits of their own; for attorney Peter Angelos, due a quarter of Maryland's settlement; and for First Brother-in-Law Hugh Rodham, a "lead negotiator" in the case. All existing fee agreements would, under the terms of the national settlement, become moot. Instead, attorneys would receive a percentage of the $350 billion settlement.

How would this percentage be determined? In the trial-lawyer community, the consensus puts compensation somewhere around 2% to 4% of that $350 billion. There is some dispute here: The two-percenters fear overreaching; 4%, $14 billion distributed among a few hundred lawyers, will not look good. Might invite some unwelcome attention. Better to make due with 2%. Seven billion, and they'll call it even.

But on one point all are agreed: The matter of payment should not be "politicized." In other words, let Congress decide everything else. The lawyers themselves will then convene to take up the matter of compensation. The Castano group has expressed a preference for "separate negotiations" to be held "later on," after Congress has approved the legislation.

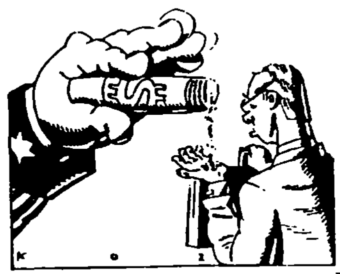
What we have here, then, is a very good case for swift congressional action. By passing the settlement, Congress would assume control over the whole arrangement, including the little detail of lawyers' fees. Suddenly Congress becomes paymaster for Mr. Scruggs, Mr. Angelos, Mr. Rodham and the Castano lawyers.

Hmmm, how to handle this matter judiciously? The first question that comes to mind is this notion of "separate negotiations" over compensation. Since when do lawyers negotiate their own fees with the adversary? That would strike most laymen as a conflict of interest, especially in a case whose aim is to regulate that adversary and diminish its profits. A lawyer's share of damages is a matter typically worked out between counselor and client. The plaintiff's attorney doesn't go off to some private nook to arrange fees with the defendant. It's the *client's* money—the reparations from which said client pays reasonable compensation to said attorney.

Commandeering the whole settlement, Congress should inform the lawyers that there will be no separate negotiations. Lawmakers will decide what constitutes fair pay for the lawyers. The lawyers will take that amount and like it.

Next question: Who exactly are the clients here anyway? When it all began, there were specific clients. You could actually become one yourself by going online to something called "Litigation Tobacco News" ("Cash in on the tobacco wars," said the registration page). A few clicks and you were in on the deal. But then the lawyers joined forces with the states. Alliances between firms were struck within the Castano group. Delegations were dispatched to negotiate with lawyers for the industry. At each stage, little codicils were inserted into prior agreements providing for some percentage of the take to be distributed in the event of a general settlement.

The original clients? They appear to have been largely jettisoned as the litigation went national and these agreements



MARTIN KOZLOWSKI

were (to use the lawyers' favorite word) "incorporated" into the final settlement.

But there was one contingency the lawyers didn't count on. Having anteed up and taken on The Public as their client, it didn't occur to them that the public, through Congress assembled, might have something to say about how much all this public-interest lawyering should cost.

Here's some wording Republicans might want to insert into the final tobacco legislation: "ATTORNEY COMPENSATION—No federal court shall authorize or ratify fees to be paid any attorney engaged in this matter by a state or its representatives. Attorney compensation, in total not to exceed 0.01% of the settlement fund, shall be paid from said fund as authorized by the legislatures of each state. . . ."

Set aside a total pot of $35 million and let them have it. And let the people and their local representatives figure out what each lawyer deserves. Much as we'd like to pay them more, that's public money—damages recovered for taxpayer-funded programs like Medicaid—and we're going to need every dollar of it for all those vital health-awareness programs. Give each attorney a plaque, too, with thanks from America's kids.

Finally, as long as Congress is in the business of protecting the public from avarice in the marketplace, there is the question of sanctions against the lawyers themselves. Isn't there something in the American Bar Association's Model Rules of Professional Conduct stipulating that a "lawyer's fees shall be reasonable"? Doubtless Messrs. Scruggs, Angelos et al. are of the firm conviction that fees in the hundreds of millions of dollars meet this standard. Congress might beg to disagree, and insert a clause: "PROFESSIONAL STANDARDS—any individual legal fee in this matter exceeding $1 million will be considered excessive, and all persons attempting to charge or collect such fees will be subject to discipline in their respective jurisdictions."

Let the attorneys protest, sue and carry on about their "rightful fees" on "Nightline." That should make a nice prelude to the next order of business, a bill to limit contingency fees in all class-action suits. Let's see how many Democrats care to rise in defense of hundred-million-dollar legal bills.

Mr. Scully is a journalist in Washington.

Task Force Asks for Stiffer Tobacco Penalties

By Jeffrey Taylor

Staff Reporter of The Wall Street Journal

WASHINGTON — A task force led by antismoking proponents David Kessler and C. Everett Koop wants to ensure that monetary penalties for failing to reduce smoking among youths come out of tobacco companies' bottom lines, rather than smokers' pockets.

Stiffer penalties for the tobacco industry are among new government restraints the task force recommends in its final report. The document also calls for an explicit ban on pre-empting the Food and Drug Administration's authority to regulate nicotine in cigarettes. The task force, which represents 20 health groups, had previously criticized the proposed \$368.5 billion settlement reached by tobacco companies and state attorneys general on grounds that it would weaken the FDA's ability to regulate nicotine.

The report, which is expected to be released today, amounts to a blueprint for a much more restrictive system of curtailing tobacco marketing and youth smoking than was proposed in the settlement between tobacco companies and the 40 states, which had sued to recover the cost of caring for ill smokers.

Among its other recommendations are dramatically increasing excise taxes on tobacco products and indexing them to inflation. Also, it urged elimination of the proposed settlement's provision that would let tobacco companies claim a tax deduction for any fines paid for failing to curb youth smoking. It calls for a new nonprofit company to support smoking-prevention efforts, which it says should be financed by the industry, excise taxes and any fines for smoking-reduction failures.

The Koop-Kessler report will become the model for legislation that two Democrats — Sen. Frank Lautenberg of New Jersey and Rep. Henry Waxman of California — are writing as an alternative to the settlement.

On another level, the report is an effort by Dr. Kessler, a former Food and Drug Administration commissioner, and Dr. Koop, a former surgeon general, to influence the Clinton administration's review of the settlement. The two are scheduled to meet today with Health and Human Services Secretary Donna Shalala and senior White House adviser Bruce Reed. Without the White House's blessing, the settlement isn't likely to win necessary approval from Congress.

The task force urged that tobacco companies be required to reduce youth smoking by 30% within five years and 65% within 10 years. Penalties should be structured "so that failure to meet the targets directly reduces total revenue and affects total shareholder value" of cigarette makers, the task force concluded. Moreover, it said, any penalties should be assessed on a company-by-company basis. The task force recommended that manufacturers of snuff and chewing tobacco, which have been gaining popularity among young people, should be similarly penalized.

In contrast, the proposed settlement would let tobacco companies raise the

Please Turn to Page A6, Column 1

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price of cigarettes to cover the of penalties if smoking an young people isn't cut.

"For this industry, money is the most easily recoverable asset," Sen. Lautenberg said. "They can grow money faster than they can grow tobacco. This report closes the door on the possibility of exchanging FDA jurisdiction [over nicotine] for money."

To help smokers kick the habit, the task force recommended requiring the industry to contribute enough money so that smoking-cessation programs are available to everyone, regardless of income. Previously, task-force members questioned whether the \$1 billion annual contribution under the proposed settlement would be enough to take care of all smokers.

Sen. Lautenberg and Democratic Sen. Ron Wyden of Oregon have criticized the settlement for failing to extend protections to smokers overseas, particularly those in developing countries. Addressing that omission, the task force called on the Clinton administration to encourage other nations to adopt marketing and advertising restrictions at least as strict as those contained in the proposed tobacco settlement. In the U.S., the settlement would eliminate advertising icons such as Joe Camel and the Marlboro Man and force companies to print blunt warnings — such as "smoking can kill you" — on cigarette packages.

The task force also had advice for educators. It called for a "zero-tolerance policy" at schools and sporting events for youngsters, including banning any clothes or other promotional items that carry tobacco logos and icons.

For all its fault-finding, the task force acknowledged that the proposed settlement has created "an extraordinary opportunity for change." It urged Congress and the White House to push ahead with legislation to "ensure complete ability for the FDA to regulate nicotine and tobacco products, to prevent our children from starting to smoke, to treat those already addicted to tobacco, and to protect nonsmokers from involuntary exposure to smoke."

—Bruce Ingersoll contributed to this article.

THE WALL STREET JOURNAL
WEDNESDAY, JULY 9, 1997

WHITE HOUSE SAYS TOBACCO PROPOSAL WOULD HURT F.D.A.

BACKS STRICT REGULATION

Snag Could Be First of Many as Clinton and Congress Weigh Plan's Effects

A1

By JOHN M. BRODER

WASHINGTON, July 8 — Clinton Administration officials reviewing the proposed tobacco settlement said today that it would impose unacceptable limits on the Federal regulation of tobacco products.

In the Administration's first extensive public comments on the proposal, officials said the $368.5 billion negotiated by state attorneys general, plaintiffs' lawyers and cigarette makers would dilute the Food and Drug Administration's authority to regulate nicotine and place impossible new burdens on the agency.

Three senior Administration officials involved in the internal review of the settlement proposal, speaking on the condition that they not be identified, said President Clinton would not support any deal with tobacco companies unless the agency's power to regulate tobacco was affirmed and strengthened.

"We fought too hard as an Administration on the area of F.D.A. jurisdiction to see that weakened," one senior official said. "Certain things in this agreement are good, but we don't want to see one step forward, one step sideways and one step backward. The F.D.A. portion needs to be done in a way in which we're only going forward."

The ongoing Administration review, which is being conducted jointly by the White House and the Department of Health and Human Services, is less than a week old. But today's negative comments on a critical section of the proposal appear to indicate that the proposed settlement, reached on June 20, will not survive in its current form.

Officials spoke on the eve of a White House meeting with Dr. C. Everett Koop, the former Surgeon General, and Dr. David A. Kessler, the former Commissioner of Food and Drugs, leaders of a public health panel set up to advise Congress on the tobacco proposal.

Vice President Al Gore will convene the meeting with Drs. Koop and Kessler, who have said they find the settlement plan "deeply flawed" and worse than the status quo in some ways. Also attending will be Health and Human Services Secretary Donna E. Shalala and Bruce Reed, Mr.

Continued on Page A17

Continued From Page A1

Clinton's chief domestic policy adviser, who are overseeing the Administration's review of the proposal.

Wednesday's session marks the beginning of what is expected to be a lengthy and divisive debate among the White House, Congress, public health advocates, cigarette makers and the negotiators of the agreement on how to approach the nation's tobacco problem.

The Administration and the Koop-Kessler panel, which includes representatives of 23 leading public health groups, appear to be in close agreement on the question of F.D.A. authority. Both believe that the agency's power to regulate nicotine, affirmed in April in a Federal District Court decision in Greensboro, N.C., should not be compromised in a negotiated deal with the tobacco industry.

The proposed deal would weaken that authority by preventing the F.D.A. from outlawing nicotine for at least 12 years. It would also mean that before the agency could require lower-nicotine cigarettes, it would have to go through a cumbersome process that would include proving that a large black market in high-nicotine cigarettes would not result.

In addition, the settlement plan would require the agency to meet a higher legal standard to support its nicotine control efforts than it currently would have to meet if it was challenged in court. Today, the F.D.A. would have to demonstrate only that its tobacco-control actions were not arbitrary and capricious; under the terms of the agreement, it would have to present "substantial evidence" to justify a new rule.

"We don't have all the answers; we don't even have all the questions," one of the Administration officials said. "But based on what we know now, these areas are problematic. The F.D.A. would have to surmount some new obstacles in order to regulate nicotine and the other harmful elements of cigarettes."

Bruce Lindsey, the White House deputy counsel, closely followed the tobacco negotiations during the 12 weeks of negotiations. But the White House sought to insulate itself from the day-to-day talks, saying only that it would review the terms of the deal once a settlement was reached.

The public health panel shares the Administration's concerns about diluting the F.D.A.'s authority. But the panel is raising additional objections to the legal and financial terms of the settlement that Administration officials may not share. An aide to the health panel, speaking on the condition of anonymity, said the group unanimously believed that litigation against cigarette manufacturers had produced considerable benefits, like public awareness of tobacco's dangers and the forced release of millions of pages of internal industry documents, that could be lost under the terms of the settlement plan.

The proposal would settle lawsuits filed by 39 states and 17 class-action claims against the industry in exchange for billions of dollars in payments in the next 25 years. The industry would win immunity from future class actions and from punitive damage payments for past actions.

Some members of the health panel believe that immunity from most future claims would be too high a price to pay for the changes in tobacco industry behavior that the settlement would require. But others, like Dr. Koop, think that a broad settlement with large payments for public health programs and strict limits on cigarette advertising and promotion could outweigh the costs of limiting the industry's legal liability.

"I don't believe we've gotten that much from litigation," Dr. Koop said today in an interview. "I'm keeping a very open mind. If we can get things by settlement that we can't get by litigation or legislation, then I could support it."

The Koop-Kessler group is also urging tougher financial penalties against the tobacco industry if it does not meet specific targets for reductions in the number of underage smokers. The settlement plan would impose penalties on cigarette makers if the number of teen-age smokers did not decline by 30 percent after 5 years, 50 percent after 7 years and 60 percent after 10 years.

The plan would cap the penalties at $2 billion a year and allow the industry to seek penalty rebates of as much as 75 percent if the industry showed that it had made a good-faith effort to cut underage smoking.

But the public health panel wants a 65 percent reduction in the number of teen-age smokers and penalties that would begin two years after a plan was enacted. It also wants no limit on the size of fines.

And the group is urging a large increase, perhaps as much as $2 a pack, in the Federal excise tax on cigarettes, which is now 24 cents a pack, because it has concluded that hefty price increases would do more to discourage smoking by teen-agers than any other single measure.

The New York Times
WEDNESDAY, JULY 9, 1997

The New York Times
THURSDAY, JULY 10, 1997

Clinton Officially Rejects Limits on F.D.A. in Tobacco Plan

By BARRY MEIER

WASHINGTON, July 9 — President Clinton today rejected a central provision of a landmark tobacco settlement as "totally unreasonable," declaring that it would undercut Federal authority to regulate nicotine.

But despite the President's opposition to a major element of the proposal, cigarette companies were not expected to immediately abandon efforts to fashion an accord that would protect them from a range of litigation even as it sharply limited industry marketing.

Speaking at a news conference in Madrid, where he is attending a meeting of the North Atlantic Treaty Organization, Mr. Clinton criticized a provision of the proposed pact that would require the Food and Drug Administration to go through a cumbersome process before requiring lower levels of nicotine in cigarettes. The agency would have to prove that reducing nicotine levels would not create a black market in high-nicotine cigarettes.

"What is a black market, after all?" Mr. Clinton asked. A 1 percent penetration of the market, a 3 percent penetration of the market? Would we deny the F.D.A. the right to protect 100 percent of our children because there might be a few black market cigarettes around? I think that is unreasonable."

Referring to other aspects of the proposed settlement that was announced last month, Mr. Clinton said: "I have reached no final judgment about anything else. But I believe that is a change that ought to be made, and I cannot believe that the tobacco companies or others would bring down the entire settlement over that."

Mr. Clinton's comments marked the beginning of a political dance over the tobacco agreement that is likely to continue for many months as the proposed accord undergoes scrutiny by the White House and Congress. Both state attorneys general and industry officials, who spent three months negotiating the pact, rushed to defend it today while anti-smoking groups argued that parts of the plan not mentioned by the President also needed to be overhauled.

Christine Gregoire, the Washington State Attorney General who helped negotiate the settlement's provisions regarding F.D.A. authority, said she was "absolutely surprised" by the criticism because she believed the accord also provided the agency more money and ammunition to fight cigarette smoking.

"In the end, we have to exercise leadership now," Ms. Gregoire said. "We have seen a lot of people talk tough politically but we have not seen any action."

In a joint statement, five tobacco companies said they looked "forward to the opportunity to make the case for keeping intact the provisions of the proposed resolution as negotiated." A person familiar with the industry's thinking said cigarette companies were likely to await a full White House review of the proposed settlement before reacting in any detail to criticism of individual provisions. "Until you get a real snapshot of the overall changes that they will propose," this person said, "I don't think you will get any reaction on an individual component."

In the settlement proposal, the industry recognized the F.D.A.'s authority to regulate tobacco products and agreed to a number of advertising and marketing restrictions, such as dropping the use of figures like Joe Camel and the Marlboro Man.

But the proposal quickly came under attack by some public health advocates, including David Kessler, the former F.D.A. commissioner, who said that legal hurdles like the black-market provision were inserted into the agreement by industry lawyers in an effort to scale back Federal powers.

"A first-year law student would have known that these were put in there to tie the agency's hands," Dr. Kessler said.

Matthew L. Myers, a lawyer with the Campaign for Tobacco-Free Kids who played a major role in negotiating the proposal, said that the agency segment was the most difficult part of the agreement to complete.

"We knew that any change affecting the F.D.A would be contentious," Mr. Myers said.

He described the proposal presented to the White House as a good-faith effort by all of those involved in the negotiations, including the tobacco industry.

Still, Donna E. Shalala, Secretary of Health and Human Services, added to the Administration's criticism of the plan regarding the regulatory agency. "They were negotiating something that they didn't have the authority to negotiate," Ms. Shalala said in an interview today. "Only Congress and the Federal courts have that authority, and they have spoken."

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Tobacco pact seems imminent; deal may bring massive change

06/19/97

By Mark Curriden / The Dallas Morning News

WASHINGTON - Tobacco settlement negotiations moved to the brink of agreement Wednesday after industry adversaries gave ground on the right of injured smokers to sue for punitive damages and cigarette makers offered to add billions of extra dollars to any overall payoff.

Those involved in the talks said they now hope to sign a preliminary agreement Thursday that, if approved by President Clinton and Congress, could lead to unprecedented changes in the role that cigarettes play in U.S. society.

The deal under discussion would resolve most outstanding lawsuits and legal issues related to cigarette smoking and see the industry shell out as much as $20 billion a year indefinitely in compensation to state governments, injured smokers and an array of public health programs.

It would also radically change the way tobacco is marketed in America.

Smokers would bear most of the cost of any such settlement through sharp price increases, industry analysts said. If a deal survives expected rugged congressional debate and is evenutally implemented, cigarettes could go up by as much as $1 a pack from the current range of $2 to $2.50, they said.

Both sides were openly optimistic late Wednesday. "I think we'll be able to get to a resolution maybe tomorrow," said Mississippi Attorney General Mike Moore, a leader of the antitobacco negotiating team.

At one point, several attorneys general took time out to pose for a photo for the cover of a national magazine.

Officially, the industry wasn't commenting. But one company bargainer agreed considerable progress had been made and predicted a deal would be struck Thursday.

Mr. Moore played down the compromises his side is prepared to make, saying, "We haven't given an inch, and

Attorneys General Say Talks May Yield Tobacco Deal Soon

Dow Jones Newswires

WASHINGTON -- Mississippi Attorney General Mike Moore said considerable progress was made Wednesday in the tobacco talks and a resolution is possible by Thursday.

Mr. Moore said lawyers representing tobacco companies and the attorneys general will meet through the night and into Thursday. Tuesday, Mr. Moore and other attorney generals were pessimistic about a resolution, but the mood was completely different Wednesday.

"I really don't think walking away from something this important is in the best interest of the country," Mr. Moore said. "We gave an inch; they gave a lot."

Earlier, the attorneys general told the Koop-Kessler Advisory Committee on Tobacco Policy and Public Health and that the states suing tobacco companies would go forward with their lawsuits regardless whether a resolution was reached.

Washington State Attorney General Christine Gregoire said that the group wants to be tough on retailers, states and the tobacco industry. "The ultimate goal is to produce a non-addictive, safe product. The FDA will look at the entire product and test all ingredients," Ms. Gregoire said.

Ms. Gregoire said that if an agreement is reached, an outline will be delivered to the advisory committee, where members will go over it before the document is translated into a bill.

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From The Post
Read recent news and analysis on tobacco issues.

On the Web
A chronology of medical recovery litigation is available from Tobacco on Trial.
A state-by-state breakdown of tobacco litigation is summarized by the Texas-based Wilmington Institute.
The American Medical Association looks at tobacco company documents.
The Centers for Disease Control publishes nicotine addiction research.

Editor's Note: Some of the above links will take you out of The Post's web site. To return, use the *Back* button on your browser.

Deal Close — Again — in Tobacco Talks

By John Schwartz and Saundra Torry
Washington Post Staff Writers
Thursday, June 19, 1997; Page A18

Negotiators yesterday moved closer to an agreement to settle many of the largest suits against the tobacco industry, but two critical issues apparently remained unresolved.

The issues—how much protection the industry might receive from court-ordered punitive damages and the extent tobacco can be regulated by the Food and Drug Administration—have been highly contentious, and there was disagreement yesterday over how much progress has been made in resolving them.

One participant said there has been a "preliminary approval of concepts," but the state attorneys general who have served as the lead negotiators in the talks with the tobacco industry said neither issue had been fully worked through.

Mississippi Attorney General Mike Moore said the day's negotiations at two downtown hotels had been much more encouraging than the previous day's "rocky" progress. "Today has gone very, very smooth for us," Moore said. Asked whether that meant both sides had made concessions, he responded that "we haven't given an inch, and they've given plenty."

As for tough talk delivered the day before about being ready to walk out of the negotiations if the industry didn't bend, Moore said "walking away from something so important to the future of this country . . . is not an option."

Florida Attorney General Robert Butterworth said that the industry position had softened overnight. "They do not want to leave the table," he said. "there was a reality check," he said.

While one source involved in the talks said the negotiators had made great progress on clearing away some of the major obstacles to a deal, he cautioned, "There is still a mine field out there, and . . . anything could blow up at any minute."

A spokesman for the tobacco industry refused to comment on the day's events.

Seemingly on the verge of success or total collapse every day,the talks have taken on a new urgency because the first trial of a state suit against the tobacco industry is scheduled to begin July 7 in Mississippi. Thirty-nine other states have also sued the tobacco industry to recover health care costs they say they have incurred because of smoking-related illnesses.

Rumors of a settlement circulated widely yesterday afternoon, but the talks have seemed to be on such a roller coaster that at the White House, at least, the rumors were greeted with skepticism. When a television reporter piped up during press secretary Michael McCurry's daily briefing to say that he had just been told there was a deal, McCurry responded: "Call me back in a half hour and you're going to say . . . it fell apart."

Bruce Reed, the president's chief domestic policy adviser, rushed late into an interagency task force on tobacco issues yesterday at the Old Executive Office Building. He apologized and said he had heard that there was a deal in the tobacco talks; tracking down the rumor and proving it was wrong caused his tardiness, he said.

"Who knows?" he said with some amusement. "This is par for the course."

To resolve one of the most contentious issues, negotiators yesterday discussed the creation of a fund of $40 billion to $50 billion that would be paid by the tobacco industry as "punitive damages for past conduct," and to be used for public health purposes, according to one source involved in the talks.

In return, the tobacco companies would be protected from punitive damage awards to individuals who sued the companies for past conduct. Individuals could only seek punitive damages for conduct occurring after the date of the settlement.

Once secret, the talks are now being conduced in a Washington fishbowl, attracting a who's who of trial lawyers, state officials and prominent Washington lobbyists—but not President Clinton. A rumor that Clinton would participate—sparked by the arrival of Secret Service agents and a motorcade at one of the hotels—was only put to rest Monday when the president of Macedonia, a hotel guest, appeared in the lobby.

A top presidential aide reaffirmed yesterday that Clinton has no intention of intervening in the talks. "They have to reach this on their own," said senior adviser Rahm Emanuel. "We will then evaluate it by the concerns both for the children's health and the nation's public health interests."

In a related development, R.J. Reynolds Tobacco Corp. filed suit late Monday against the Federal Trade Commission. Last month the commission announced that the company's "Joe Camel" ad campaign could be an unfair business practice aimed at enticing minors to smoke. In a statement, the company said the commission's action involved "egregious flouting of law and procedures" and noted that underage Camel use has plummeted in recent years. "The facts suggest that the only unfair thing about the Joe Camel case is the way the commission has proceeded," the company said.

Staff writer Peter Baker contributed to this report.

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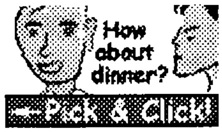
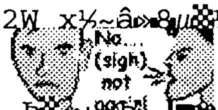




Parties in Tobacco Talks Say Accord May Be Near

By BARRY MEIER

State attorneys general said Wednesday that they were narrowing their differences with cigarette producers in the tobacco talks, and some predicted that a settlement proposal could emerge as early as Thursday.

But others expressed caution, saying some important issues remain unresolved.

One potential complication is a proposal that the tobacco companies make a lump-sum payment to cover their liability for punitive damages in smoking-related lawsuits.

A settlement would be a major achievement in the 40-year battle over smoking and health. The tobacco industry has long refused to admit to the health dangers of smoking and has vigorously defended itself against the growing number of lawsuits brought by smokers. Forty states have also sued the industry to recoup the Medicaid costs of treating former smokers.

Growing political, regulatory and legal pressure on the industry has brought top tobacco executives to the negotiating table. At the same time, a number of public health organizations view the talks as an unprecedented opportunity to more aggressively regulate the industry's marketing practices.

Negotiators had recently reached roadblocks over the issues of punitive damages and nicotine regulation by the federal government. But at a press conference Wednesday in Washington, Mississippi Attorney General Michael Moore, and a leading figure in the talks, said significant progress had been made.

"We are headed toward a final resolution of this matter, very, very soon," Moore said.

Other negotiators said the punitive damages issue as well as the value of a settlement package remained unresolved and could still delay or derail any settlement.

Spokesmen for the Philip Morris Companies and RJR Nabisco Holdings Corp., the parent company of R.J. Reynolds Tobacco Co., the two major cigarette producers involved in the talks, declined comment.

Punitive damages are those meted out to punish a company and deter similar action. They can be awarded repeatedly by juries and can cause a company's legal costs to skyrocket.

Several state attorneys general and public health groups have backed the rights of individuals to seek punitive damages in lawsuits against the tobacco industry. But cigarette companies, hoping to predict how smoking lawsuits will affect their corporate earnings, have insisted that punitive damages be barred as part of a settlement.

Tuesday, Moore and some attorneys general suggested that while cigarette companies should be liable for any punitive damages for future wrongdoing, a settlement should cover punitive damages for past wrongdoing because there was little chance of smokers winning such awards in court.

One proposal being offered to symbolically cover punitive damages for past wrongdoing is to use a lump sum of about $35 billion in settlement funds over the next seven years to finance health coverage for uninsured children. The plan would cover the cost of a failed congressional proposal, which would have been financed by a tax on cigarettes.

"I think it is fair to say that the payment of a children's health program is being looked at in the context of punishment for past wrongs," said Indiana Attorney General Jeffrey Modisett.

Rahm Emanuel, a White House official, reiterated Wednesday that the Clinton administration would not participate in the bargaining process and would simply review any settlement that emerged for its impact on children's and public health.

But negotiators still looked to the White House for signs and direction. Congress must approve any final settlement because it would affect regulations and individuals' legal rights.

Two sources involved with the talks said separately that White House officials had indicated that the size of the settlement under discussion was too low.

Industry has offered a settlement package worth somewhere between $300 to $340 billion over the first 25 years, while state officials are seeking about $375 billion, people close to the talks said.

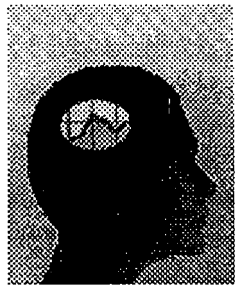
At a meeting Wednesday in Washington of a tobacco advisory committee headed by Dr. David Kessler, former administrator of the Food and Drug Administration, and Dr. C. Everett Koop, former surgeon general of the United States, leaders of some public health groups agreed that the industry should face more substantial penalties over time than currently being considered if the settlement failed to result in a sustained reduction in smoking by youths.

The leaders also opposed any caps on punitive damages.

THE WALL STREET JOURNAL INTERACTIVE EDITION SEARCH RESULTS

The Wall Street Journal Interactive Edition -- June 19, 1997

Tobacco



By SUEIN L. HWANG
Staff Reporter of THE WALL STREET JOURNAL

In spite of legal tangles and regulatory attacks, **tobacco** stocks held up fairly well in 1996. The typical **tobacco** analyst notched a 22% return, about in line with the overall market. The top three analysts, all of whom have won several All-Star honors before, did considerably better.

All three correctly bet that shares of Philip Morris, the world's largest cigarette maker and a marketing powerhouse, would continue to rise in a highly volatile environment. And all three avoided the second-biggest **tobacco** company, RJR Nabisco Holdings, which struggles with aging cigarette brands in the U.S. and has a relatively small presence overseas.

John C. Maxwell Jr. of Wheat First, Butcher & Singer in Richmond, Va. -- the heart of **tobacco** country -- was the sector's top analyst, chalking up a 36% return as he focused on the tobacco-leaf suppliers that feed the big cigarette makers.

Standard Commercial, a Wilson, N.C., company that processes **tobacco** and wool, was his biggest gainer, up 116%. Two other **tobacco** leaf suppliers -- Dimon and Universal -- were also up more than 30% apiece.

After conferring with lawyers, Mr. Maxwell had concluded that "there was no basis for a lawsuit" against suppliers. He also noticed that leaf supplies were tightening in the face of "exploding" demand overseas for U.S.-type cigarettes.

But Mr. Maxwell, who like the other analysts was interviewed before the conclusion of the industry's settlement negotiations, isn't sure the companies will benefit from a possible $300 billion settlement with antitobacco forces. He fears that increases in cigarette prices to make settlement payments could help push a pack to near $3, hurting consumption.

Mr. Maxwell is a four-time All-Star, who has won awards in both Beverages and **Tobacco**.

Allan Kaplan of Merrill Lynch, last year's winner, took second with a 31% return gleaned from Philip Morris and American Brands. A five-time All-Star, he has won a total of nine awards over the years in **Tobacco** and Beverages.

Just weeks after Mr. Kaplan recommended American Brands, the company announced it is spinning off its **tobacco** business in Britain and changing its name to Fortune Brands in an effort to free its stock price from the discount that plagues **tobacco** stocks. "I shouldn't say this," Mr. Kaplan says, "but I was lucky."

Mr. Kaplan warns that the upside potential for RJR Nabisco Holdings is tied almost entirely to finalizing a settlement agreement. That's because the plan could allow the company to split its food and **tobacco** units, raising its stock price. Arguing that a settlement is far from a sure thing, Mr. Kaplan describes RJR as "a do-or-die bet."

Lawrence Adelman, a five-time All-Star and veteran **tobacco** analyst at Dean Witter, took third place with a return of 30%, based on his recommendation of Philip Morris and his avoidance of everything else in the sector.

"We knew this was going to be a difficult time, and we wanted to emphasize the premier company in a volatile sector," he says. "The performance gap between Philip Morris and its peer companies is very significant."

Mr. Adelman has been one of the most decorated analysts in the All-Star survey, winning a total of 10 awards over the past five years for his work in the beverage, food and **tobacco** industries. When Dean Witter merged into Morgan Stanley, he wound up as chairman of the stock-selection committee at Morgan Stanley.

Stock-Picking Skill -- (of 15 analysts in group; median return 22%)

Name	Firm	Honors	Return
John C. Maxwell Jr.*	Wheat First	4	36
Allan Kaplan	Merrill Lynch	5	31
Lawrence Adelman	Dean Witter**	5	30
Anton Brenner*	UBS Securities	3	30
Marc Cohen*	Goldman Sachs	4	26

*Winner in more than one category

**Now with Morgan Stanley

Honors refers to the number of years an analyst appeared in the All-Star roster.

Estimate Accuracy -- (of 15 analysts in group)

Name	Firm	Honors	Factor
Ronald B. Morrow	Rodman & Renshaw**	3	0.63
Marc I. Cohen*	Goldman Sachs	4	0.70
Tony Vento*	Edward Jones	3	0.70
John C. Maxwell Jr.*	Wheat First	4	0.74
Anton Brenner*	UBS Securities	3	0.74

*Winner in more than one category

**Now with Capital Research

Honors refers to the number of years an analyst appeared in the All-Star roster.

Definitions and Notes

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June 19, 1997

Clinton Urges Accord In Tobacco Discussions

President Would Step In Only if Sides Were Unable to Reach an Agreement

By HILARY STOUT and ALIX M. FREEDMAN
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON -- President Clinton urged tobacco companies and antismoking forces to stay at the negotiating table until they reach an agreement, but didn't preclude personally interceding in the talks if he is convinced that the two sides have exhausted all hope of reaching a deal.

"I don't want to rule in or out what I might say, but I want these parties to come to me and say, 'This is where we are. We've done all we can do, here's where we are,' " Mr. Clinton said in an Oval Office interview with The Wall Street Journal. "And I want them to do the very best they can first."

Speaking only reluctantly about the progress of the delicate negotiations, the president made it clear that he will consider intervening in the talks only as a last resort and will force the negotiators to hammer away at a compromise. Those involved in the talks include RJR Nabisco Holdings Corp., Philip Morris Cos. and B.A.T Industries PLC on the tobacco side, and the attorneys general from states suing the industry, as well as representatives from health organizations, on the other side.

'They Need to Stay There'

Wednesday, Mr. Clinton said: "They need to stay there, keep working, and try to resolve this and bring us all something which we can evaluate. Then, if I think it should be modified in some way, I could tell them I thought it should be modified."

The president's statements marked his first extensive comments about the talks since initial disclosures that the high-stakes settlement negotiations were taking place, and his comments could serve to give the deadlocked negotiators a push. Previously, White House officials had said that the Clinton administration wanted to steer clear of the negotiating table.

In recent days, administration aides have said that if negotiators can resolve every other aspect of the proposed settlement, the administration would be willing to review an agreement that leaves aside the contentious issue of whether to prohibit punitive-damage awards in smokers' lawsuits and recommend a compromise.

For now, the president's statement leaves the negotiators in the difficult bind that has kept them at a serious impasse as they huddle in 11th-hour talks in Washington. The tobacco industry has been insisting that it receive immunity from punitive damages in any pact, but antitobacco negotiators are balking. Some negotiators on the antitobacco side privately have said they are looking to the White House to make the politically sensitive concession to the industry for them, thus giving them cover.

Mr. Clinton, who has opposed limits on punitive damages throughout his political career, declined to discuss the issue in the context of a tobacco settlement Wednesday. "Anything I say on that undermines the negotiating process," he said.

Various Sticking Points

In addition to the stalemate over punitive damages, the negotiators also are still at odds over how much authority to give the Food and Drug Administration over nicotine, and they disagree about the size of the industry's settlement payout. The tobacco industry has been taking a harder line in the past week, after B.A.T's chief executive officer, Martin Broughton, persuaded the leaders of his main rivals -- Geoffrey Bible at Philip Morris and Steven Goldstone at RJR -- to stand firm on punitive damages and nicotine regulation. Wednesday, the stalemate continued as the antitobacco side pledged not to compromise on the punitive-damages issue unless the industry would, as one negotiator put it, "pay through the nose."

If the industry were to substantially up the ante, a majority of the 40 attorneys general who are suing the tobacco industry would favor this alternative, said two people with knowledge of a conference call Wednesday in which state officials were briefed. However, as of Wednesday night, people involved in the talks said the industry was refusing to pay out more than $308 billion -- the offer it has previously made. One negotiator in the antitobacco camp said late Wednesday night that the industry had agreed to pay as much as $50 billion more to eliminate punitive damages.

The president's statements mirror his approach earlier this year to labor negotiations between AMR Corp.'s American Airlines and a pilots union. While the administration stayed acutely abreast of the talks, Mr. Clinton refused repeated overtures to intervene in the dispute -- until one minute after a strike deadline. Then he ordered an end to the strike and appointed a presidential emergency board to recommend a settlement.

The situations aren't identical, however, as Mr. Clinton had clear authority under federal law to intercede in the airline strike, and essentially was able to order the two sides to come to an agreement without disrupting air travel.

His involvement in the tobacco talks is seen as a far chancier proposition inside the White House. Some advisers are concerned that wading into the negotiations risks the political points the president has built up by standing up to the cigarette companies. Mr. Clinton Wednesday maintained: "Whatever I face on this, I'm going to do what I think is best for the public health and especially for the health of the kids."

With the tobacco negotiations appearing on the edge of unraveling this week, Mr. Clinton dismissed threats by the state attorneys general to walk away from the negotiating table. "All negotiations look like that in the 11th hour," Mr. Clinton declared. "... I've never been in a negotiation over anything important, where the stakes were high, where it didn't look like it was going to come apart three or four times in the 11th hour."

The tobacco settlement talks, which have been going on for more than two months, mark a major turning point in the four-decades-long history of tobacco litigation. Until now, the biggest players in the $45 billion industry have refused either to settle lawsuits or to acknowledge that smoking causes cancer.

order tobacco companies to develop and market "safer" cigarettes, which contain less disease-causing toxins, if that proves possible.

The same section of the proposed deal would also instruct the FDA to force the industry to do more research on nicotine and identify the level that is addictive to cigarette smokers, participants in the talks said.

"The tobacco companies have yielded in some crucial aspects," said Connecticut Attorney General Richard Blumenthal, who has been among the more pessimistic members of the negotiating team. "It's not a done deal yet, but we're close."

Previously, bargainers settled on provisions that would force sweeping restrictions on advertising and marketing. All advertising would have to be in black-and-white text, and billboards, sports sponsorships and characters such as the Marlboro Man and Joe Camel would be banned.

Under the most recent proposal, the tobacco companies also would have to abolish two industry-funded organizations that critics say have promoted smoking and give protection to all whistle-blowers who once worked for cigarette manufacturers but who have recently provided evidence against the industry.

Cigarettes would have to be stocked behind the counter in stores, retailers would have to be licensed and laws against sales to minors would be enforced more. If after 10 years, teenage smoking didn't fall by 60 percent, the industry would face fines of $150 million per percentage point shortfall.

If an agreement is reached, the plan would first face presidential review and then would have to be written as legislation and debated by Congress because it would change some current laws and commit the government to new policies. Negotiators predicted months of review and public debate.

Already, some members of Congress are promising to attach amendments to any proposal that is presented.

"It took us four months and a lot of pain and sweating to get to this point," said an industry official involved in the negotiation. "However, this could all be the easy part. We now have to deal with the knee-jerk politicians."

Surprisingly, one issue the two sides have spent little time discussing is precise dollar amounts the industry might pay.

The last time real money figures were mentioned in the negotiations by tobacco companies was in mid-April, when industry officials offered $260 billion over 25 years to settle all lawsuits, according to some negotiators.

Since then, the probable price tag floated among industry critics as they've mapped strategy has skyrocketed. Antismoking forces now predict a final dollar payout of around $20 billion a year, or nearly double the first industry offer. Also, payments wouldn't end after 25 years; they'd continue indefinitely.

Negotiators said Wednesday, however, that they don't believe final dollar amounts will be difficult to bargain once the underlying issues are ironed out.

It was unclear Wednesday what would happen to the three major state Medicaid trials set for this year if a preliminary agreement is reached.

Texas Attorney General Dan Morales said Wednesday that he has told the Texas trial team to continue preparing for its Sept. 29 court date "full force." But he said he and officials of Mississippi and Florida would decide together on possible postponements of their cases if a deal is reached. Mississippi has the nation's first court date July 7.

However, Washington Attorney General Christine Gregoire said that state trials may continue to move forward until the two sides have a signed, final agreement approved by Congress. "Even if we were to reach agreement in principle, we are going to continue to try our cases" until a settlement is finalized by Congress, Ms. Gregoire said. And if Congress makes fundamental changes, "the deal is off," she said.

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MEMORANDUM

TO: TOM FREEDMAN, MARY SMITH

FROM: SKYE PHILBRICK

RE: TOBACCO ARTICLES (SEPTEMBER 22-25)

DATE: SEPTEMBER 25, 1997

HERE ARE THE TOBACCO ARTICLES FROM THIS WEEK'S WHITE HOUSE PRESS CLIPPINGS.

The New York Times
MONDAY, SEPTEMBER 22, 1997

KEEPING TRACK

Top Health Vacancies

Six months into his second term, President Clinton has yet to fill scores of offices. This list of vacancies at the Department of Health and Human Services is one of a series of occasional tallies of unfilled posts throughout the Administration, including Cabinet departments and the judiciary.

With vacancies in more than a third of the 21 top jobs at the Department of Health and Human Services, the Administration moved earlier this month to plug some of the gaps. The President nominated Dr. David Satcher, the head of the Centers for Disease Control and Prevention, in Atlanta, to fill two posts: that of Assistant Secretary for Health and Surgeon General.

There has been no word, however, on who might fill another post, that of Commissioner of Food and Drugs. The White House is likely to exercise extreme caution in filling the job because of the Food and Drug Administration's efforts to regulate tobacco.

SHERYL GAY STOLBERG

Major Vacancies — MONTHS VACANT

ASSISTANT SECRETARY FOR PLANNING AND EVALUATION ●●● ●●● ●●● ●●
Peter Edelman stepped down on Sept. 28, 1996, in protest over the President's decision to sign the welfare bill. On Aug. 6, Mr. Clinton nominated Margaret Hamburg, former New York City Health Commissioner.

ASSISTANT SECRETARY FOR AGING ●●● ●●● ●●● ●●● ●
Fernando Torres-Gil resigned on Aug. 2, 1996. On Sept. 2, Mr. Clinton nominated Jeanette C. Takamura, the first Deputy of Health for the Hawaii Department of Health.

ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES ●●● ●●● ●●● ●●
Mary Jo Bane resigned on Sept. 28, 1996, also in protest over welfare bill. On April 15, Mr. Clinton nominated Olivia A. Golden, Acting Assistant Secretary; a Senate committee has unanimously recommended confirmation.

COMMISSIONER, ADMINISTRATION FOR YOUTH AND FAMILIES ●●● ●●● ●
Olivia A. Golden stepped down on Feb. 13. No replacement has been named.

COMMISSIONER OF FOOD AND DRUGS ●●● ●●●
Dr. David A. Kessler resigned on March 1 to become dean of Yale University's medical school. No replacement has been named.

SURGEON GENERAL ●●
Dr. Joycelyn Elders resigned on Dec. 30, 1994. Acting Surgeon General Audrey Manley retired on July 1. If confirmed, Dr. Satcher will fill the job.

Aide to Clinton Sees Flexibility On Tobacco

By Bloomberg News

WASHINGTON, Sept. 21 — President Clinton will accept some form of legal immunity for the tobacco industry in exchange for a strong program to reduce the number of teenage smokers, Bruce Reed, the head of the President's task force on tobacco, said today.

Mr. Reed said the Administration would not try to change the liability protections in the national tobacco settlement reached on June 20 as long as there were real moves to reduce the number of underage smokers.

"We've always said that some form of caps on liability is not a deal-killer for us, but we would condition that on getting the kind of comprehensive plan to reduce smoking that we're asking for," Mr. Reed said on Fox News on Sunday. "We very much want to get this done."

A limit on liability is what brought cigarette makers to the negotiating table, and they have always made it clear they will walk away from any agreement that does not include it.

President Clinton said this week that the agreement needed to be changed to give the Food and Drug Administration the unfettered right to regulate nicotine. He also said that unless goals were reached on reducing underage smoking, he wanted to see penalties increased to a level where cigarettes would cost up to $1.50 more per pack.

Lighten ng Up

As Politicians Weigh Tobacco Legislation, Many Businesses Make Room for Smokers

By Lois Romano
Washington Post Staff Writer

A1

DENVER—It's 8:25 in the morning and the smoking lounge at the international airport here is hopping. Three television sets are blaring baseball replays and news, six wall clocks are ticking and more than 70 patrons—traveling salesmen, grandmothers and young couples—are settled into the comfortable armchairs chain-smoking.

And this, said the bartender, is a slow morning. At peak traffic times, they have had to turn people away from the 175-seat Aviator's Club, one of only two concessions that permit smoking at the sprawling, two-year-old airport. Some 2,000 passengers pass through the lounges daily.

"Finally, a place I'm welcomed," said Marilyn Lanbery, a Germany-bound software developer who smokes a pack of Camel Lights a day. "I've been made to feel I have to step to the back of the bus for too long. I know the risks, I know the score. But I enjoy smoking and I'm not quitting. That's the bottom line. So why try to punish me?"

Businesses across the country are starting to see her point. While in Washington, the White House and Congress prepare for battle to toughen the deal worked out between states and the tobacco industry, in the rest of the country, many corporations, hospitals and public transport systems are trying to find ways to accommodate the nation's 48 million smokers.

Many businesses say it is simply an acknowledgment that—despite the health risks and intense public pressure to quit—about 25 percent of the adult population continues to smoke. And these smokers happen to include their employees and customers. Statistics provided by the Centers for Disease Control and Prevention indicate that this percentage has remained virtually constant throughout the '90s.

In Des Moines, a businessman recently spent $10,000 creating a 4,000-square-foot smoking club called "Puffs" for his downtown mall, where people pay 50 cents to duck in for a smoke or $1.25 for a day pass. The University of Nebraska Medical Center—like many other smoke-free institu-

See SMOKE, A9, Col. 1

SMOKE, From A1

tions—has opted to build 13 "smoking shelters" outside its buildings so employees and visitors will no longer have to smoke in doorways. One manufacturer of such shelters—which resemble translucent bus stop huts—reports a 70 percent increase in sales this year.

After a four-year smoking ban at Dallas/Forth Worth International Airport, the third-busiest airport in the world has just developed a $5 million plan to build 20 new smoking lounges. Dulles International Airport recently opened two smoking rooms. And Amtrak this year allocated a reported $8 million to convert 59 cars to smoking lounges on its long-distance routes.

"It's reality. People still smoke," said Ruth Davis, a vice president of Concessions International Inc., which is building the first smoking lounge at Hartsfield Atlanta International Airport to offer full-service food and beverage service. Davis said restaurant sales dropped 20 percent to 30 percent at Concession International's airport outlets when smoking was effectively eliminated from eating establishments there in 1993.

"We have to accommodate the consumer," said Davis. "Health food may be a trend, but the fact of the matter is that hot dogs are still the biggest selling item at the airport. We can't force people to eat healthy, and we can't force them to quit smoking."

Said Bruce Gerleman, the Des Moines mall owner, whose new smoking room offers pool tables, video games, a newsstand and food: "It's just too big a segment of the population to write off."

Nevertheless, the anti-smoking lobby is more effective and powerful today than it has ever been in this country. President Clinton on Wednesday called for tougher provisions to reduce youth smoking before he would endorse the $368.5 billion settlement between tobacco companies and state attorneys general, negotiated in June. The companies had already agreed to advertising restrictions and to pay states for smoking-related medical expenses. And last month, Clinton signed an executive order for the first time banning smoking in all federal buildings. In fact, only 1 percent of office buildings in the country still allow unrestricted smoking, according to a recent survey by the Building Owners and Managers Association.

A spate of recent reports empha-

sizing the risks ated with not to ment the publicity generated by a tion by flight atten- will only amplify the voices of the anti-smoking crusaders in local jurisdictions. Restrictive measures are being considered in 41 states, and more than 80 proposed anti-smoking ordinances are pending in cities and towns.

Any movement toward "accommodation" (as it is referred to in the tobacco industry) is closely watched by smoking foes. "Obviously, any retrenching of the hard-fought public health accommodations is of extreme concern to us," said Norman Childs, a spokesman for the American Lung Association. "It sends a message to children that smoking is still okay."

Businesses assert that their decision to create smoking accommodations should not be viewed as an endorsement of the habit. Hutchinson Technology, in Minnesota, for one, would prefer that all its employees quit smoking and offers free cessation programs on-site. But facilities director Jack Yates said that despite a four-year ban on smoking inside the plants, about 35 percent of Hutchinson's 7,200 employees remain undaunted smokers. Recently, Yates contacted Duo-Gard, a Michigan company that started out making commercial windows and sunroofs but whose newly developed smoking shelter business is now dominating its sales.

"We are not trying to encourage smoking," said Yates. "But we had to find a way to accommodate nearly half our work force." By year's end, Hutchinson will have at its facilities nine shelters, which cost from $1,500 to $40,000 depending on size and amenities. The shelters provide the added benefit of keeping the smokers and their haze away from the buildings.

Garry Rossino, facilities manager for Rockwell International's plant in Darien, Ill., purchased shelters from B.I.G. Enterprises in California earlier this year because he could no longer watch his employees shivering outside in severe midwestern weather smoking. "Everyone acknowledges smoking is bad for you, but these are our people and I can't punish them because they can't quit," Rossino said.

At the University of Nebraska Medical Center, smoking was banned inside the buildings on the 80-acre campus several years ago. But with 6,000 employees and more than 200,000 patients coming through the facility annually, officials began studying how to deal with the steady stream of smokers lighting up near the hospital. This summer, they ordered 13 shelters.

"I was a hard-core supporter of a total ban, but I was overruled by our smoking committee," said Donna Katen-Bahensky, Nebraska's vice chancellor for business and finance. "The families who come here are under stress and we can't make them stop smoking, so we wanted to provide them with a sheltered place away from the hospital."

However, Katen-Bahensky said the center is launching an anti-smoking campaign and offering employees free smoking cessation

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The Washington Post
Monday, September 22, 1997

classes di[illegible] on nicotine patches.

While most restaurants still offer small smoking sections, the fast-growing cigar fad among the glamorous and well-to-do has pushed some restaurants to establish special cigar bars and rooms. "The wealthy have formed a beachhead that is keeping some tolerance for tobacco," said Tom Lauria, a spokesman for the Tobacco Institute in Washington.

Despite this new acceptance by some, several high-profile corporations that have purchased shelters insisted that their names not be linked publicly with smoking. "We are not pro-smoking," said a spokesman for one large manufacturer of household products. "But we have 10,000 employees and it's unrealistic to think that we can force them to quit."

The American Cancer Society sees it differently. "We wish that employers in this position would spend that money on more smoking cessation programs," said spokesman Steve Dickinson. "Many people quit smoking because it's just plain socially unacceptable. Health risks didn't move them. . . . But the fact that they were social pariahs and not welcome in their own buildings did move them."

Defiant smokers beg to differ. They are tired of being treated as social outcasts, squeezed from every angle on an issue they believe is a matter of informed choice. As National Public Radio commentator David Sedaris joked bitterly recently, "I can find a gram of cocaine much easier than a cigarette machine."

Such pressure may be creating a backlash among smokers, who can choose to spend their money where they're welcome. CDC figures show that about a third of the nation's smokers fall below the poverty line. But millions of others "cut across demographic lines and they have a few dollars to spend," said Tom Humber, president of National Smoker's Alliance, a grass-roots pro-smoking organization with 3 million members. "Businesses are starting to appreciate this."

Indeed, the two smoking bars at Denver International Airport have become something of a legend in the airport business, annually grossing $2.5 million. "They are packed all the time," said Aviator's Club owner David Mosteller, who is building a third smoking lounge at DIA and who is talking to other airports about developing similar lounges. Mosteller spent $250,000 to install powerful filtering ventilation systems in the lounges, which he says turn over air 12 times every hour.

Others have gotten the same message. As the government has tightened restrictions—since 1990, smoking has been banned on domestic flights within the contiguous 48 states—airports have found that their smoking travelers need a place to go between flights. Chicago's O'Hare Airport is in the process of building 20 outside shelters after a two-year airport ban on smoking. Dallas/Fort Worth Airport estimates that 16 million smokers pass through its terminals each year. "That's 16 million people we can't

"Everyone acknowledges smoking is bad for you, but these are our people and I can't punish them because they can't quit."

— Garry Rossino, facilities manager, Rockwell International Chicago plant

turn our backs on," said Kevin Cox, deputy director of the airport. "We're in a service business."

At National Airport's new terminal, officials hope smokers will gravitate to two outdoor plazas built with smoking in mind. A spokesman for Host Marriott Services—which runs the 24 restaurant concessions there—said the company opted to ban smoking at all its restaurants to avoid having "people run across the terminal and flock to the concessions that offer smoking."

Four years ago, Amtrak banned smoking on its short-distance routes but allowed smoking in certain public lounges on the overnight trains. After an extensive study, the rail line concluded that neither smokers nor nonsmokers were happy with the arrangement. This spring, it introduced 34 newly renovated smoking lounge cars on its long-distance routes. There are 25 more to come.

"There is no question we were losing revenues," said Steven Taubenkibel. "Twenty-five percent is a lot of people and a lot of lost revenue. We are trying to bring back those travelers."

The Washington Post
Monday, September 22, 1997

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A1

What's News—

* * *

Business and Finance

IMF MEMBERS AGREED to chip in about $285 billion to boost the agency's capital base by 45%, responding to the rapidly escalating cost of global financial rescues. The move was overshadowed by a provocative condemination of currency traders and western governments by the Malaysian prime minister, as well as by tension between the U.S. and Japan.
(Articles on Pages A2 and A14)

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Westinghouse Electric agreed to buy American Radio Systems for $1.6 billion, plus the assumption of $1 billion in debt. The Justice Department said it would do an antitrust review.
(Article on Page A3)

* * *

American Express increased its share of the U.S. credit-card market during the first half, indicating a turnaround in the company's card business may be gathering steam.
(Article on Page A3)

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Long Term Capital is returning to investors nearly half its $6 billion in capital as arbitrage opportunities shrink in international bond markets.
(Article on Page C1)

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IBM will announce that it has become the first company to successfully substitute copper for aluminum in making semiconductors, a vital breakthrough in manufacturing faster and more powerful computer chips.
(Article on Page B14)

* * *

Home Depot's results could be cut by 21% for the third quarter following its agreement to pay $65 million to settle a sex-discrimination suit.
(Article on Page B18)

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Kansas City Southern said it will separate its railroad business from its booming mutual-fund unit, which includes the big Janus Group.
(Article on Page C23)

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The tobacco industry expects much of what is in its proposed national settlement to be approved by Congress.
(Article on Page B5)

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The SEC's Levitt is expected to outline rule changes and tougher enforcement against small-company stock fraud in Senate testimony today.
(Article on Page B18)

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Rockwell is expected to unveil the first commercial chip designed specifically to run Sun Microsystems' Java computer programming language.
(Article on Page B14)

* * *

Virgin Records America is expected to name Nancy Berry as head of the music powerhouse as Phil Quartararo is expected to be appointed president of Warner Bros. Records.
(Article on Page B6)

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Union Carbide's stock fell 7.6% after the chemical maker said its quarterly results wouldn't meet estimates. Other chemical firms also could be hurt by rising raw-material prices.
(Article on Page A8)

* * *

Delta Air Lines will give its former CEO, Ronald W. Allen, a lump-sum severance payment of $4.5 million.
(Article on Page B12)

* * *

Laboratoires Servier says it will be able to prove the safety of diet pills the French drug maker pulled from pharmacies world-wide last week.
(Article on Page A19)

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Markets—

Stocks: Volume 630,539,610 shares. Dow Jones industrials 7917.27, off 5.45; transportation 3208.80, up 46.70; utilities 241.27, up 0.16.

Bonds: Lehman Brothers Treasury index 7197.13, up 10.93.

Commodities: Oil $19.38 a barrel, unchanged. Dow Jones futures index 147.32, up 0.37; spot index 145.29, off 0.03.

Dollar: 122.25 yen, up 0.30; 1.7753 marks, off 0.0041.

World-Wide

CAMPAIGN REFORM COULD get a boost from Reno's move against Clinton.

The attorney general, as she did earlier with Gore, has begun a review to determine if an independent counsel should be appointed to investigate possible fund-raising abuses by the president. The quickening pace of events has produced a truce among top Senate campaign-panel members, and hearings now will shift to issues designed to prod Republican leaders to schedule a floor debate on reform legislation. But many in the GOP are opposed, and they are well-positioned to block it. (Article on Page A3)

Clinton has said he can't remember making fund-raising phone calls from the White House. Gore admits such calls, and on Friday hired lawyers to defend him.

* * *

Poland's Solidarity looked set to take the largest number of parliament seats in an election defeat for ruling ex-Communists, exit polls projected. A clear majority appeared out of reach for the former trade union, but results could allow it to form a coalition government after losing power in '93. A pro-market party was running third.

* * *

Clinton and Congress struck a deal on a $247.7 billion Pentagon budget allowing the president to decide whether to buy more B-2 Stealth bombers. The pact Friday provides more spending in the home states of Gingrich and Lott. Meanwhile, Clinton said he'll veto an education bill if it lacks his national testing proposals. (Article on Page A24)

A military construction bill is loaded with pork-barrel provisions that are good targets for Clinton's new line-item veto power, critics say. Republican Sen. McCain has found 129. Meanwhile, Congress and Clinton reached a deal on two tax items he crossed out last month. (Article on Page A24)

* * *

The Senate Finance panel opens hearings on IRS conduct tomorrow, with employees due to testify that agency practices encourage tax collectors to bully taxpayers. Skeptics note that the hearings come amid a Republican effort to make the IRS a campaign issue and use such stories of abuse to help raise funds. (Article on Page A2)

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voted in elections [illegible] endorse socialist candidates loyal to Milosevic, who, [illegible] from another term, is [illegible]g his power base to the federal Yugoslav presidency. A boycott called by a dis[illegible] opposition, which forced concessions after big winter protests, appeared to fail.

* * *

Half a million Filipinos marched in Manila to oppose a second term for President Ramos, whose backers are trying to amend the constitution to allow it. On Saturday, Ramos said he won't run again. Separately, a collision of two Manila-bound commuter trains killed at least six and injured 141.

* * *

Ted Turner is using his pledge last week to give $1 billion to U.N. causes over 10 years as a way to escalate his campaign to get wealthy people to increase their giving. Turner's move apparently followed a spur-of-the-moment decision, and details remain to be worked out. (Article on Page B1)

* * *

The Sergeant Major of the Army should be court-martialed for indecent assault, adultery and obstruction of justice, a hearing officer reportedly is recommending after reviewing testimony in the sex-abuse case. The report was finished last week, and is now being reviewed by senior officers.

* * *

Israeli troops arrested dozens of Palestinian men in West Bank villages, and witnesses said it appeared a specific suspect was sought. Separately, Israel said Russian scientists helped Iran develop a long-range missile that could destabilize the Mideast.

* * *

German Chancellor Kohl's party ran a strong second in Hamburg state elections viewed as an early indicator of the '98 national vote. A far-right party also did surprisingly well. The mayor quit after a thin victory margin for Social Democrats.

* * *

Violence in Algeria continued as an armed group killed 53 civilians in an early-morning attack on a village 40 miles south of Algiers. In raids earlier on the weekend, police killed 19 suspected Muslim militants.

* * *

A Japanese cabinet minister quit a week after Prime Minister Hashimoto appointed him to a post overseeing deregulation. The official drew criticism because of his conviction in the 1970s Lockheed bribery scandal.

* * *

Air Force investigators hunted for clues to the cause of a B-1 bomber crash Friday at a test range in southeastern Montana. Four crewmen died in the crash, which occurred during practice of low-altitude maneuvers.

THE WALL STREET JOURNAL MONDAY, SEPTEMBER 22, 1997

Clintons return to oversee 'one of America's empty nests'

Emotionally and physically exhausted after dropping their daughter at Stanford University over the weekend, President and Hillary Rodham Clinton returned from California to the White House for a few hours Sunday to start, in the president's words, "officially overseeing one of America's empty nests." By evening, the Clintons were headed for New York City, where today he will address the United Nations and tonight the couple will attend an opera. Clinton goes to Little Rock on Thursday for the 40th anniversary of the integration of Central High School. At the time, federal troops had to be deployed to protect nine students who, under a court order, were the first African-Americans to be allowed to attend the school. — Mimi Hall

ARMY SEX SCANDAL: The Army is weighing a hearing officer's recommendation that its top enlisted soldier be court-martialed on 22 counts of indecent assault, adultery and obstruction of justice.

Reuters

McKinney: Court-martial weighed

Six women accused Sgt. Maj. of the Army Gene McKinney of grabbing them, trying to kiss them and asking for sex. One said she had intercourse with McKinney unwillingly, but the hearing officer, Col. Robert Jarvis, rejected a prosecution request that McKinney be charged with rape. McKinney has denied all accusations.

Jarvis, following an eight-week hearing, submitted more than 6,000 pages of testimony and exhibits for review by Col. Owen Powell, commander of the Fort Myer garrison in Arlington, Va. The final decision will come from Maj. Gen. Robert Foley, commander of the Military District of Washington.

Rep. Carolyn Maloney, D-N.Y., who is trying to reform the military justice system, said the women were "brave soldiers who were willing to put their good names on the line. . . . I'm glad the U.S. Army appears to be taking a lesson from them."

FOREST PROTECTION: Two Oregon lawmakers are proposing a bill to shift $50 million from a firefighting fund to remove dead timber and thin overstocked stands of trees from fire-prone national forests. The Forest Recovery and Protection Act calls for a five-year program of logging, prescribed burning, insect and disease control, riverbank restoration and tree-planting. Rep. Bob Smith, R-Ore., says that unlike a controversial salvage logging program a year ago, timber harvesting under his bill would have to comply with environmental laws. Sen. Gordon Smith, R-Ore., introduced the Senate version. Environmentalists say the politicians are exploiting public fear of forest fires and inventing a "forest-health crisis" to benefit the timber industry.

CENSUS SAMPLING: House Republicans are expected to try again this week to bar the Census Bureau from using sampling to arrive at a final figure for the 2000 Census. The GOP's first attempt failed last spring when lawmakers attached the ban to a disaster-relief bill and dared President Clinton to veto it. He did. The Census Bureau proposes to reach at least 90% of households and then use those results to estimate the number and characteristics of people who might not have been contacted or responded. Republicans say that the Constitution requires an actual head count, and that sampling would allow the Clinton administration to manipulate the numbers to the advantage of Democrats in redrawing congressional district boundaries for the 2002 elections.

WHITE HOUSE PAGERS: Purported White House pager messages being circulated on the Internet might be bogus, and even if real don't compromise security, White House spokesman Barry Toiv said. He said aides who need secure communication have it and they know pager messages aren't safe. The messages, such as "Don't forget to page me tonight when you want me in your room," are said to have been intercepted by hackers April 27.

LINE-ITEM VETOES: White House aides and members of the House tax-writing committee have a tentative agreement on two issues that President Clinton used his new line-item veto power to strike from the big tax bill in August. The measures, involving farmers' cooperatives and U.S.-based companies with overseas income, are expected to pass the House Ways and Means Committee on Tuesday. Talks continue on a third provision involving New York's Medicaid program.

ALSO . . .

▶ **VOTER FRAUD:** A Dallas federal prosecutor says the Immigration and Naturalization Service is hindering an investigation into reports that foreigners illegally registered to vote and cast ballots. The probe is being delayed "because the INS officials in Washington have, so far, been uncooperative," Assistant U.S. Attorney Michael Uhl wrote in a letter to the INS district office in Dallas. INS didn't immediately comment on The Associated Press report.

▶ **TOBACCO TAX BREAK:** A proposed $50 billion tax deal for tobacco companies, which mysteriously appeared in the balanced budget bill, came at the behest of tobacco lobbyist and former Republican national chairman Haley Barbour, *Time* says. Barbour declined to comment. Congress later killed the measure.

▶ **CORRECTION:** An item Friday should have said the Senate approved $100 million for the National Endowment for the Arts.

Written by Paul Leavitt with staff and wire reports

FBI joins search for wealthy N.J. man

From staff and wire reports

AP

Gross: Son last saw him with two unidentified men.

The FBI has joined the search for a New Jersey millionaire missing for five days.

Nelson Gross, a prominent developer, restaurateur and one-time powerful Republican political activist, was seen with two unidentified men Wednesday before he withdrew $20,000 from his bank account. He was reported missing when he failed to show up later that day at his summer home in Bridgehampton, N.Y.

His wife, New Jersey Racing Commission Chairwoman Noel Gross, and other family members are offering a $100,000 reward for his safe return.

The case is "still being worked as a disappearance," said FBI Special Agent Ann Todd. But "we can't rule out the possibility" that he was kidnapped.

Gross's silver BMW sedan was found in Manhattan late Saturday, New York police said. The FBI is processing it for evidence, Todd said.

The Newark office of the FBI joined the Bergen County prosecutor's office Friday in the investigation. Published reports say as many as 100 agents have been assigned to the case.

A 65-year-old Saddle River, N.J., lawyer, Nelson Gross has been described as living a low-key, semi-retired lifestyle, splitting his time between the golf course and his restaurant and real estate businesses.

Officials initially focused on the $20,000 bank withdrawal before Gross's disappearance. But his brother, Michael Gross, says the withdrawal might have been a routine transaction. He told *The Record* of Hackensack that his brother withdrew $75,000 from the bank earlier in the week.

"I don't think my brother was coerced to remove that money," Michael Gross said. "This is a man who routinely moves large sums of money."

Michael Gross said his brother's son, Neil, saw his father at the family's restaurant parking lot with two men and went to investigate. At one point, Neil Gross called his father on a cellular phone.

Nelson Gross gave no indication of any trouble and told his son the meeting was "just business," he said.

A political activist until he was convicted of fund-raising irregularities in 1974, Nelson Gross was county and state GOP chairman. He served five months of a two-year prison term in 1976. He was a key fund-raiser for Richard Nixon during his 1968 presidential campaign. He ran unsuccessfully for the U.S. Senate in 1970.

USA TODAY · MONDAY, SEPTEMBER 22, 1997

Smoke gets [illegible]

By John P. Walters
F.X. O'Gara

Give President Clinton credit — he isn't always wrong. The president has announced a five-part plan for keeping kids away from cigarettes or, more accurately, for keeping cigarettes away from kids. The plan calls for FDA regulation of nicotine, new restrictions on cigarette advertising, and paying farmers not to grow tobacco. But what got the most attention was a proposal that, if fully implemented, could add another $1.50 to the cost of a pack of smokes over the next decade.

The president's critics who discern a hidden tax hike are wrong, says Mr. Clinton, "To me, this is not about money. It is not about how much money we can extract from the tobacco industry."

What is it about, then? It is, of course, about kids: "One of the surest ways of reducing youth smoking is to increase the price of cigarettes," said the president at his Oval Office briefing. Skeptics will question whether making cigarettes expensive can really reduce consumption by kids. The skeptics should take note of a recent study from the University of Illinois and MIT, which estimates that a 10 percent increase in prices would cause a seven percent decrease in youth smoking.

Dr. Frank Chaloupka, who conducted the cigarette study, explains: "A lot of people think that because something is addictive that people are not going to respond to prices and other economic incentives, and our research shows that that is not the case." In fact, what Dr. Chaloupka describes as "standard economic theory" works for substances other than tobacco: "[I]ncreases in the price of marijuana will reduce marijuana use," says Dr. Chaloupka. Moreover, the opposite is true as well — the historical record is littered with cases of plentiful supply fostering demand. Why else did tens of thousands of Vietnam-era soldiers use (inexpensive, pure Vietnamese) heroin but stop when they returned to (expensive, hard to get, three percent purity) U.S. heroin? Why else does Malaysia have a major problem with heroin despite its mandatory death sentence for traffickers, if not because the country's proximity to the Golden Triangle conspires to make heroin cheap there? For an even more obvious example, why else did China's drug problem explode after the British East India Company began flooding China with opium?

There is no question that supply fosters demand. The real question is why the Clinton administration has dismantled our nation's drug interdiction programs, the goal of which is to reduce availability and drive up prices. Don't believe that interdiction can change street prices? Why, then, did an aggressive effort during the Bush administration cause cocaine prices to jump 43 percent — the first such increase in 12 years? And why has the more than one-third reduction in cocaine street prices coincided with the Clinton administration's 50 percent cut to interdiction programs?

History is an excellent teacher, but the tragedy of the Clinton administration's failed drug policy is that history, specifically the normalized drug use of the 1960s and 1970s, is repeating itself as we watch.

The administration's own data tell the story. LSD use by teens has reached the highest rate since record keeping started in 1975. There is no evidence of any reduction in the hard-core addict population. A recent White House survey [the "Summer 1997 Pulse Check"] finds that "[h]eroin use continues to be common in almost all of the areas contacted, and eight of the eleven sources contacted report an increase in young heroin users . . . While there has been an increase in new, young users, heroin users are primarily adults, many of whom are former long-term users tempted back into use by the lower price, higher purity heroin now available." Translation: Heroin, which as recently as 1991 cost more than $1,600 per gram, is now so cheap that young people can afford it, and former addicts are getting back into the game.

There is a lot of talk about the need for more spending on drug treatment, but the fact is that treatment is simply not very effective when addicts can walk by street corners awash in cheap heroin. Nor is heroin the only drug whose plentiful supply has served as an inducement to youthful use. Marijuana is once more the drug of choice of many young people.

Fully 34 percent of the Class of 1996 have smoked at least once before graduation, double the rate of use just five years ago. Predictably, the White House's Pulse Check reports that "Marijuana continues to be highly popular with a wide variety of users, particularly young users" and "Marijuana appears to be plentiful in all areas. . . ." Actually, that is somewhat of an understatement. Marijuana prices — which during the Bush administration were driven higher, ounce for ounce, than gold — are currently at a 12-year low. The price of a joint of high-potency marijuana is now just a couple of dollars — allowance money.

The Clinton administration has slashed resources to drug interdiction, while its own reports show that the result has been a boom in the supply and availability of drugs, higher purity, and more drug use. The cigarette issue shows that the Clinton administration certainly understands this dynamic. The question is, what will it take for the president to devote some attention to the drug issue?

John P. Walters is the former Deputy Director of the Office of National Drug Control Policy. James F.X. O'Gara is a former drug policy advisor to Senate Judiciary Committee Chairman Orrin G. Hatch.

Where the tax bite is getting deeper

The Internal Revenue Service has just released data on tax collections in 1995. They show the wealthy are shouldering a heavier burden of taxation than ever.

According to the IRS, the top 1 percent of taxpayers, those with incomes above $209,105, paid more than 30 percent of all individual income taxes in 1995. In 1994, this group paid 28.7 percent. On average, the top 1 percent of taxpayers forked over 28.5 percent of their income to the federal government in 1995, up from 27.9 percent a year earlier.

Other upper-income groups also increased their shares of the tax burden. The top 5 percent of taxpayers, those with incomes above $96,104, paid almost 49 percent of income taxes. The top 10 percent of taxpayers paid more than 60 percent of income taxes, and the top 25 percent paid just over 80 percent. The top 50 percent of taxpayers, everyone with an income above $22,361, paid more than 95 percent of income taxes. This means that the bottom 50 percent paid less than 5 percent.

The Clinton administration will, no doubt, trumpet these figures as vindicating its 1993 tax increase, which raised the top income-tax rate from 31 percent to 39.6 percent. However, the trend toward higher tax payments by the wealthy was going on well before 1993 and even during periods when tax rates were being cut. In 1981, the top 1 percent of taxpayers paid just 17.6 percent of income taxes, rising to 27.4 percent by the end of the Bush administration in 1992.

Therefore, while the Clinton tax increase may have contributed to the increase in taxes by the wealthy, it is probably not the only reason. Economist Lawrence Lindsey of the American Enterprise Institute believes the recent rise in tax payments more likely results from the increase in the stock market. Higher stock prices have generated higher capital-gains realizations that mainly accrue to the rich.

Mr. Lindsey thinks that higher capital-gains realizations may also be responsible for the unexpected rush of taxes to the Treasury that caused the Congressional Budget Office to raise its revenue forecast by $225 billion earlier this year. He points out that revenue estimates are usually based on forecasts of gross domestic product. However, capital gains are not counted as income when GDP is calculated but are counted as income to individual taxpayers. Thus, if capital gains are a rising share of individual incomes, it will throw off the revenue forecasts.

> *Other upper-income groups also increased their shares of the tax burden.*

In the end, it is clear that despite much rhetoric to the contrary, the U.S. tax system is indeed highly progressive. The higher one's income, the more taxes one pays. And the trend has been for the rich to pay more taxes, rather than less.

Bruce Bartlett is a senior fellow with the National Center for Policy Analysis and a contributing writer for The Washington Times.

The Washington Times
MONDAY, SEPTEMBER 22, 1997

Tobacco Profits May Soar Under Deal, Government Study Shows

By J BRODER

WASHINGTON, Sept. 22 — Tobacco industry profits could soar under terms of a legal settlement proposed in June by 40 state attorneys general and cigarette makers, according to a new analysis of the agreement by the Federal Trade Commission.

The study found that the tobacco companies could reap as much as $123 billion in additional profits in the next 25 years if the settlement plan were adopted as drafted.

The analysis, conducted in response to a request from Congress, also concluded that the $368.5 billion face value of the settlement was significantly overstated. The real cost to industry is about $207 billion because the companies' payments are to fall as cigarette consumption drops, the commission staff report found. The cost to industry of the June agreement is about $100 billion in today's dollars, the study found.

The settlement proposal is unlikely to be enacted by Congress without substantial changes, if at all. But the trade commission's findings are startling because the agreement has been depicted as extremely costly to the cigarette industry. Instead, the agency found, the industry would thrive financially while enjoying immunity from most litigation.

Scott Williams, a spokesman for the tobacco makers, said that the report was "highly speculative and misses the point." Mr. Williams, of the public relations firm Bozell Swayer Miller Group, said that the purpose of the settlement proposal was to reduce smoking by minors, not to maximize industry profits.

He declined to comment on the specific findings of the study.

The report said that the industry's potential windfall profits would result from the cigarette companies' raising prices much more than was necessary to cover the cost of the settlement. The tobacco industry historically has increased prices more quickly than its costs have risen, taking advantage of the small number of companies in the market and the millions of addicted customers.

But the trade commission study may already be largely obsolete, because President Clinton has rejected many parts of the June proposal, including the provision allowing the companies to pass along to smokers all of the costs of the settlement.

Under the President's proposal, cigarette prices would rise by as much as $1.50 a pack, but a substantial portion of the increase would be captured by the Government in the form of penalties if smoking by teenagers did not drop sharply.

The study also assumes that the cigarette companies will enjoy a $50 billion tax break that was part of the July balanced-budget accord. But both houses of Congress have voted to rescind the tax break.

Trade commission officials said that repeal of the tax break would reduce long-term industry profits by an unspecified amount.

Robert Pitofsky, the trade commission chair said the accord contained an anti-trust exemption that would allow the cigarette makers to "jointly confer, coordinate or act in concert" to achieve the goals of the settlement.

He said that the exemption would permit the tobacco companies to collude to impose price increases far in excess of those required to cover the annual payments of roughly $15 billion required by the proposal.

"Taken at its worst, this exemption would allow the companies to get in a room and decide among themselves what is the best level of prices and what is the appropriate level of profits," Mr. Pitofsky said.

He noted that such collusive activity was ordinarily a violation of criminal anti-trust statutes.

Representative Marty Meehan, Democrat of Massachusetts, welcomed Mr. Pitofsky's conclusion that the anti-trust exemption was too broad.

"We now know that the exemption provides the industry with benefits that go far beyond the original justification," said Mr. Meehan, co-chairman of the Congressional task force on tobacco, which requested the report.

Separately, a CBS News poll showed that a large majority of the public doubted that the proposed agreement would significantly reduce the number of teen-agers who smoked. Only 19 percent of a national sample of 1,051 adults surveyed late last week said they believed the accord would reduce the number of teen-agers who begin smoking. By a 2 to 1 margin, the respondents — half of whom were current or former smokers — said that the Government and the tobacco industry could not take steps that would significantly reduce tobacco use by minors.

Washington Classes Start After Roofs Are Repaired

WASHINGTON, Sept. 22 (AP) — Schools here opened today three weeks late, with new roofs, tighter security, longer days and stiffer academic requirements.

Classes started later than those in most of the rest of the country because roofs were being replaced on 54 schools. The school day has been made 30 minutes longer to make up for lost time.

Julius Becton, the District of Columbia's schools superintendent, said new roofs and other repairs should help reduce fire-code violations that interrupted classes in recent years.

He also announced a reading program intended to insure that all children are reading by the third grade.

Treasure Hunter Finds Lost Presidential Yacht

ASSATEAGUE ISLAND, Va., Sept. 22 (AP) — A salvage operator searching for sunken Spanish treasure ships in the shallow waters off Assateague Island has instead found a piece of American history.

Using a magnetometer on Sept. 9, the salvor, Ben Benson, discovered the Despatch, the yacht of Presidents Rutherford B. Hayes, James A. Garfield, Chester A. Arthur, Grover Cleveland and Benjamin Harrison.

The yacht, built in 1873, ran aground and sank in stormy weather off Assateague in 1891. All members of the crew, who were the only ones on board, survived.

Corrections

An article in Business Day on Friday about a surge in the shares of the Bankers Trust New York Corporation after comments by an analyst, Thomas Hanley of UBS Securities, misidentified the forum in which he spoke. The comments, in which Mr. Hanley said the company was a takeover candidate, were made to UBS clients and its sales force and were reported by the CNBC cable network; Mr. Hanley himself did not appear on CNBC.

■

An article in Business Day on Saturday about legislative proposals to overhaul the Internal Revenue Service referred incorrectly to a plan for an oversight board. It would comprise appointees from government, education and business, not exclusively business.

■

A front-page article on Friday about a proposed combination of Coopers & Lybrand and Price Waterhouse misspelled the surname of an accounting professor at the Wharton School of the University of Pennsylvania who commented. He is Peter Knutson, not Knudsen.

A chart in Business Day ranking the Big Six public accounting firms on several measures, included some incorrect figures supplied by Bowman's Accounting Report for Ernst & Young and thus ranked the firms incorrectly in several categories. A corrected chart appears today on page D2.

■

A dance review on Friday, about "Webbed Feats," performed in Bryant Park in Manhattan on Wednesday, misidentified the producers. They were the Bryant Park Restoration Corporation and Stephan Koplowitz & Company, not Dancing in the Streets.

■

A film review on Friday about "In and Out," starring Kevin Kline and Joan Cusack, misstated Debbie Reynolds's role. She plays the mother of the high school teacher portrayed by Kevin Kline, not the mother of his fiancée.

The New York Times
TUESDAY, SEPTEMBER 23, 1997

FTC Criticizes Proposed Tobacco Accord

Agency Warns Big Profits Would Exceed Penalties Included in Settlement

By JOHN R. WILKE
And JEFFREY TAYLOR
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — The Federal Trade Commission sharply criticized the proposed national tobacco settlement, concluding that cigarette makers could reap big profits that would far exceed the penalties the pact would impose.

The FTC's reaction strengthens the hand of President Clinton and those on Capitol Hill who are demanding a tougher settlement. The original deal, struck between tobacco companies, state attorneys general and public-health advocates on June 20, calls for the industry to pay $368.5 billion over 25 years to offset states' costs of caring for sick smokers.

"Cigarette prices are likely to rise more than the amount of the annual payments, and as things now stand, vast additional revenues will go to the tobacco companies," FTC Chairman Robert Pitofsky said yesterday. He found the proposed deal's broad antitrust exemption especially troublesome, saying it would give tobacco companies immunity from price fixing and let the largest grow stronger while squeezing out smaller players.

The FTC found that the plan could boost industry profits from $36 billion to as much as $123 billion over the life of the settlement, depending in part on whether industry tax exemptions are enacted.

"This study shows that the tobacco settlement is an even better deal for the industry than anyone had imagined," said Rep. Henry Waxman, a California Democrat who asked the FTC to study the proposed settlement. He said the antitrust exemption is among many provisions that will have to be changed as Congress drafts tobacco legislation.

A tobacco-industry spokesman, Scott Williams, rejected the FTC's report, saying it is "highly speculative and misses the point, which is that the price increases in the settlement are designed to maximize the reduction in underage tobacco use." He said the report "is based on assumptions that are at best inaccurate," such as the FTC's calculation that cigarette makers routinely pass on more than 100% of the cost of tax increases.

The settlement calls for reductions in youth smoking of 30% in five years and 60% in 10 years. If the industry fails to meet the targets, the pact would impose penalties of as much as $2 billion a year, which would probably be passed along to customers in the form of further price increases. The payments would also be tax-deductible, and the industry could apply for refunds. President Clinton has said he wants to toughen these penalties. The pact also includes an exemption from antitrust laws that would allow cigarette companies to cooperate on raising prices.

The FTC also said cigarette makers could end up paying significantly less than the $368.5 billion envisioned under the proposed settlement because the payments are linked in part to annual sales, which are expected to decline as consumer prices rise. Richard Lugar, the Indiana Republican who is chairman of the Senate Agriculture Committee, one of the panels likely to shape tobacco legislation, said Congress "will want sufficient funding of state and federal public-health costs caused by smoking."

Last week, President Clinton called for changes in the proposed settlement, demanding that the Food and Drug Administration be authorized to control nicotine levels in tobacco products and calling for price increases of as much as $1.50 a pack to attack smoking among youths.

The proposed settlement is being re-

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Continued From Page A3

viewed on Capitol Hill, which must come to terms with the president and pass legislation for its provisions to take effect. Congress isn't expected to begin the process in earnest until next year.

But the FTC's Mr. Pitofsky said price increases could give tobacco companies too much leeway to boost profits. "Prices per pack ought to go up, but the question is how much and where is the money going to go?" he said. "Even without the antitrust exemption, if prices rise $1.50 a pack, that produces vast revenues that are not yet accounted for."

Richard Scruggs, a plaintiffs attorney representing several states that sued the industry, said, "The intent of the settlement was to give the industry an exemption only to the extent necessary to fund the settlement. If the provision is too broad, we'll work to narrow it." He added that the settlement agreement was a "term sheet" rather than a detailed piece of legislation.

Moore Rejects 'Collusion'

Added Michael Moore of Mississippi, the lead negotiator for the state attorneys general, said, "We're certainly not for any collusion."

Mr. Moore said, however, "We always thought tobacco companies would raise prices higher than what they had to for the settlement, but truthfully we thought that was a good thing from a public-health perspective."

Industry lawyers say the tobacco companies are willing to work with the FTC to narrow the antitrust exemption. As drafted, it would permit tobacco companies "to jointly confer, coordinate or act in concert" to reach the settlement's goals, including eliminating billboard advertising and vending-machine sales. The companies, the attorneys said, believe they need the exemption to carry out these goals without violating antitrust laws.

But Mr. Pitofsky said the provision, "although possibly not intended . . . would allow the tobacco companies to coordinate their behavior and raise prices far in excess of levels necessary to cover the annual payments and keep the extra profits for themselves."

Highly Concentrated Industry

The FTC study said the tobacco industry has historically passed on to consumers more than government-required price increases. That is in part because the industry is highly concentrated, there are high barriers to entry by competitors, and customers are relatively insensitive to price increases.

Rep. Martin Meehan said the exemption's effect "has been completely overlooked" and provides the industry with benefits "that go well beyond the original justification." Indeed, the Democrat from Massachusetts said the companies can make the required payments without it.

Republican Orrin Hatch of Utah, who as chairman of the Senate Judiciary Commitee will play a crucial role in drafting legislation, said he is working with Ohio Republican Mike DeWine, chairman of the Senate antitrust subcommitee, to ensure that "any necessary antitrust exemption will be narrowly tailored to accomplish the legislative goal of reducing [youth] smoking."

Separately, Brooke Group Ltd.'s Liggett Group Inc. unit said it settled Nevada's tobacco-related Medicaid-reimbursement claims. Nevada is one of several states that filed suit against tobacco companies to cover billions of dollars in Medicaid costs. Among the terms of the settlement, the unit will put an added warning on its packs stating "smoking is addictive," and agreed to pay as much as 22.5% of its pretax earnings into a settlement fund for the next 25 years.

Deal could be windfall for tobacco firms

By Samuel Goldreich
THE WASHINGTON TIMES

Price-fixing exemptions under the proposed tobacco settlement could give the industry a $123 billion windfall over the next 25 years, according to a study released yesterday by the Federal Trade Commission yesterday.

The report, requested by a group of tobacco critics in Congress, suggests that the nation's top five tobacco firms easily can afford to sweeten their offer of $368.5 billion over the next 25 years to settle health liability lawsuits filed by 40 states and thousands of private citizens.

"Cigarette prices are likely to rise more than the amount of the annual payments," FTC Chairman Robert Pitofsky said. "As things stand now, vast additional revenues would go to the tobacco companies."

The tobacco deal, which President Clinton last week said Congress must strengthen to boost cigarette prices and reduce underage smoking, would create an unprecedented antitrust exemption to allow companies to set prices and decide on appropriate profit levels, he said.

Mr. Clinton insists that any tobacco deal must force a $1.50 jump in the price of a package of cigarettes over the next 10 years to discourage teenage smokers. He called for a combination of price increases and "penalties" if targets to reduce underage smoking are not met but did not address raising federal excise taxes.

Based on tobacco companies' past history of tacking on premiums when taxes go up, they probably would use the antitrust exemption to boost prices far beyond what is necessary to make annual payments under the settlement proposal, Mr. Pitofsky said.

FTC analysts said the price of a pack of cigarettes would rise 57 cents to $2.47 in five years, without the antitrust exemption included in the tobacco deal. But if price-fixing rules are waived, the price could jump to $3.04 by 2002.

The report estimated that tobacco industry profits would drop about $15 billion over the next 25 years if they simply passed to smokers the cost of the settlement. But profits could soar $123 billion, if the industry uses the exemption to recapture double the cost of the deal.

"The report raises the question of what ought to be done with any additional monies the settlement could generate," Mr. Pitofsky said.

The FTC report offered no suggestions for dealing with the tobacco industry. But Mr. Pitofsky noted that in other industries such as utilities, which operate under similar price-fixing exemptions, government agencies have the power to set prices and profits.

Tobacco critics immediately seized on the report to support demands for stiffer penalties and higher taxes to ensure that the industry does not get a windfall.

"The FTC report shows that the tobacco companies are likely to make even more money from the U.S. tobacco market under the deal than they would without a deal," said Rep. Henry Waxman, California Democrat.

The FTC report will be a "powerful tool" for Congress to rewrite the to-

see DEAL, *page B10*

The Washington Times
TUESDAY, SEPTEMBER 23, 1997

DEAL

From page B6

bacco deal, said Rep. Martin Meehan, Massachusetts Democrat and chairman of the 89-member Congressional Task Force on Tobacco and Health.

Sen. Frank Lautenberg, New Jersey Democrat, said last week that he will introduce a bill calling for an immediate $1.50 increase in the excise tax, which already is scheduled to climb 15 cents to 39 cents by 2002.

The tobacco companies that negotiated the settlement deal declined to comment yesterday.

But industry representative J. Phil Carlton said last week that the deal already would achieve a $1.50 jump in the price of cigarettes if retail and wholesale markups are added to the 62 cent-per-pack increase called for under the settlement. He said it would "certainly be unacceptable to try to raise the financial terms of this agreement."

Jonathan Baker, the FTC's director of economics, dismissed the notion that the 62 cent cost of the agreement alone would cause wholesalers and distributors to raise the price of cigarettes by $1.50 per pack.

"It's not plausible, given the competitiveness of the distribution industry," he said.

The New York Times
THURSDAY, SEPTEMBER 25, 1997

Economic Scene | Peter Passell

Tobacco might thrive with a $1.50-a-pack rise for cigarettes.

IS the tobacco industry playing Brer Rabbit to President Clinton's Brer Fox? The President's assertion that if necessary, the price of cigarettes should rise by $1.50 a pack to deter teen-age smoking evoked bitter denunciations from Big Tobacco. "The industry should be not held solely accountable for social behavior that neither it, nor the Government, can control," read the cigarette manufacturers' collective response.

But a close look at Mr. Clinton's demands suggests that the industry could live — conceivably thrive — with the consequences. Jeremy I. Bulow, an economist at the Graduate School of Business at Stanford University, calculates that a settlement on the President's terms would cost the tobacco companies less than the continuing uncertainty over legal liability. "The best estimate now is that $1.50 a pack would increase the market value of tobacco stocks," Mr. Bulow argues.

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"Reducing youth smoking is the Administration's bottom line," President Clinton said. "One of the surest ways" to meet the Administration's goal of a 60 percent cut in teen-age smoking over a decade, he added, is to "increase the price of cigarettes."

Since teen-agers have less money than adults and are not yet addicted to nicotine, their consumption of tobacco is more responsive to price changes than that of adults. Nonetheless, to cut teen-age smoking by 60 percent would probably require a $1.50 price increase.

The combination of taxes and penalties built into the original settlement proposal — a proposal the Federal Trade Commission staff argued this week could actually increase industry profits — totaled 72 cents a pack. When a reporter asked Bruce N. Reed, director of the President's Domestic Policy Council, whether the Administration's approach would double the 72-cent penalty, Mr. Reed said it would. That, in turn, led to the speculation that the President's approach would have doubled the cost of the original settlement, to about $700 billion.

Nicolas Ascio

But Martin Feldman, a tobacco industry analyst at Smith Barney, begs to differ. He notes that the 72 cents does not include the 15-cent-a-pack increase in the Federal excise tax on the books for the year 2002. Nor does it include future increases in state taxes, or in markups by retailers. All told, Mr. Feldman estimates that the abandoned settlement would have raised the price of a pack by $1.45 in just five years — almost as much as the President's proposed maximum increase over a decade.

Mr. Bulow of Stanford expects there is more daylight between the cost of the two proposals than Mr. Feldman argues because competition would prevent retailers from fattening their markups significantly. Nonetheless, the university economist is confident that cigarette makers could live with measures that would increase the supermarket price by $1.50 a pack.

Mr. Bulow's conclusion is based on the idea that the cigarette makers' goal is to maximize the total return for stockholders. He cites estimates by Gary Black, a tobacco analyst at Sanford C. Bernstein, that the domestic tobacco businesses of Philip Morris and RJR Nabisco are currently valued by the market at just one-third what they would be worth in the absence of uncertainty about future litigation and regulation.

He estimates that a tax of $1.50 a pack would reduce cigarette consumption by about one-third. The lost sales would mean a more-than-proportionate fall in profits, but Mr. Bulow estimates that part of the costs of the settlement would be recouped since marketing costs would also fall. On balance, he calculates that a $1.50 tax would pare the industry's $5 billion annual profit by a bit less than half.

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That is hardly what the cigarette companies hoped for. But Mr. Bulow reckons that it is better than living with the current level of legal uncertainty, which has reduced the market value of the business by two-thirds. And since the Administration appears eager to set goals in terms of reduced youth smoking, rather than reduced smoking over all, the companies may find ways to salvage a portion of the lost profit.

For example, Mr. Bulow expects that an increase in the minimum legal smoking age to, say, 19, would deter teen-age smokers, yet have little effect on adults in the near term. So by supporting tougher restrictions on access to cigarettes, the companies might get away with a smaller tax that cut less deeply into profits from sales to adult addicts.

Concentrating on youth smoking directly has a social advantage, too. Smokers, on average, have lower incomes than nonsmokers. So relying more on direct regulation of youth smoking and less on cutting demand with across-the-board price increases reduces the regressivity of the policy. "It would be a shame to put most of the burden of the antismoking settlement on the backs of adults earning less than $10 an hour," Mr. Bulow said.

MEMORANDUM

TO: TOM FREEDMAN, MARY SMITH

FROM: SKYE PHILBRICK

RE: TOBACCO ARTICLES (SEPTEMBER 22-25)

DATE: SEPTEMBER 25, 1997

HERE ARE THE TOBACCO ARTICLES FROM THIS WEEK'S WHITE HOUSE PRESS CLIPPINGS.