White House Press Release

PRESS BRIEFING BY MIKE MCCURRY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 16, 1998

PRESS BRIEFING
BY MIKE MCCURRY

The Briefing Room

1:31 P.M. EDT

MR. MCCURRY: Hello. Happy Friday. A couple of things. First, I want to thank Harris Wofford and Goody Marshall for coming down to talk about a little bit of the plans we have for Monday. Obviously, we believe that the activities on Martin Luther King Day on Monday will kick off what the President expects to be a very big year for national service.

Two weeks ago, the President announced that he is going to seek an expansion of the Peace Corps by 10,000 volunteers. Harris told me -- Harris, given his association many years ago with the Peace Corps, told me that's a goal that's long been something that those who have been supportive of the Peace Corps program have had in mind. It's kind of interesting that he's now working to expand that concept of service in his role at the Corporation for National Service.

And then the President has, of course, announced that he will ask Congress to reauthorize AmeriCorps and other programs of the Corporation for National Service this year. So we will be working hard with Congress to achieve passage of that legislation, of course, the increase in Peace Corps that the President wants. And I think it's very appropriate, and the President believes it's appropriate, on Monday, as we honor the service of someone who has meant so much in American history, to use that as the occasion also to continue to place the emphasis the President has been placing on volunteerism and

MR. MCCURRY: He hasn't yet, but he'll spend some time with them today before he goes off and does -

Q Well, would you say the President dreads tomorrow's deposition?

MR. MCCURRY: I think he's just going to go do it.

Q Does the President -

MR. MCCURRY: I mean, I think it's safe to assume that there would be other things that he would do on a Saturday, but he will do it and recognizes that he must do it and he will get it done.

Q Does the President feel it's the last thing he'll have to do with regard to the case?

MR. MCCURRY: Who knows, and I don't know and I don't want to comment beyond what I just said.

Q What does he think of Glenn in space?

MR. MCCURRY: He said, "That's great. I'm thoroughly delighted. I've always encouraged him to think about this and I'm pleased NASA thinks it's the right decision."

Q What do you think of Glenn in space?

MR. MCCURRY: I think it's great, too. I have had the uncommon experience of sitting in a plane that John Glenn is about to fly with his wife, Annie, as a copilot. And I remember the one and only time I did this, we sat on the ground and sat and sat some more, and I finally looked at the other staff there, I said, is something wrong? He said, no, he's just doing his checklist, in which he does apparently every time he gets into the cockpit and flies somewhere. So I don't think I've ever felt safer flying somewhere than when I flew on that trip.

But I think that he is someone, for all of the reasons that he described today, who I think will bring a lot of knowledge, expertise and ability to this assignment that he's been given by NASA, and I think he will, more importantly, be able to help the American public reengage in the importance of what we're trying to do in space and give them another way to understand some of the interesting possibilities that arise because of our determination to continue our effort in space research.

Q Mike, can you clarify something you said in the gaggle this morning about **tobacco**? You said that the administration believes caps on **liability** is not necessarily a **deal**-breaker. Could you explain whether you think the absence of limitations on **liability** in **tobacco** legislation would be a **deal**-breaker?

MR. MCCURRY: I think that the parties themselves have addressed that question with some sufficiency. I think the point that we've always made is that caps on **liability** relate to the other aspects of legislation and how they relate to what public health objectives can be achieved in the legislation is the key thing.

Now, absent them, which was, of course, what some people are calling, I'd have to -- you'd have to see what disposition there would be generally by those who participated in the negotiation that continue to support the settlement that they reached.

White House Press Release

PRESS CONFERENCE OF THE PRESIDENT

THE WHITE HOUSE

Office of the Press Secretary
(Denver, Colorado)

For Immediate Release June 22, 1997

PRESS CONFERENCE OF THE PRESIDENT

Colorado Convention Center
Denver, Colorado

2:25 P.M. MDT

THE PRESIDENT: Thank you very much. Please be seated. Let me say I have a brief opening statement, and then I will open the floor to questions. I know we also have some members of the international press here, and I'll take several questions from the American press first, and then I'll try to alternate a bit. And I think I have a general idea of where everyone is.

Let me begin by saying that over the past four years I have worked with our partners in these summits to focus the major industrial democracies of the world on both the opportunities and the challenges that we face as we move toward the 21st century. Together we worked to prepare our economies to meet new transnational threats to our security, to integrate new partners into our community of free market democracies.

The summit communique I summarized just a short while ago demonstrates that here in Denver we have actually made real progress on problems that matter to our people. To prevent financial crises from one country from sending shockwaves around the world, something we have seen on two different occasions in the last few years, we've strengthened our network of banking and market officials to monitor financial policies and police risky practices.

We moved forward in our fight against new security threats that confront all our people. We intend to step up our collective efforts against the growing international problem of actually bless or endorse the commitment when China and Great Britain made the commitment to have one China, but two systems. And that definition clearly included political as well as economic differences.

You know, I hate -- I don't like to answer hypothetical questions, and I think anything we do will only make it worse. I think what we want to do is to encourage the Chinese to remember they have a unique, almost unprecedented place now that is reverting to their sovereignty, and that part of the fabric of what makes Hong Kong work is not just open markets and industrious people and a haven of hope for people who flee the lack of opportunity and often oppression elsewhere, but a lively and open society. And it needs to be maintained, and I hope that it will be.

Yes, Ann.

Q When the **tobacco deal** was announced, you indicated you'd be listening for reactions from some, like Doctor David Kessler, who said this morning that he finds, in reading the fine print, that there are some hurdles, some impossible burdens. And he called parts of it, a step backwards. Is there some way you can assure people that this agreement will not simply be proposed and then die? Is there something your administration can do follow through to make sure that this represents a time of real change for the **tobacco** industry?

THE PRESIDENT: Yes -- I think the answer to that is, yes. And let me say, obviously, I have not, myself, had a chance to review this in any detail. Bruce Lindsey has briefed me on its major provisions. And that's why I asked to have the chance to have it reviewed. I don't think any of us -- at least I hope none of us are reviewing it with the view toward either saying we're going to embrace it or kill it, and there's no other option.

I was impressed by some of the comments of members of Congress in both parties that they were hoping that if they couldn't completely embrace it, that at least it could be salvaged; and by Attorney General Moore from Mississippi who said that he thought the agreement would come apart if what he called -- I think he said, radical changes or something were made in it, which would undermine its fundamental understandings.

But I think -- here's bottom line for me: When two sides make an agreement -- an honorable, principled agreement -- they, obviously, both conclude that it's in their interest to make the agreement. And what we have to -- those of us who are on the outside of this who represent the public interest have to do is to make sure that those things which made the **tobacco** interests conclude that it was in their interest to make the agreement do not compromise or undermine our obligation and our opportunity to protect the public health and especially children's health and reduce child smoking.

Now, that will particularly bear on the specific language relating to the jurisdiction of the federal Food and Drug Administration, and exactly what it means. And I just urge you all to read it carefully. We're going to be reading it carefully. And we're going to read it carefully against what the **tobacco** companies have already admitted about the addictive qualities of nicotine and what was known.

So you have to not only look at the legal language, but you have to look at the factual basis that's out here. We're going to work through. But I can tell you, I'm going to do my best to see that this whole endeavor, which is massive, results in something positive for the American people. But we have to have those tests -- public health, And number two, regarding the budget agreement, is it made more difficult to get it done by the Republican in-fighting?

THE PRESIDENT: Let me **deal** with the questions separately. First of all, on the tax credit, my position is that all working people should be made eligible for it -- the Senate bill in that regard is better than the House bill -- and that we shouldn't have some other offset, like reducing the child care credit as well as the children's tax credit in the new bill.

I understand the Republicans are arguing because they want to save money on this to pay for the capital gains and the other things that they want. They're arguing that this is, in effect, a welfare thing because you're giving a child care credit to people who aren't paying income taxes -- now, that's their agreement -- because of the other tax credits people are entitled to.

But let's just take the income group they are **dealing** with -- working families with incomes between $22,000 and $25,000. Now, suppose you've got a rookie police officer in a medium-size city in the South, the average entry-level salary is about $23,000 -- and it's a woman or a man with two kids at home. This police officer is paying federal taxes, a considerable federal payroll tax. And to treat -- to characterize them as welfare recipients because they would be made eligible for the same help that people making $31,000 a year would get to raise their children, I think is wrong.

So that's an area where we simply have a disagreement. I was encouraged that the Senate moved closer to us than the House. This is something I expect to work out.

On the other question, I wouldn't -- do I think we're not going to make an agreement because of reported divisions within Republican ranks? No, I do not expect that to be prohibitive. I think that there was a lot of tension within their caucus, obviously, over this disaster aid bill, but in the end they did the right thing. And the leaders did the right thing. And I think that nobody likes to go through that and have your position not prevail. And so that was understandable.

But I think as time passes, they will see that their leaders did the right thing and that the country is better off and that were moving in the right direction. So I don't expect splits to paralyze us.

Peter.

Q Sir, I'd like to ask you about an aspect of this **tobacco deal** where you do have some expertise, the legal aspect. What's your view of this concept of protecting the **tobacco** industry from lawsuits, from **liability**? What kind of legal and what kind of constitutional precedence would that set?

THE PRESIDENT: Well, as I understand it, it does not protect them from **liability** for actual damages. It protects them from **liability** for past punitive damages, and still permits punitive damages

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White House Press Release

PRESS BRIEFING BY MIKE MCCURRY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 17, 1997

PRESS BRIEFING
BY MIKE MCCURRY

The Briefing Room

3:35 P.M. EDT

MR. MCCURRY: Thank you to my colleagues for warming up the audience here.

Q The Senate reaction -- what have you got on that reaction?

MR. MCCURRY: I've got an announcement first of major import. No news. Good news. Good news. The arrival on this planet of Ryan Federico Pena, born today at 8:55 a.m. Little Ryan weighing seven pounds, six ounces, and Secretary Pena and his wife, Ellen Hart Pena are doing well, and Secretary Pena is taking time off, taking advantage of the Family Medical and Leave Act.

Q What's his first name?

MR. MCCURRY: Ryan. Ryan Federico Pena.

Q How long does is he taking?

MR. MCCURRY: The White House and the President and all of us wish the family well and the new young son. He'll take two days. I think he's entitled to more under the Family Medical Leave Act. He can take -- two days is better than no days.

this case feel they need additional material, they have what the court has now called a very heavy burden imposed on them when they're seeking access to confidential documents to demonstrate that they are necessary for production. And I think the test would seem to make sense, and the Circuit Court has now remanded back to the District Court the issue so this test can be applied in the case of individual documents. And that's -- it's entirely proper and consistent with what the White House argued in the case.

Q But as it's retested again in the District Court using those new criteria, will the White House continue to say that it is complying?

MR. MCCURRY: Absolutely, because they are and the documents they are protecting, as the opinion demonstrates, are those that are properly privileged to begin with.

Q So, basically, you're saying there is no contradiction to be saying we will comply with this subpoena and asserting executive privilege to fight some of those --

MR. MCCURRY: Right, and the prosecutor has to overcome the burden -- or has to pass the heavy burden placed upon him to demonstrate why those confidential communications are necessary for the prosecution. And I think the White House would say that that's as it ought be.

Q The White House supposedly refuses to intervene to try to resolve the **tobacco** dispute. Is that true?

MR. MCCURRY: We have not intervened at any point in the process. We have monitored the discussions the parties are having and we hope that they will result in what the President wants to see happen, an agreement that would implement the public health policy objective that he has. But they have to reach that agreement and we have to be satisfied that we'll actually meet the test the President has put forward and that will require some process of examination on our part. But it's hard for us to evaluate something that's not concrete and substantive in nature.

Q But if both sides have asked you to come in and close this **deal**, why not do that?

MR. MCCURRY: Because we're not a party to the negotiation and we never have been. And we've all along indicated here's what our needs are. Our needs are something that would move quickly as possible to the public health objective the President has articulated ever since we announced our initiative. And they know that and this no doubt will lead them to try extra hard on those remaining issues which there are apparently only a few which they lack agreement.

Q One of the things that the Attorneys General are clearly concerned about is that they do a **deal** on punitive damages and then the White House pulls the rug out from under them and says, oops, that was a bad idea for you to do that. So they're clearly looking for some guidance from you to say, does this work, does this not work.

MR. MCCURRY: I think if you question the Attorneys General on that, they'll say that they've gotten some guidance on that question from the White House. The issue is whether or not at the end of the day they're going to be able to reach any agreement with the parties, and we can't write that agreement for them. They may get to a point where they're just not going to get an agreement on that one specific issue.

Q What guidance have they got from the White House?

MR. MCCURRY: We have just said, look, our views on tort reform are pretty well-known. We're looking for something that would achieve the public health objective and something that would overcome any limit on the ability of plaintiffs to seek punitive damages. I mean, that would be an extraordinary departure from what normally we would think an individual citizen has a right to have access to and it would have to be in exchange for something that was truly important in meeting the public health objective the President has articulated.

Q -- over any limit on the plaintiff's right to sue? Right now there are no limits. They're talking about putting limits on.

MR. MCCURRY: Right. I said to overcome any limit on that it would have to be in exchange for something that would be extraordinarily helpful in meeting the public health objective. And the parties know that and they haven't been able to arrive at any formula that works.

Q Mike, that doesn't really answer the question, though. Because you're saying to them, if what I'm taking is correct, you're saying, you figure out whether you think it's a good **deal** whether the trade-offs you're making are wise, and then we'll review it. And what they're saying is, help us, help us say is this a good trade-off.

MR. MCCURRY: They're saying a lot more than that. I'm not going to try to make their argument for them.

Q Why would you need to review it after the fact if Bruce is already keeping in touch and knows sort of blow by blow what's happening?

MR. MCCURRY: Look, think about the length of time it took for us just to promulgate the rule, the analysis, the extensive study that went into it took a great **deal** of time. And there would, no doubt, be those who would object to or oppose any proposed settlement as it made its way through Congress and to the President, and there would need to be a good, substantial analysis that said that this was in the best interest of America's public health.

Q What does Bruce do at this point in the process, if not keep in touch with --

MR. MCCURRY: He listens to where they are and gets a sense of how close they are to an agreement and how far away they are from an agreement.

Q But without knowing the substance of the agreement?

MR. MCCURRY: Well, he knows the substance of their discussion, but there is no agreement at this point so you can't know the substance of the agreement.

Q What if the parties came to the White House and said, this is as far as -- here's the trade-offs we've made on these two issues, and if we don't get any clear guidance from the White House that this would be acceptable to you, then the talks will collapse? What do you do in that situation?

MR. MCCURRY: They may get -- I doubt they'll get to that point. They may get to a point where they say, this is the best that we're going to be able to do on this issue and we're interested in what your analysis is.

Q And you would give the analysis before there was actually a final announced **deal**?

MR. MCCURRY: Well, there wouldn't be a **deal** in that case. They would say, this is as good as we're going to do and we've got one issue that's outstanding and here are a variety of ways that we might be able to resolve it.

Q In other words, you might -- are you saying that you might do this analysis of a not completed **deal**, an incomplete **deal**? Because my understanding was you were waiting for them to present you with something.

MR. MCCURRY: Look, there are any hundreds or millions of items that could be in an agreement that may end up at a place where they don't have the specific question to address. We'll just have to see what happens.

Q Mike, can I just clarify one point? Did you say that if the benefits to the American people -- namely, stopping children from smoking -- are good enough, the White House would support a **deal** that would limit the punitive damages that the **tobacco** industry --

MR. MCCURRY: I was very careful not to say that and I won't say that because that's not where we are right now. We're going to have to look at what all the -- in any negotiated settlement of this nature, there are lots of different trade-offs and lots of different issues. That's the way parties reconcile differences when they negotiate. And we have to look at the total package and what's involved. There's not a direct, one-for-one exchange; but there may, in fact, be some very positive things in any proposed settlement that gets this nation quicker to the day in which we're discouraging kids from smoking, and the industry might be willing to do a lot of different things to get to that point. And we'd have to take a look at what are they and what are the trade-offs that go in the other direction that involve whatever issues are related to --

Q If they're really --

MR. MCCURRY: I'm not going to -- I can't write the **deal** for you.

Q No, I don't want you to write the **deal**, but if those trade-offs are really excellent and the benefits to children and the American people are really terrific, better than you can imagine -- (laughter) -- in exchange for that, would you be willing to accept a limit to the damages from **tobacco**?

MR. MCCURRY: We'd have to take a look at exactly how it's written and what it says.

Q Would such a limit be constitutional?

MR. MCCURRY: Sure, I mean, that's been the case in which **liability** limits have been placed in the past in other similar types of public health issues.

Q Are you still planning to follow the lead, or at least take extremely seriously the verdict that the public health community renders on whatever --

MR. MCCURRY: I think that will be very important, and we have made clear to everyone that the reaction to those who have been tireless in their advocacy of the public health interests of the American people will be very much on our minds.

Q And just one other question about this. Can the President imagine a **deal** that would both meet his objectives and also, when it's announced, boost the stock of the **tobacco** companies? (Laughter.) No, I mean, is that -- is something that is good for the **tobacco** companies' bottom line also --

MR. MCCURRY: It's a wildly hypothetical question that leads to speculative activity in the market -- two good reasons not to respond.

Q Do you have a clear position on criminal **liability**? Any limits in that sense?

MR. MCCURRY: I'm not aware that criminal **liability** has been an issue. I thought they were talking about civil damages. But I'm not familiar enough with the details.

Q Just to follow up on Mara's question. How important is it to the President that this be an accomplishment maybe that he brings to the country? This would be a pretty big **deal** for him.

MR. MCCURRY: Oh, I think the President feels strongly, if not passionately, about the issue, and I think if we could avoid protracted litigation on the proposed rule that's been put forward by the Food and Drug Administration that leads us sooner to the day in which we are accomplishing the President's public health object -- reducing smoking by young people, preventing them from the danger of **tobacco** use -- he would have to look long and hard at that **deal**. And indeed that's one of the reasons why we have so actively monitored the discussions that are underway, because they present the possibility of getting us sooner to the day we have the public health policy in place that the President advocates.

But we recognize we may not get there and we may have to continue to pursue the regulatory path that we put forward because in the end of the day the parties themselves may not be able to reach agreement.

Q Mike, one thing that's a little bit confusing about this -- you said from that podium that the President's blessing on this **deal** would be the single most important factor to getting it through Congress, or at least you couldn't imagine something getting through Congress that he didn't bless.

MR. MCCURRY: Well, I haven't said -- the parties themselves have said that, I don't need to say that. They say that themselves.

White House Press Release

PRESS BRIEFING BY MIKE MCCURRY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 3, 1997

PRESS BRIEFING BY
MIKE MCCURRY

The Briefing Room

1:48 P.M. EDT

MR. MCCURRY: Well, the Press Secretary has arrived for today's daily briefing. Mr. Blitzer, thank you so much for getting us underway with the first question from CNN. It's always a pleasure to see you in the Briefing Room. No, I don't have contract negotiations going on with him, that's not true. (Laughter.)

Q What do you think about this effort to strengthen the TV rating system so that networks have to tell more about the content of these programs?

MR. MCCURRY: Well, the President for a long time has been strongly in favor of that, as you know. When he announced the voluntary industry rating system last year, he said it was really up to parents and the industry to work together to evaluate the system that's in place, and I gather from the discussion today that there are some within the industry who feel like the parents have now spoken and that they see some inadequacies in the rating system. What we want to do is to see those who represent the needs of children, the interests of parents work closely with broadcasters to perfect and fine-tune a system -- because it's clear and it's probably common sense that a uniform system of ratings is going to be much preferable for most parents, most consumers. They're going to be able to figure out what the system is and how it works.

So we will encourage -- the President will encourage the industry to continue to work closely with those who are evaluating the rating system. But in some sense, what's happening is what we wanted to see happen, that people would evaluate the ratings in place to see if

Q So no press conference on the 10th?

MR. MCCURRY: Nothing on the 10th, but on the -- whatever that day is -- what is it, the 17th -- that Sunday?

Q Twenty-second.

MR. MCCURRY: Twenty-second.

Q Mike, there's a month left until July 4th. What is he doing to get campaign finance legislation --

MR. MCCURRY: Some things that I -- I don't want to preempt Rahm Emmanuel's next news hit on that subject, so I can't tell you right now. But we're prepared to do some things that may happen within a matter of days.

Q -- reportedly started an interagency task force on chronic **liability** reform.

MR. MCCURRY: That's a great idea. I didn't know -- is that going to happen? According to your sources, Kathy is going to head that effort up? An exceptionally good choice for that, given her background.

Q Consumer groups are concerned that the President now is shifting his position away from last year when he vetoed the product **liability** bill to wanting to cut a **deal** with business groups.

MR. MCCURRY: No. In our veto message on the product **liability** bill, we gave a road map to how you could successfully **deal** with some of the tort claim issues that were embedded in that legislation. We had worked, as you know, very closely with Senator Rockefeller and others on that question and would like to see legitimate tort reform occur, but within the contours that the President embraced in that veto message. And I think that the purpose of evaluating some of the various proposals out there and looking at them from an interagency perspective is to see how that would work.

We also have a significant **liability** issue that exists within the **tobacco** industry that may or may not become a subject that the administration has to **deal** with at some point. By the way, initially that task force I think was seen as something to evaluate **tobacco liability** issues with respect to some of the **tobacco** talks. I checked that out last week and that's not its purpose; it's a broader-based product **liability** task force, as I understand it.

Q Mike, is Richardson going back to the Diplomatic Republic of the Congo this week?

MR. MCCURRY: We've said it's very likely he will go. We have not formally announced his departure and his itinerary.

Q Any run-up to the speech that he will make on race relations out in San Diego? Can we expect something later next week preceding it?

MR. MCCURRY: I think that's correct. It will be most likely next week. The President has continued to meet with some of his advisors on this issue, looking at what he might articulate as goals, as achievable and substantive outcomes of a process of having this country think about and talk about race relations and reconciliation among diverse types of Americans of many different walks of life. And he's been thinking hard about it, talking hard about it. He had a very good

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HEADLINE: THE POLITICS; White House, Hill Wary Of Proposed Agreement

BYLINE: John F. Harris; Helen Dewar, Washington Post Staff Writers

BODY:

At the White House and on Capitol Hill, the proposed settlement over tobacco yesterday was greeted with reactions so cautious they bordered on downright cool.

The hesitancy in both places made clear that the grand accord -- so painstakingly crafted in the secretive confines of downtown luxury hotels -- is in for some sharp poking and prodding in the less delicate arenas of the capital where laws actually get made. No important voice in political Washington immediately embraced the settlement, and both President Clinton and a variety of congressional leaders said they need to know far more about its details before they will hazard a judgment.

White House aides said Clinton is casting a skeptical, if undecided, eye on several provisions, especially its implications for the Food and Drug Administration's jurisdiction to regulate nicotine. It will probably be at least a month before Clinton offers a clear thumbs up or down, senior White House aides said, and in the meantime a multiagency review is underway.

Several lawmakers said they considered the deal unveiled yesterday to be essentially a rough draft, and they will feel free to write changes into the legislation that will be required to implement the settlement.

"The Constitution does not make any provision for Congress to delegate to private groups in secret meetings the power to write law," House Speaker Newt Gingrich (R-Ga.) told reporters just before the settlement was reached. Later, in a statement, he explained "the yardstick by which I will personally measure the merit of this proposal: If it helps kids with health care, I would be inclined to support it. If it simply makes trial lawyers richer, I would be inclined to oppose it."

Clinton similarly put the emphasis on young people, some 3,000 of whom start smoking each day. "We must now carefully consider whether approving this proposed settlement will protect the public health -- and particularly our children's health -- to the greatest extent possible," Clinton said in a statement from Denver.

Even as Clinton was keeping the deal at arm's length, he boasted he deserves credit for the fact that the parties -- a coalition of state attorneys general, private trial lawyers and a consortium of cigarette makers -- were talking in the first place. His administration's decision to assert FDA power to regulate tobacco products and their advertising, he said, "drove the tobacco companies to the bargaining table and extracted concessions from them that would have been unimaginable just a short time ago."

White House advisers said Clinton views the federal government's ability to regulate tobacco through the FDA to be a signal accomplishment of his administration. A federal court in North Carolina this year upheld the government's right to regulate tobacco, but said FDA did not have authority to implement its planned curbs on advertising.

An administration official said Clinton wants to compare what regulatory powers are contemplated under yesterday's deal versus the chances he will win all the regulatory power he wants if the North Carolina decision is appealed.

The regulatory power is comparatively more of a concern to Clinton than the issue of limiting punitive liability against tobacco companies in exchange for a $ 368 billion payment by tobacco companies, administration officials said.

Clinton, speaking with reporters yesterday, noted that $ 368 billion paid over 25 years is "an enormous amount of money," and White House press secretary Michael McCurry said "the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us."

Clinton is hearing plenty of skeptical voices. Former FDA commissioner David Kessler, who is said to distrust tobacco company motives in seeking a deal, has been regularly consulting with White House aides. Vice President Gore, officials said, also has warned about accepting a deal that is too lenient on tobacco companies.

At the moment, there is no bill to review -- nor any common understanding on Capitol Hill of who would sponsor it.

What Gore warned of privately, anti-tobacco forces on Capitol Hill said publicly.

Sen. Edward M. Kennedy (D-Mass.) said the settlement "raises far more questions than it answers" and is "clearly underfunded," especially in its "glaring omission" of substantial compensation to the government for costs incurred by Medicare, veterans and other health programs for treatment of tobacco-related illnesses. "Given the track record of deceit, manipulation and bad faith by the tobacco industry, there is every reason to be skeptical of any agreement which the tobacco industry is willing to support," Kennedy said in a statement.

There also was skepticism from those who represent tobacco farmers, who felt left out of the talks and were upset the deal did not guarantee preservation of the tobacco price-support program. The deal, Sen. Wendell H. Ford (D-Ky.) said, "falls woefully short in addressing the interests of our farmers."

Sens. Frank R. Lautenberg (D-N.J.) and Ron Wyden (D-Ore.) and Rep. Henry A. Waxman (D-Calif.), all tobacco foes, said they intended to examine the details carefully, reserving the right to propose changes after consulting with an advisory group headed by Kessler and former surgeon general C. Everett Koop.

"We welcome the proposal but we don't feel any obligation to take it intact," said Waxman, ranking Democrat on an influential health subcommittee. "If it's a good deal for [tobacco], is it a good deal for the American public from a health standpoint?" he asked.

"What we have . . . is not a settlement," Lautenberg said. "It is nothing more than the starting point for congressional action."

Senate Judiciary Committee Chairman Orrin G. Hatch (R-Utah) agreed that senators will feel free to rewrite the agreement if they see fit. "We may have some ideas ourselves," Hatch, whose panel is likely to play a key role, said during a luncheon meeting with Washington Post editors and reporters.

The policy and political questions are only part of the challenge. Even if the deal turns out to be widely popular, with momentum fueled by strong public pressure, the sheer mechanics of pushing through such an enormous package without upsetting the delicate balance struck by the negotiators or getting derailed by contentious details will test Congress to the limits, according to many lawmakers.

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LANGUAGE: ENGLISH

LOAD-DATE: June 22, 1997

Bruce –

Here's the one clear June

BRUCE –

Updated to include the one clear

June – ~~mention~~ ~~quote~~ we found, the rest

August quote

were murky – or articles

citing ~~that~~ ~~a~~ this unclear quote.

STATEMENTS BY THE PRESIDENT AND ADMINISTRATION INDICATING LEGISLATIVE PROTECTION FROM LIABILITY IS NOT A TOBACCO DEAL-BREAKER

1. **Press Briefing by Press Secretary Mike McCurry, June 20, 1997**

   Mike McCurry: **Well, the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us.** We understand that the attorneys general extracted substantial concessions from the tobacco companies for this limitaton and we'll evaluate whether the agreement as a whole advances the nation's public health interests. But on that specific limit, that's not necessarily a deal-breaker.

2. **President's Remarks on Settlement Review, September 17, 1997**

   Q. ...Are you willing to agree to immunity from future liability?

   The President: Well, I don't think they've asked for future liability. **I think they've asked for immunity from liability for past suits. And the question there would be, what are they willing to agree to.** They need to come and meet with us. We need to discuss it, and we need to see whether we can embody these five principles. These are the things I'm interested in. To me, I'll say again, this is not primarily about money....

3. **Press Briefing by Secretary Shalala and Bruce Reed, September 17, 1997**

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

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

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

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

4. ***The New York Times*, "Aide to Clinton Sees Flexibility on Tobacco", page A16,**

September 22, 1997
"Mr. Reed said on Fox News today that 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."

5. **Testimony by Secretary Shalala before Senator Jeffords (R-VT), September 25, 1997** (from FDCH political transcripts)

   Jeffords: One of the areas that the June tobacco settlement that was not discussed in the President's announcement was the civil liability provisions. Should we view the President's silence on this issue [sic] endorsing these provisions?

   Shalala: **Actually, Mr. Chairman, when the President was asked that question he said that if the core principles that he has laid out are taken care [of] as part of the legislation, then he would be willing to discuss the civil liability issue** but not until he sees legislation that really is comprehensive, that deals with the farmers, that deals with the FDA jurisdiction. We want to make sure that the core of the legislation is focused on reducing smoking by young people.

6. **National Journal's CongressDaily, January 16, 1998**

   Mike McCurry: **"The caps on liability, as we have said in the past, are not necessarily a deal breaker."**

7. ***Los Angeles Times*, "Proposed Tobacco Settlement Isn't Setting Congress on Fire," p.A5, January 29, 1998**

   Elena Kagan: **"Limits on liability are not necessarily a deal-breaker for us."**

8. **U.S. Newswire, Press Briefing by Mike McCurry, January 30, 1998**

   Mike McCurry: "Now, the issue is one of caps on liability. We have never said that caps on liability were absolutely central to any legislation; in fact, as you recall, the President did not even address that in the principles that he outlined last August about the legislation that would be required to implement the settlement. **We've said it's not a deal-breaker by any means, but it certainly is not one of the fundamental elements that the President believes has to be in there."**

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The Washington Post

June 21, 1997, Saturday, Final Edition

SECTION: A SECTION; Pg. A01

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HEADLINE: THE POLITICS; White House, Hill Wary Of Proposed Agreement

BYLINE: John F. Harris; Helen Dewar, Washington Post Staff Writers

BODY:

At the White House and on Capitol Hill, the proposed settlement over tobacco yesterday was greeted with reactions so cautious they bordered on downright cool.

The hesitancy in both places made clear that the grand accord -- so painstakingly crafted in the secretive confines of downtown luxury hotels -- is in for some sharp poking and prodding in the less delicate arenas of the capital where laws actually get made. No important voice in political Washington immediately embraced the settlement, and both President Clinton and a variety of congressional leaders said they need to know far more about its details before they will hazard a judgment.

White House aides said Clinton is casting a skeptical, if undecided, eye on several provisions, especially its implications for the Food and Drug Administration's jurisdiction to regulate nicotine. It will probably be at least a month before Clinton offers a clear thumbs up or down, senior White House aides said, and in the meantime a multiagency review is underway.

Several lawmakers said they considered the deal unveiled yesterday to be essentially a rough draft, and they will feel free to write changes into the legislation that will be required to implement the settlement.

"The Constitution does not make any provision for Congress to delegate to private groups in secret meetings the power to write law," House Speaker Newt Gingrich (R-Ga.) told reporters just before the settlement was reached. Later, in a statement, he explained "the yardstick by which I will personally measure the merit of this proposal: If it helps kids with health care, I would be inclined to support it. If it simply makes trial lawyers richer, I would be inclined to oppose it."

Clinton similarly put the emphasis on young people, some 3,000 of whom start smoking each day. "We must now carefully consider whether approving this proposed settlement will protect the public health -- and particularly our children's health -- to the greatest extent possible," Clinton said in a statement from Denver.

Even as Clinton was keeping the deal at arm's length, he boasted he deserves credit for the fact that the parties -- a coalition of state attorneys general, private trial lawyers and a consortium of cigarette makers -- were talking in the first place. His administration's decision to assert FDA power to regulate tobacco products and their advertising, he said, "drove the tobacco companies to the bargaining table and extracted concessions from them that would have been unimaginable just a short time ago."

White House advisers said Clinton views the federal government's ability to regulate tobacco through the FDA to be a signal accomplishment of his administration. A federal court in North Carolina this year upheld the government's right to regulate tobacco, but said FDA did not have authority to implement its planned curbs on advertising.

An administration official said Clinton wants to compare what regulatory powers are contemplated under yesterday's deal versus the chances he will win all the regulatory power he wants if the North Carolina decision is appealed.

The regulatory power is comparatively more of a concern to Clinton than the issue of limiting punitive liability against tobacco companies in exchange for a $ 368 billion payment by tobacco companies, administration officials said.

Clinton, speaking with reporters yesterday, noted that $ 368 billion paid over 25 years is "an enormous amount of money," and White House press secretary Michael McCurry said "the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us."

Clinton is hearing plenty of skeptical voices. Former FDA commissioner David Kessler, who is said to distrust tobacco company motives in seeking a deal, has been regularly consulting with White House aides. Vice President Gore, officials said, also has warned about accepting a deal that is too lenient on tobacco companies.

At the moment, there is no bill to review -- nor any common understanding on Capitol Hill of who would sponsor it.

What Gore warned of privately, anti-tobacco forces on Capitol Hill said publicly.

Sen. Edward M. Kennedy (D-Mass.) said the settlement "raises far more questions than it answers" and is "clearly underfunded," especially in its "glaring omission" of substantial compensation to the government for costs incurred by Medicare, veterans and other health programs for treatment of tobacco-related illnesses. "Given the track record of deceit, manipulation and bad faith by the tobacco industry, there is every reason to be skeptical of any agreement which the tobacco industry is willing to support," Kennedy said in a statement.

There also was skepticism from those who represent tobacco farmers, who felt left out of the talks and were upset the deal did not guarantee preservation of the tobacco price-support program. The deal, Sen. Wendell H. Ford (D-Ky.) said, "falls woefully short in addressing the interests of our farmers."

Sens. Frank R. Lautenberg (D-N.J.) and Ron Wyden (D-Ore.) and Rep. Henry A. Waxman (D-Calif.), all tobacco foes, said they intended to examine the details carefully, reserving the right to propose changes after consulting with an advisory group headed by Kessler and former surgeon general C. Everett Koop.

"We welcome the proposal but we don't feel any obligation to take it intact," said Waxman, ranking Democrat on an influential health subcommittee. "If it's a good deal for [tobacco], is it a good deal for the American public from a health standpoint?" he asked.

"What we have . . . is not a settlement," Lautenberg said. "It is nothing more than the starting point for congressional action."

Senate Judiciary Committee Chairman Orrin G. Hatch (R-Utah) agreed that senators will feel free to rewrite the agreement if they see fit. "We may have some ideas ourselves," Hatch, whose panel is likely to play a key role, said during a luncheon meeting with Washington Post editors and reporters.

The policy and political questions are only part of the challenge. Even if the deal turns out to be widely popular, with momentum fueled by strong public pressure, the sheer mechanics of pushing through such an enormous package without upsetting the delicate balance struck by the negotiators or getting derailed by contentious details will test Congress to the limits, according to many lawmakers.

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LANGUAGE: ENGLISH

LOAD-DATE: June 22, 1997

White House Press Release

PRESS BRIEFING BY MIKE MCCURRY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 16, 1998

PRESS BRIEFING
BY MIKE MCCURRY

The Briefing Room

1:31 P.M. EDT

MR. MCCURRY: Hello. Happy Friday. A couple of things. First, I want to thank Harris Wofford and Goody Marshall for coming down to talk about a little bit of the plans we have for Monday. Obviously, we believe that the activities on Martin Luther King Day on Monday will kick off what the President expects to be a very big year for national service.

Two weeks ago, the President announced that he is going to seek an expansion of the Peace Corps by 10,000 volunteers. Harris told me -- Harris, given his association many years ago with the Peace Corps, told me that's a goal that's long been something that those who have been supportive of the Peace Corps program have had in mind. It's kind of interesting that he's now working to expand that concept of service in his role at the Corporation for National Service.

And then the President has, of course, announced that he will ask Congress to reauthorize AmeriCorps and other programs of the Corporation for National Service this year. So we will be working hard with Congress to achieve passage of that legislation, of course, the increase in Peace Corps that the President wants. And I think it's very appropriate, and the President believes it's appropriate, on Monday, as we honor the service of someone who has meant so much in American history, to use that as the occasion also to continue to place the emphasis the President has been placing on volunteerism and national service.

Q What are you going to do?

MR. MCCURRY: I'm going to be doing something in connection with this, and I'll keep it private.

Q Will you have a schedule here on Monday, briefings and -- what will you do?

MR. MCCURRY: No, I don't think so. We'll have some people here to assist in the President's movements and assist the pool. But I think a lot of us will be off doing things connected with the service, things you just heard about.

Q So no briefing?

MR. MCCURRY: No briefing -- certainly, this is not a day off, it's a day on. As someone said, it's not a day on here at the Press Office.

The President will travel to Champagne, Urbana, Illinois and will cross Wisconsin on January 28th, the day after the State of the Union address. This is something the President likes to do the day following the State of the Union address, to really go to the country and talk to the American people about those things that he has laid before Congress in his annual message, announcing that travel.

We'll give you details of the trip when they become available. Just wanted to get the travel date on your calendar, and I believe it is a one-day trip, yes.

Some of you saw the happy news that Lanny Davis will be succeeded immediately by a worthy successor in James E. Kennedy. I'm announcing on behalf of Chuck Ruff, the Counsel to the President that James E. Kennedy will be joining the White House Counsel's Office to serve as communications liaison and spokesman on a range of issues that are handled by the White House Counsel. He replaces Lanny. Mr. Kennedy is currently the Director of Issues Management at Standard and Poor's Rating Service in New York and I think he's known best for his work for Senator Joe Lieberman. He's worked in a variety of capacities for Senator Lieberman for over 17 years, not only in his time as United States Senator, but going back to Senator Lieberman's service in Connecticut as Attorney General in other capacities. We've got information on him.

He is not a lawyer. He has worked frequently in and around lawyers and I believe maybe on Judiciary Committee issues as well. But I think you will find him a very able and very effective press spokesman and a very good contact on such issues as may arise that you would like to inquire about that I will refuse to answer.

Q The turnover rate is so high in that job.

MR. MCCURRY: Pressure.

Q Does he know what he's getting into?

MR. MCCURRY: He's met with a number of us. He certainly has no illusions about any ease to the job.

Q Will he be **dealing** with Bruce Babbitt and can you tell us what you know about him?

MR. MCCURRY: I don't have anything to say about that and don't have any information one way or another on that subject.

Lastly, in accordance with the visions of Title III of the Helms-Burton Act, the President has determined that the suspension under the waiver provision of Helms-Burton is necessary to the national interest and will, in fact, help expedite a transition to democracy in Cuba. This is the fourth time the President has exercised the waiver of provision under Helms-Burton. The President believes this suspension will promote a peaceful democratic transition in Cuba consistent with his policy towards Cuba since the first days of the administration and consistent with the Helms-Burton Act itself.

The President has said that he expects to continue suspending the right to file suit as long as America's friends and allies continue their stepped-up efforts to promote transition in democracy. And our friends and allies, as a result of the efforts that we have made -- and the President would pay credit to Under Secretary Eisenstadt, among others, who have pursued this -- the President does believe that our allies, out of their own convictions about the need for change in Cuba and also because of the dialogue that we have had with them, have become even more united and firm in pushing for democratization and peaceful democratic change in Cuba.

In a variety of ways, you will recall that in December the European Union has reaffirmed its common position with respect to the promotion of human rights and democracy in Cuba, and there have been a succession of other things done by our allies and friends that makes this waiver in the President's opinion well-justified and in the national interest.

Q Helms' office is very unhappy with that decision.

MR. MCCURRY: I think this is the fourth time that Senator Helms' office has been very unhappy.

Q Why didn't the President just veto that measure?

Q They say that you're abusing -- excuse me -- the provision.

MR. MCCURRY: The President believes that his action is fully consistent with Title III of the act for the reasons that he has set forth in the message he has dispatched to the Congress.

Q Can you look into the question about possible tradeoffs with Congress in exchange for this renewal of the waiver?

MR. MCCURRY: I'm not aware of any. The President has acted under the statute. Upon review of the information, his national security and foreign policy advisors have presented to him that are consistent with the statutory requirements of the act.

Q Mike, is the White House concerned about this bad few weeks -- I mean, you had Herman, the latest news on Babbitt, Espy, Cisneros. It seems like all of this is coming together now.

MR. MCCURRY: I would caution you all that mere allegations are not the same as convictions of wrongdoing or things that are truly bad news, and that there are provisions under law that have to be pursued by the Justice Department when they feel necessary. And the President feels quite confident in expressing his confidence for his Cabinet Secretaries that have come under fire and believes increasingly that this is part of the common condition that public life in Washington is about in particularly partisan times.

Q Any personal thoughts, given your work with Babbitt?

MR. MCCURRY: I have absolutely -- my own personal view, he's one of the most decent people that I've ever worked with in public life and one of my true heroes. And I have absolute confidence that whatever outcome of any review underway at the Justice Department, it will reflect well on the credit of someone who is one of the most distinguished people that we've ever seen in public life.

Q Does the administration consider the Butler mission to Baghdad essentially the last straw for diplomacy in this standoff?

MR. MCCURRY: Well, there will be a lot of discussion upon his return to New York and we will be pursuing in the aftermath of whatever report he makes or is able to make to the Security Council other diplomatic avenues, so, of course, it won't be the end of diplomacy.

Q But are you willing to let this go on and on? I mean, another Butler mission, more teams being -

MR. MCCURRY: I've answered that question a number of times in recent days, and I think you know where we are on it.

Q What is the schedule for the Netanyahu visit?

MR. MCCURRY: It's coming up next week sometime and I don't have a detailed schedule. But as we get closer to it we'll give it to you.

Q Mike, some of the Palestinians and some of the other Arabs are already talking about again raising this double standard issue, the Israelis are not in compliance with their Oslo commitments and the United States sort of tolerates it somehow, and yet when it comes to Saddam, if he doesn't adhere to the letter of the mandate from the U.N. he's threatened with military action. Whether it's real or not, it's an issue diplomatically.

MR. MCCURRY: Well, let me help them understand the difference. The government of Iraq is under stipulations by unanimous resolution of the U.N. Security Council. There are U.N. Security Council resolutions that apply with respect to, or impact upon the peace process in the Middle East and they are aimed at achieving a comprehensive, just and lasting peace, which is the goal of U.S. policy. But the key difference is between the Israelis and the Palestinians, they are mutual agreements that they themselves have made between themselves. The commitments they have made to each other are the ones we seek to be honored. And what the President will impress upon both Chairman Arafat and Prime Minister Netanyahu is the importance of honoring the commitments they've made to each other, not necessarily the commitments that they have to the world community -- although the world community, I believe, is united in encouraging them to try to make progress forward in the search for peace.

Q Aren't there also Security Council resolutions calling on Israel to withdraw?

MR. MCCURRY: There are a number of Security Council resolutions, as I said, that impact the peace process. But what matters most here are the commitments they've made to each other under Oslo, what has been reaffirmed about the need for redeployment in the Hebron Accords and in the note to the record on that. And we continue to base our dialogue with respect to their commitments on the mutual commitments the parties have extended to each other.

Q But the question is are you choosing to pick and choose which Security Council resolutions -

MR. MCCURRY: You're missing my point. I'm saying that what counts in this dialogue -- our commitment to longstanding U.N. Security Council resolutions is longstanding U.S. policy and we can reiterate longstanding U.S. policy if need. That's not the question. The question is what are the two parties together mutually pledging to each other and how can we get them to continue the work that they must do together to advance their process forward. This is about the obligations they have to each other as they move their own process forward.

Q Well, having heard what Israel is saying, what does the President intend to do to try to get them to abide by their -

MR. MCCURRY: I think you've heard Ambassador Ross upon his return say that they have got some very critical choices that they have to make. And I think we have worked to sharpen up those choices, and I think the President will further that effort to get them to confront the difficult choices that they must now make if peace is to move forward.

Q Do you expect that you will be able to get the countries to lock into those decisions next week, or is this a stop along the way?

MR. MCCURRY: I imagine that this will help -- if it's successful, will move forward, but not likely to resolve some of those choices, because those are difficult choices on both sides and our guess is that there will continue to be work afterwards. But the hope of the President is that we can move things forward.

Q What can you tell us about the President's preparations for tomorrow's deposition?

MR. MCCURRY: That he's going to take some time to prepare.

Q Prepare for what?

MR. MCCURRY: The deposition.

Q In what sense?

MR. MCCURRY: Yes, I'm sorry -- Scott?

Q Well, David wanted to know, in what sense, and I -

MR. MCCURRY: I'm not going to get into how you prepare. I think probably some of you have had to appear someplace with a lawyer before and that's how you prepare.

Q To what extent does the Paula Jones situation impact the President's schedule overall?

MR. MCCURRY: It has some impact and it is a distraction, but it is not a burdensome distraction.

Q Has he met with his lawyers today?

MR. MCCURRY: He hasn't yet, but he'll spend some time with them today before he goes off and does -

Q Well, would you say the President dreads tomorrow's deposition?

MR. MCCURRY: I think he's just going to go do it.

Q Does the President -

MR. MCCURRY: I mean, I think it's safe to assume that there would be other things that he would do on a Saturday, but he will do it and recognizes that he must do it and he will get it done.

Q Does the President feel it's the last thing he'll have to do with regard to the case?

MR. MCCURRY: Who knows, and I don't know and I don't want to comment beyond what I just said.

Q What does he think of Glenn in space?

MR. MCCURRY: He said, "That's great. I'm thoroughly delighted. I've always encouraged him to think about this and I'm pleased NASA thinks it's the right decision."

Q What do you think of Glenn in space?

MR. MCCURRY: I think it's great, too. I have had the uncommon experience of sitting in a plane that John Glenn is about to fly with his wife, Annie, as a copilot. And I remember the one and only time I did this, we sat on the ground and sat and sat some more, and I finally looked at the other staff there, I said, is something wrong? He said, no, he's just doing his checklist, in which he does apparently every time he gets into the cockpit and flies somewhere. So I don't think I've ever felt safer flying somewhere than when I flew on that trip.

But I think that he is someone, for all of the reasons that he described today, who I think will bring a lot of knowledge, expertise and ability to this assignment that he's been given by NASA, and I think he will, more importantly, be able to help the American public reengage in the importance of what we're trying to do in space and give them another way to understand some of the interesting possibilities that arise because of our determination to continue our effort in space research.

Q Mike, can you clarify something you said in the gaggle this morning about **tobacco**? You said that the administration believes caps on **liability** is not necessarily a **deal**-breaker. Could you explain whether you think the absence of limitations on **liability** in **tobacco** legislation would be a **deal**-breaker?

MR. MCCURRY: I think that the parties themselves have addressed that question with some sufficiency. I think the point that we've always made is that caps on **liability** relate to the other aspects of legislation and how they relate to what public health objectives can be achieved in the legislation is the key thing.

Now, absent them, which was, of course, what some people are calling, I'd have to -- you'd have to see what disposition there would be generally by those who participated in the negotiation that continue to support the settlement that they reached.

I suspect and know that you would know that they probably might reconsider their commitment to the settlement that they reached.

Q Doesn't this legislation have a life of its own? I mean, if Congress wants to pass a law, keeping the threat of a company's immunity or raising taxes on them and not giving them immunity, there's nothing the companies can do except for lobbying against it.

MR. MCCURRY: The likelihood of getting compliance and getting the voluntary effort that the industry has pledged to which will achieve the results that we want is much changed if you start tampering with the basic formula that they've reached. Now, there's things about the settlement that you know that we've taken issue with, including the size of the fund that would be created, but remember, our objective in this all along has not been to achieve regulation for the mere achievement of the regulation; our objective has been the public health goals that the President wants satisfied. And if we head down the path of protracted litigation or challenges or gridlock in Congress over legislation, then we're not going to achieve the public health result that we want.

So that's why the President's focus has been on getting the kind of comprehensive legislation that can be passed and can be passed quickly.

Q Up until this point, the President has spoken of principles that he wants to see. Is he now ready to propose specific numbers?

MR. MCCURRY: He will propose specific numbers in the budget and he will work with Congress to propose specific language to enact in a comprehensive approach to **tobacco** that will achieve the principles that he outlines.

Q Specific numbers will be for the overall cost to the **tobacco** companies?

MR. MCCURRY: They'll be related to the way in which you could structure the overall settlement. That will give Congress additional ways in which they can approach the question of codifying in legislative language the settlement.

Q Mike, you also said this morning that you believe, in response to a question, that you believe **tobacco** is on the run. With all of the lawyers and all of the money that big **tobacco** still has behind it, why do you feel that way?

MR. MCCURRY: They've lost ground in the courts, they certainly have lost ground in the court of public opinion. The disclosure of very damaging documents that reflect on the industry's attitude I think helps lend impetus to those in Congress and the administration in their effort to seek legislation that will achieve the primary public health objective of the President, which is to protect kids from **tobacco** use and **tobacco** addiction.

Q Do disclosures on youth smoking make passage of that settlement less likely?

MR. MCCURRY: No, I think we believe it makes it more likely. We believe we are more optimistic as a result because we think it's going to be much harder for members of Congress to oppose efforts to achieve the right kind of legislation, and we will continue to work very closely with Congress on that.

Q Mike, there is a Matt Rudd report today about -

MR. MCCURRY: I'm not going to take the question.

Q What do you make of the U.S.-Baltic charter which is about to decide in an hour?

MR. MCCURRY: We are very excited to have the three Presidents here and the President believes that the charter itself is going to usher in a new period of cooperation with the three Baltic nations. You will hear more from the President later on this. That our partnership extends beyond our common concerns about the collective security of Europe looking into the next century, but it also is about the very real bilateral partnerships we seek to create with each of these three countries who have transformed themselves in a way so miraculous since 1989.

The President wants to celebrate that today and, I think with each of the three President right now has taken the opportunity to both congratulate them on the progress they've made towards economic and political reform, and then also to foresee that time in which they are fully integrated into the common institutions of European security and European economic prosperity.

Q Mike, let me, if I can, remove the man's name and ask if there is an Internet campaign web site registered to a phone in the Vice President's Office?

MR. MCCURRY: I'm not going to answer that question and I'm not going to answer any question based upon that particular source.

Q Any update on the Asian economics crisis, and also, how deep the U.S. is willing to help the Asian economic troubles. Also, Secretary of Defense is also in Asia?

MR. MCCURRY: We have a very strong commitment to economic security in Asia and regional economic stability. Deputy Secretary Summers' mission, which is now almost concluded, has been enormously successful, we believe, in reasserting the very strong interest the United States government and the United States people have in our engagement with the Asian Pacific region and in creating the conditions in which those economies can continue to prosper.

I think I am -- I think it is safe to say, the President, who has been very personally engaged in this, and has conducted conversations at the highest level, is going to remain thoroughly engaged as we monitor the implementation of the types of facilities that have been developed through the IMF, and as we monitor the progress governments in the region make implementing the types of economic reforms they have pledged to conduct.

Q A follow-up -- the Secretary of Defense visit to China and also other Asian countries during this economic crisis - what is he doing in the area?

MR. MCCURRY: What is -

Q Secretary of Defense.

MR. MCCURRY: The Secretary of Defense has had a group of reporters traveling with him, as reported to him on his project. He is there to remind governments in the region that economic security in that region is part of our concept of national security;

that our forward-deployed status in the region is about the collective security and about our treaty commitments that we have in the region and our interest in regional security. But I think he has been in a position to underscore the importance that we attach to economic stability and the reasons why we see that as part of the way in which we build a balance in the prospects for peaceful commerce and transactions of commerce between the countries.

Q How about his visit -- special visit -- anything to do with China -

MR. MCCURRY: On Summers in China?

Q No, the Secretary of Defense.

MR. MCCURRY: He's -- I don't have anything from the Pentagon.

COLONEL CROWLEY: It was actually a trip that he had postponed from the fall.

MR. MCCURRY: That's right. He had planned, as you know, to be there last year and looks forward to continuing the high-level military-to-military exchanges that we have had that grow out of our engagement with the Peoples Republic. But the Pentagon can tell you more about his specific program.

Helen?

Q Does the President agree with the U.S. airlines full-page ads that Japan is thwarting open skies and her regulations are keeping our airlines from -

MR. MCCURRY: We have a number of views on the need for an open skies arrangement and progress in those discussions with the government of Japan, but we express them in something other than cartoon form.

Q Do you mean their claim is not legitimate?

MR. MCCURRY: We have a very thorough and exhaustive dialogue with the government of Japan and USTR can give you some of our recent comments on that.

Q But they aren't getting anywhere.

MR. MCCURRY: Well, we -- I'd like to say we sort of know that. The President and Prime Minister have addressed that issue and instructed their trade representatives to make more progress on that issue. The President has been discouraged and has said so to the government of Japan -- that there has been progress lacking.

Q Well, why doesn't he put pressure on them?

MR. MCCURRY: Well, if you contact USTR, they can tell you about the extensive diplomatic effort that they have, in fact, made on that issue.

Q What is the delay on the compromise to the European Union on Helms-Burton? Almost a year ago, President Clinton promised to the Europeans to convince Congress to give him the power to suspend Chapter IV of the Helms-Burton.

MR. MCCURRY: I know that under Title III of the

Helms-Burton Act, we do have provisions for waiver, which I talked about earlier, that the President has now extended. The Chapter IV provisions, I think, are statutorily different and I'd have to go back and look at them and understand exactly how they relate to the waiver provision under Title III. I know that there's a difference there.

Q Because the Europeans just mentioned it a while ago that they are prepared to put again the demand of the United States on the World Trade Organization, so they were expecting to -- from the White House at least -- this month to have any response according to the last negotiations?

MR. MCCURRY: Well, they have not taken action in front of the WTO and our conscious of the importance we attach to fulfilling our requirements under the congressionally-passed Helms-Burton Act. And we have had extensive dialogue with governments in the region on that. I can't speak for them on what their expectations are with respect to other provisions of the act.

Q A couple days after the election last year, the Knoxville News Centinal did a report about someone in Vice President Gore's office establishing a Web site for one of his political action committees and using the Vice President's phone number and - official office phone number. Can we take it that that is not appropriate, to establish any political activity using -

MR. MCCURRY: I don't know a thing about that. I refer you to the Vice President's Office.

Q Can you say some more about how the administration plans to highlight its concerns about judicial appointments?

MR. MCCURRY: We're going to continue to make the case both to members of the Senate, and then, I think, increasingly, make the case more publicly, that the delay in confirming judges that the President has duly nominated who are all -- we believe, and others, including the ABA have judged to believe -- exceptionally well-qualified and well-qualified individuals, is hurting justice, just as Chief Justice Rehnquist has indicated in his report. So I think you'll hear us talking about it more and see us pressing the case with members of the Senate more directly.

Q Back on the Middle East for a moment. Given the recent drift in Israeli politics with domestic politics, with David Levi's departure, and then the recent Cabinet decision on the West Bank, what realistically can you expect to come out of the meetings next week?

MR. MCCURRY: I think it's realistic to expect that, as often is the case in the Middle East peace process, that this will be a meeting that is candid, that requires patience, that is one in which all parties try hard to get each other to understand the points of view that they have about the process and some of their concerns about issues that are embedded.

But in our role as a facilitator of the dialogue that we believe the government of Israel and the Palestinian Authority must have, I think we will do our best to help each party understand its differences with the other party and then seek to help bridge those differences. That's the best work the President can do. A lot of work has gone into the preparation of the President for this meeting and the laying of the table for the parties so that they can take advantage of the opportunity that exists in meeting with the President and being here in Washington.

The Secretary of State has met with both leaders. Ambassador Ross has been in region recently, and our expectations, frankly, are not great at this point. But sometimes in this process you have to **deal** with the fact the expectations are not great and find ways to move ahead. I expect that's what the President will do. He has spent considerable time already talking with Mr. Berger and some of his advisors about how we might be able to try to move ahead, but I think we are realistic about where we are at this moment and just know that we have to continue to try to press forward and continue to get the parties to focus on the choices they must make, and do everything we can to help clarify those choices so that they can maybe see a little bit farther down the road.

Q What's your best case of what could come out of it?

MR. MCCURRY: Oh, I'm not going to make artificial guesses on what might be the outcome.

Q Mike, is the format still planned -- separate meetings with Netanyahu and Arafat? Is there any possibility, do you envision any chance that you may bring them together?

MR. MCCURRY: I think, given the status of the dialogue at this moment, the arrangements we've made for separate meetings is a wise one.

Q The question is the possibility -- is it even your thinking that you might bring them together?

MR. MCCURRY: I haven't seen anything or heard anything that indicated that that's a likelihood.

Q When will you be announcing some of the President's overseas travel plans?

MR. MCCURRY: As soon as it's ready, and it's not ready yet. I've been pressing every day to try to do it because I know that you'd like to all make your plans.

Q Mack McLarty is in Mexico now. Will he deliver a special message to the Mexican government regarding the recent events in Chiapas, or what is the message from the White House to the Mexican government on this issue?

MR. MCCURRY: Well, we are well aware of the concern that President Zedillo has about events in Chiapas, acknowledge his determination to learn the truth about that episode. I think that President Zedillo has been quite outspoken himself on that matter. Of course, at the same time, those events do concern us. Through our embassy we have sought to learn more about what the Mexican government understands about the circumstances of the tragic loss of life, and I'm not aware -- I'd have to check to what degree there will be dialogue by Ambassador McLarty on that subject. I imagine, given our concerns and given how relevant that is to the work that the Mexican government is doing currently, it will likely come up. But I'm not aware that Ambassador McLarty planned any particular initiative on Chiapas.

Q Mike, do you expect any problems with the -

MR. MCCURRY: B.J.? I'll see if that's the right answer. (Laughter.)

Q -- with the Senate action on the nomination of David Satcher to Surgeon General?

MR. MCCURRY: Well, we certainly hope not. He has distinguished himself so much at the Centers for Disease Control and has such a distinguished record of committed service to this nation's public health that it is very difficult to imagine how a issue almost extraneous to his own professional career, abortion, would be used to try to bring down his nomination.

That is not a subject that he has been especially provocative about other than to share the President's view that abortion should be safe, legal, and rare. And I would be tempted to say that if effort is made to block his nomination, it would appear to be another effort by the Republicans to try to put another scalp on the wall for no good reason, at a time when we really need to - we've got serious public health issues that would require the presence in office of a highly-qualified Surgeon General, which David Satcher would be.

Q Mike, do you foresee the President speaking at any length about Asia, both the economic crisis and perhaps some of the security questions that Secretary Cohen was discussing this week, in the State of the Union speech?

MR. MCCURRY: Well, the State of the Union speech is too far -- since it's not next week, it's still too far away for me to make a prediction. I suspect you heard the germ of an idea take - root in the petri dish -- you saw the seed of a thought that might later blossom into bloom. (Laughter.) I think what he talked about yesterday up in New York at Jesse Jackson's thing might -- if he is going to address it, I think it will be in the context of reminding the American people of why we are engaged in Asia, how important commerce and goods and services with Asia is to millions of Americans' families. And I think he might attempt to draw some of the connections that he made yesterday. But at this point it's too early to predict what finally shape the speech will take.

Q Does the President think the Pope's visit to Cuba will have a political impact there?

MR. MCCURRY: Well, that's not necessarily the focus that we would want it to have, nor would, I imagine, the Holy Father want it to have. But I think we do believe it will place a focus on the humanitarian suffering that the people of Cuba have had to endure at the hands of a totalitarian communist regime. I believe it will put some focus on the lack of religious freedom that Cubans have suffered under under this regime. And I believe that discussion may have an element of politics associated to it, not necessarily by intent of the Church or by the Pope, but by the reality that that affects the lives of so many millions of Cubans.

At the same time, there could in fact be positive results in having the Holy Father in Cuba able to talk about the importance that the world attaches to human rights and to the need for relief of the suffering. And that discussion itself might empower those who believe there can be change and might even touch the heart of Fidel Castro.

Q What if he asks the President to lift the embargo while he's in Havana?

MR. MCCURRY: No doubt he will since he has those views, and we will respectfully accept his point of view, even if we must disagree.

Q Mike, how are your consultations with Congress on fast track going?

MR. MCCURRY: They continue to go.

Q And do you think they will be through before the State of the Union speech?

MR. MCCURRY: I can't predict.

Q Do you think he will mention it in his State of the Union?

MR. MCCURRY: I do not know.

Q Do you have any date for the announcement of the nomination of -

MR. MCCURRY: I don't believe we're in a position to announce that formally, although my understanding is that the speculation on that was well placed and that the process of finalizing the nomination was moving quite well and it would be only a matter of days until we would make that announcement.

Q Do you have the obligatory week ahead by chance?

MR. MCCURRY: We'll just put it out. There's not much on it, but I'll come back and do it at the end.

Q You spoke about the distraction of this deposition. Is the President concern about it setting a bad precedent for future Presidents?

MR. MCCURRY: I think that's an obvious answer given the litigation that arose from this, and I'll just refer you to the opinions that have been filed on the President's behalf and the fact it addressed exactly that matter. That was the whole purpose of extensive litigation that's been reviewed all the way up to the Supreme Court.

Okay. Next week Martin Luther King Day, as you just heard, at Cardozo High School. And the President will participate in the renovation project there, along with Mr. Wofford and others. I believe the President and the Vice President and the First Lady will all be there. Is that right?

MR. TOIV: The Vice President will be in Atlanta.

MR. MCCURRY: Oh, that's right, the Vice President is in Atlanta doing the MLK stuff down there. Why you ask me to do this, I do not know, since -- Tuesday, we've already talked about Netanyahu. We've got a Medal of Honor presentation. There is a DNC dinner that night. Wednesday, no schedule. Thursday, a meeting with Chairman Arafat, lunch with the Vice President. Friday will be a Cabinet meeting to kind of review -- give the President an opportunity to give a preview to the Cabinet on some of the State of the Union developments, telling them when it's appropriate for them to stand up and cheer. And we tape the radio address live on Saturday. That's the week ahead.

Q Well, the Netanyahu -- there is a meeting in the morning in the Oval Office, and then what? Is there an afternoon meeting, too?

MR. MCCURRY: We've got a meeting at 10:00 a.m. and then he goes elsewhere for other meetings -- right?

Q The Vice President, the Secretary of State -

MR. MCCURRY: The Vice President, the Secretary of State and others that he will meet with.

THE PRESS: Thank you.

END 2:02 P.M. EST

#455-01/16

D academic musings

STATEMENTS BY THE PRESIDENT AND ADMINISTRATION INDICATING LEGISLATIVE PROTECTION FROM LIABILITY IS NOT A TOBACCO DEAL-BREAKER

1. **President's Remarks on Settlement Review, September 17, 1997**
   Q. ...Are you willing to agree to immunity from future liability?

   The President: Well, I don't think they've asked for future liability. I think they've asked for immunity from liability for past suits. And the question there would be, what are they willing to agree to. They need to come and meet with us. We need to discuss it, and we need to see whether we can embody these five principles. These are the things I'm interested in. To me, I'll say again, this is not primarily about money....

2. **Press Briefing by Secretary Shalala and Bruce Reed, September 17, 1997**
   Q. I don't think the President said anything this morning about liability protections for the industry, and so, where do you stand on that? And if you don't intend to support that, do you think you could get a comprehensive bill through Congress without --....

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

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

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

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

3. ***The New York Times*, "Aide to Clinton Sees Flexibility on Tobacco", page A16, September 22, 1997**
   "Mr. Reed said on Fox News today that 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."

4. **Testimony by Secretary Shalala before Senator Jeffords (R-VT), September 25, 1997** (from FDCH political transcripts)

   Jeffords: One of the areas that the June tobacco settlement that was not discussed in the President's announcement was the civil liability provisions. Should we view the President's silence on this issue [sic] endorsing these provisions?

   Shalala: Actually, Mr. Chairman, when the President was asked that question he said that if the core principles that he has laid out are taken care [of] as part of the legislation, then he would be willing to discuss the civil liability issue but not until he sees legislation that really is comprehensive, that deals with the farmers, that deals with the FDA jurisdiction. We want to make sure that the core of the legislation is focused on reducing smoking by young people.

5. **National Journal's CongressDaily, January 16, 1998**

   McCurry: "The caps on liability, as we have said in the past, are not necessarily a deal breaker."

6. *Los Angeles Times*, **"Proposed Tobacco Settlement Isn't Setting Congress on Fire, p.A5, January 29, 1998**

   Elena Kagan: "Limits on liability are not necessarily a deal-breaker for us."

7. **U.S. Newswire, Press Briefing by Mike McCurry, January 30, 1998**

   McCurry: "Now, the issue is one of caps on liability. We have never said that caps on liability were absolutely central to any legislation; in fact, as you recall, the President did not even address that in the principles that he outlined last August about the legislation that would be required to implement the settlement. We've said it's not a deal-breaker by any means, but it certainly is not one of the fundamental elements that the President believes has to be in there."

U.S. SENATE COMMITTEE ON

Commerce, Science, and Transportation

JOHN McCAIN, Chairman

www.senate.gov/~commerce

Tobacco - McCain Questions - EW

CC: EK
Tom
JRM
+ return

FAX

TO: Bruce Reed

OFFICE:

FAX NO: 456-2878

DATE: 2/2/98 TIME: 1:23 pm

PAGE 1 OF: 11

FROM: John Raidt (202) 224 - 1251

SUBJECT:

United States Senate

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

February 2, 1998

The Honorable William Clinton
The White House
Washington, DC 20500

Dear Mr. President:

As you know, Congress intends to consider comprehensive tobacco legislation during the upcoming legislative session.

The issues raised by the global tobacco settlement and involved in the crafting of legislation to implement responsible national tobacco policy, are extremely diverse and intensely complex.

As I stated in my letter to you of six weeks ago, it's imperative that Congress and the administration work together in a cooperative and bi-partisan fashion if we are to craft a bill that will gain public support, Congressional approval and your signature.

In that regard, it will be particularly important for the Administration to exercise its executive responsibilities by providing Congress with detailed assessment of the provisions of pending tobacco legislation, and your specific policy and legislative recommendations.

The Senate Commerce Committee which I chair, and which has jurisdiction over key components of tobacco legislation, will hold hearings on the issue early this year. To assist with these deliberations I would like to request the administration's answers to the attached tobacco related questions.

These are the first in a series of questions to which we must have answers if we are to properly assess global tobacco settlement legislation, and move forward with the most effective and appropriate bill.

With the advice and expertise of the executive branch, we can ensure that federal tobacco legislation is based on a firm understanding of the facts, grounded in a solid understanding of the true consequences of our actions, and formulated by consensus. Most importantly, these disciplines will enhance our ability to achieve our most important goal of dramatically reducing youth smoking.

Thank you for your assistance in providing the Committee and Congress with the information requested. With regards,

Sincerely,

John McCain

John McCain
Chairman

JM/jr

QUESTIONS REGARDING GLOBAL TOBACCO SETTLEMENT LEGISLATION

THE FOLLOWING IS THE FIRST SET IN A SERIES OF QUESTIONS PERTAINING TO S. 1415, LEGISLATION IMPLEMENTING THE GLOBAL TOBACCO SETTLEMENT PROPOSAL AGREED TO BY THE ATTORNEYS GENERAL OF THE VARIOUS STATES AND THE TOBACCO INDUSTRY.

QUESTIONS RELATED TO SPECIFIC LEGISLATIVE LANGUAGE SHOULD USE S. 1415 AS THE REFERENCE. ADDITIONAL QUESTIONS WILL FOLLOW.

I. BAN ON OUTDOOR ADVERTISING, INCLUDING IN STADIA AND ARENAS

The agreement (bill page 15) bans outdoor tobacco product advertising, and tobacco advertising in stadia and arena.

1. What data does the administration have to substantiate that a ban on outdoor advertising, including stadia and arenas will reduce smoking and, in particular, youth smoking?

2. To what extent do you believe such restrictions be expected to reduce smoking?

3. Does the administration support such a ban. If so, why? If not, why not?

4. What specific changes, if any, in the legislative language implementing the ban would the administration propose? Please provide specifics.

II. BAN ON HUMAN FIGURES AND CARTOON FIGURES IN ADVERTISING

The agreement (bill page 15) bans the use of human figures and cartoons in tobacco advertising.

1. What data does the administration have to substantiate that barring the use of human figures and cartoon advertising will reduce smoking, in particular, youth smoking?

2. To what extent do you believe such restrictions can be counted on to reduce smoking?

3. What entity would you propose to determine what constitutes a human image or cartoon character?

4. What penalty do you believe is appropriate and should accrue for a violation of the prohibition on material containing figures deemed to be human or cartoon?

5. Does the administration support this ban. If so, why? If not why not?

6. What specific changes, if any, in the legislative language implementing the ban would the administration propose? Please provide specifics.

III. BAN ON INTERNET ADVERTISING

The agreement (bill page 16) bans tobacco advertising on the internet.

1. Does the administration support such a ban? If so, why? If not, why not?

2. How can and should a ban on internet advertising of cigarettes be enforced?

3. What, if any, concerns does the administration have regarding Constitutional free speech issues raised by any such ban?

4. What specific changes, if any, in the legislative language implementing the ban would the administration propose?

IV. BAN ON POINT-OF-SALE ADVERTISING

The agreement (bill page 16) bans point-of-sale tobacco except for advertisements which comply with that certain restrictions.

1. What data does the administration have to substantiate that a ban on point-of-sale advertising would reduce smoking, in particular, youth smoking?

2. Does the administration support such a ban? If so, why? If not, why not?

3. Is the exemption of point-of-sale advertisement for adult stores and tobacco outlets appropriate?

4. Is it appropriate to grant companies with greater cigarette market share additional point-of-sale advertising rights? If so, why? If not, why not?

5. Does such a privilege constitute a statutorily granted competitive advantage? Please discuss.

6. Does the administration support this grant? If so, why? If not, why not?

7. What specific changes, if any, in the legislative language implement the ban would the administration propose? Please provide specifics.

V. LIMITATIONS ON POINT-OF-SALE ADVERTISING

The agreement (bill page 17) specifies the size and design of permissible point-of-sale advertising.

1. What data does the administration possess to suggest that such limitations will reduce smoking, particularly among youth?

2. Does the administration support this provision? If so, why? If not, why not?

3. If so, what is the justification for statutorily determining a particular size limitation and for the particular size and restrictions proposed?

4. What specific changes in legislative language, if any, does the administration propose? Please provide specifics.

VI. BAN ON ADVERTISING RESTRICTION AGREEMENTS

The agreement (bill page 17) includes a prohibition on arrangements to limit the ability of a retailer to display permissible point-of-sale advertisement or promotional material originating with another manufacturer or distributor.

1. Are such agreements currently against federal or state law? If so, is such a provision necessary?

2. Does the administration support such a provision? If so, why? If not, why not?

3. Does the administration support the limitation. If so, why? If not, why not?

4. What specific changes, if any, in the legislative language implement the ban would the administration propose? Please provide specifics.

VII. GLAMORIZATION OF TOBACCO

The agreement, (bill page 20) prohibits payments to glamorize or promote the image or use of tobacco through pint, films or live performance that appeals to individuals under 18 years of age.

1. What data does the administration possess to indicate whether and to what extent this provision will reduce smoking, particularly among youth?

2. What entity does the administration propose will determine what activity constitutes promoting the image or use of a tobacco produce?

3. How does the administration envision such a ban will be enforced?

4. Does the administration support such limitations?

5. What specific changes, if any, in the legislative language would the administration propose? Please provide specifics.

VIII. RESTRICTION ON COLOR ADVERTISEMENTS

The agreement (bill page 21) prohibits the use of color advertising except in adult publications.

1. What data does the administration have to substantiate that a ban on color ads, except in publications with limited youth readership, will reduce smoking, particularly youth smoking?

2. Does the administration believe that the threshold for the restriction of two million readers is the appropriate threshold?

3. How does the administration envision readership demographics being determined?

4. How would this restriction be enforced?

5. Does the administration support this restriction? If so, why? If not, why not?

6. What specific changes, if any, in the legislative language implementing the restriction does the administration propose? Please provide specifics.

IX. GENERAL QUESTION REGARDING MARKETING/ADVERTISING BAN

1. Can the marketing and advertising restrictions envisioned in the settlement be constitutionally imposed, with or without the industry's consent? Please discuss.

X. WARNING LABELS

The agreement, (bill page 26- 28), authorizes a variety of new warning labels for tobacco products.

1. Does the administration believe that these are appropriate warning labels?

2. Does the administration possess data suggesting that these warning will effectively reduce smoking, particularly youth smoking?

3. What data suggests that the various new warnings will

be as or more effective than the current warning requirements?

4. Does the administration support the provisions authorizing specific new labels? If so, why? If not, why not?

5. What specific changes, if any, in the legislative language implementing this provision would the administration propose? Please provide specifics.

IX. WARNING LABEL SIZE AND LOCATION REQUIREMENTS

The agreement (bill page 28-29) specifies, the size, placement and print type of the various tobacco warning labels.

1. What data does the administration have to suggest that these specifications will reduce smoking, particularly youth smoking?

2. Does the administration support these particular specifications? If so, why? If not why not?

3. Does the administration support the exception (page 29) provided for flip-top cigarette packages? If so, why? If not, why not?

4. What specific changes, if any, in the legislative language to implement these restrictions would the administration propose? Please provide specifics.

X. SMOKELESS TOBACCO ALTERNATIVE LABELS

The agreement (bill page 34) provides for various new warning label options for smokeless tobacco

1. What data does the administration have to suggest that the various new warning labels will effectively reduce the use of smokeless tobacco, particularly among youth?

2. Does the administration support the use of these alternative labels?

3. What changes, if any, to the legislative language implementing this provision would the administration propose? Please provide specifics.

XI. ENFORCEMENT OF ADVERTISING, MARKETING AND LABELING RESTRICTIONS

The agreement (bill page 36-37)provides for the enforcement of advertising, marketing and labeling restrictions.

1. Does the administration support the enforcement provisions regarding advertising, marketing and labeling? If so why? If not, why not?

2. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specific language.

XII. PREEMPTION OF STATE AND LOCAL ACTION

The agreement (bill page 38) prohibits state and local requirements related to the packaging or advertising of cigarettes or smokeless tobacco.

1. Does the administration support such preemption? If so, why? If not, why not?

2. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specific language.

XIII. EXEMPTION OF EXPORTS

The agreement (bill page 40) exempts exports from the packaging, labeling and advertising requirements.

1. Does the administration support this exemption? If so, why? If not, why not?

2. What ramifications does this provision have in the area of foreign relations?

3. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specifics.

XIV. RESTRICTION ON ACCESS TO TOBACCO PRODUCTS

The agreement (bill page 40-41), prohibits the sale of tobacco products to individuals under 18 years of age; requires that retailers verify the age of individuals purchasing tobacco; and exempts individuals 27 years of age or older from the photo identification requirement.

1. Does the administration support these provisions? If so, why? If not, why not?

2. How does the administration envision that this provision will be enforced and can it be enforced effectively?

3. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specifics.

XV. PROHIBITION ON SALE OF LESS THAN A FULL PACK OF CIGARETTES

The agreement (bill page 41) prohibits the sale of less than a full pack of cigarettes.

1. Does the administration support this prohibition? If so, why? If not, why not?

2. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specifics.

XVI. STATE LICENSURE TO SELL TOBACCO

The agreement, (bill page 44) requires states to license sellers of tobacco products.

1. What data, if any, does the administration have to indicate that licensure will effectively reduce access to tobacco by minors?

2. What entity does the administration envision would enforce the licensure requirement if a state should be unable or unwilling to implement the licensure program?

3. Has the administration developed or formulated the cost of a licensure program?

4. Does the administration support the licensure program? If so, why? If not, why not?

5. What changes in legislative language, if any, does the administration recommend regarding this provision? Please provide specifics.

XVII. ANTI-TRUST EXEMPTION

The agreement, (bill page 94), provides anti-trust exemption for the tobacco industry.

1. Does the administration support such an exemption? If so, why? If not, why not?

2. Could such an exemption be used to set prices beyond those necessary to deter youth smoking, but to increase profits for the industry?

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FEB. 2.1998

Tobacco - McCain Questions - EW

CC: EK
Tom
JRM
+ return

FAX

TO: Bruce Reed

OFFICE:

FAX NO: 456-2878

DATE: 2/2/98 TIME: 1:23 pm

PAGE 1 OF: 11

FROM: John Raidt (202) 224 - 1251

SUBJECT:

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510-6125

February 2, 1998

The Honorable William Clinton
The White House
Washington, DC 20500

Dear Mr. President:

As you know, Congress intends to consider comprehensive tobacco legislation during the upcoming legislative session.

The issues raised by the global tobacco settlement and involved in the crafting of legislation to implement responsible national tobacco policy, are extremely diverse and intensely complex.

As I stated in my letter to you of six weeks ago, it's imperative that Congress and the administration work together in a cooperative and bi-partisan fashion if we are to craft a bill that will gain public support, Congressional approval and your signature.

In that regard, it will be particularly important for the Administration to exercise its executive responsibilities by providing Congress with detailed assessment of the provisions of pending tobacco legislation, and your specific policy and legislative recommendations.

The Senate Commerce Committee which I chair, and which has jurisdiction over key components of tobacco legislation, will hold hearings on the issue early this year. To assist with these deliberations I would like to request the administration's answers to the attached tobacco related questions.

These are the first in a series of questions to which we must have answers if we are to properly assess global tobacco settlement legislation, and move forward with the most effective and appropriate bill.

With the advice and expertise of the executive branch, we can ensure that federal tobacco legislation is based on a firm understanding of the facts, grounded in a solid understanding of the true consequences of our actions, and formulated by consensus. Most importantly, these disciplines will enhance our ability to achieve our most important goal of dramatically reducing youth smoking.

Thank you for your assistance in providing the Committee and Congress with the information requested. With regards,

Sincerely,

John McCain
Chairman

JM/jr

QUESTIONS REGARDING GLOBAL TOBACCO SETTLEMENT LEGISLATION

THE FOLLOWING IS THE FIRST SET IN A SERIES OF QUESTIONS PERTAINING TO S. 1415, LEGISLATION IMPLEMENTING THE GLOBAL TOBACCO SETTLEMENT PROPOSAL AGREED TO BY THE ATTORNEYS GENERAL OF THE VARIOUS STATES AND THE TOBACCO INDUSTRY.

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3. Does the administration support such a ban. If so, why? If not, why not?

4. What specific changes, if any, in the legislative language implementing the ban would the administration propose? Please provide specifics.

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2. How can and should a ban on internet advertising of cigarettes be enforced?

3. What, if any, concerns does the administration have regarding Constitutional free speech issues raised by any such ban?

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The agreement (bill page 16) bans point-of-sale tobacco except for advertisements which comply with that certain restrictions.

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7. What specific changes, if any, in the legislative language implement the ban would the administration propose? Please provide specifics.

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1. What data does the administration have to substantiate that a ban on color ads, except in publications with limited youth readership, will reduce smoking, particularly youth smoking?

2. Does the administration believe that the threshold for the restriction of two million readers is the appropriate threshold?

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1. Can the marketing and advertising restrictions envisioned in the settlement be constitutionally imposed, with or without the industry's consent? Please discuss.

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1. Does the administration believe that these are appropriate warning labels?

2. Does the administration possess data suggesting that these warning will effectively reduce smoking, particularly youth smoking?

3. What data suggests that the various new warnings will

be as or more effective than the current warning requirements?

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The agreement (bill page 28-29) specifies, the size, placement and print type of the various tobacco warning labels.

1. What data does the administration have to suggest that these specifications will reduce smoking, particularly youth smoking?

2. Does the administration support these particular specifications? If so, why? If not why not?

3. Does the administration support the exception (page 29) provided for flip-top cigarette packages? If so, why? If not, why not?

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The agreement (bill page 36-37)provides for the enforcement of advertising, marketing and labeling restrictions.

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2. How does the administration envision that this provision will be enforced and can it be enforced effectively?

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Commerce, Science, and Transportation

JOHN McCAIN, Chairman

www.senate.gov/~commerce

Tobacco - McCain Questions / EW

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White House Press Release

PRESS BRIEFING BY PRESS SECRETARY MIKE MCCURRY, DEPUTY DIRECTOR OF NSC JIM STEINBERG, AND DEPUTY SECRETARY LARRY SUMMERS

THE WHITE HOUSE

Office of the Press Secretary
(Denver, Colorado)

For Immediate Release June 20, 1997

PRESS BRIEFING BY
PRESS SECRETARY MIKE MCCURRY,
DEPUTY DIRECTOR OF NSC JIM STEINBERG,
AND DEPUTY SECRETARY LARRY SUMMERS

Brown Palace Hotel
Denver, Colorado

3:34 P.M. MDT

MR. MCCURRY: Good afternoon, ladies and gentlemen. We're going to do a couple things -- there are several stories I think you're pursuing at this hour. I just want to do a couple of housekeeping things to start off with.

The President began his day this morning meeting with staff, preparing for the bilaterals he had. He also had a 20-minute phone call with President Fernando Enrique Cardozo of Brazil. The government of Brazil announced today that they are joining the Non-Proliferation Treaty, the first time Brazil has been granted accession to the NPT. The President called to congratulate President Cardozo on that.

They chatted a bit about the President's enthusiasm as he looks forward to his trip later this fall to Brazil. They talked a little bit about some of the themes that will likely be covered during that trip -- certainly, trade liberalization, sustainable development, educational cooperation and joint efforts to combat crime and drugs -- a good preview of the upcoming trip the President will take.

In part, it turns out the two Presidents' schedules will not overlap -- they had looked forward to maybe seeing each other in New York next week -- and that's why the phone call was arranged today.

The President, during the course of the morning, obviously had several updates from Washington on our understanding of the status of the **tobacco** talks. The President has now made both a written statement and a statement just moments ago during the meeting with President Chirac. That's available to all of you. I can take some questions on that.

Here to brief you on the President's bilateral meeting with President Yeltsin is Jim Steinberg and Deputy Secretary Summers is here, too, to tell you more about the very important announcement concerning Russia's membership in the Paris Club.

We'll start with Jim, and then Larry.

MR. STEINBERG: Thank you, Mike. President Clinton and President Yeltsin met today for about an hour in their scheduled bilateral. It was quite a good meeting. President Yeltsin was very vigorous, the discussion was very animated. And it was one -- it was really characterized in a very striking way about the really productive quality of their discussions these days. They worked through a large number of issues, moved some things forward, and it really was two men who are now very used to working with each other, familiar with the problems that they're having to **deal** with, also familiar with the opportunities of trying to do things together. And so they were able to accomplish quite a lot and cover a lot of ground in a very brief period of time.

They're really building on these regular meetings. This is the third time they've met in the last several months. They met in Helsinki in March; they met in Paris last month in connection with the NATO-Russia agreement; and here today.

The discussions began, not surprisingly, with a discussion of how President Yeltsin was feeling. He told the President that he was feeling terrific, but his suits were a little too big and he had to **deal** with that challenge. He noted that he lost almost 30 kilos over the last year. And he also noted -- he said, "My brain is always moving fast, but now my body is also moving with more energy."

They began with a brief discussion -- President Yeltsin indicated Russia's interest in hosting an Olympic Children's Games in 1998, and that we're working with the Olympic Committee on that. The President agreed to look into that and see how we could be supportive.

The President then congratulated President Yeltsin on the successful conclusion of the Paris Club negotiations, which Larry Summers is going to talk to you about. The President said it was very good news; that when they had met in Helsinki they had identified this on the economic front as one of the early possible steps that could be taken in terms of integrating Russia into international economic organizations. He noted it had only been 13 weeks since they had undertaken to do that and he was very pleased that they were able to come to such a good agreement.

Yeltsin noted that this had been a very productive period of several months. In addition to the NATO-Russia agreement, there had been some very important agreements between Russia and Ukraine and particularly with respect to the Black Sea fleet. He also pointed to the progress that had been made in resolving the political problems in

Moldova and the Transdnistria region, including the possibility of not being able to move the Russian troops from there.

They talked a bit about their common efforts with President Chirac to address the problem in Nagora-Karabakh. The three Presidents are releasing a statement today, talking about their common efforts and the proposals that they've been making to try to move that process forward. Both President Clinton and President Yeltsin identified it not only as an area of considerable danger if the problem were not solved, but one of great promise in terms of enhancing regional stability if they could make progress. And they made a joint commitment to push hard on that, seeing a real opportunity in the near future to move forward.

They next turned to their arms control agenda. The President recalled that when they were in Helsinki they made a particular point of putting emphasis on the desirability of reaching a framework agreement on CFE, ideally, before the NATO Madrid Summit. Yeltsin noted that senior officials including Secretary Albright and Foreign Minister Primakov had been working very hard on this issue and that there had been real progress and that it was quite possible that they could reach an agreement on the framework before Madrid, although there was a lot of work yet to do. And those discussions will continue on the margins here.

They talked about the ABM-TMD demarcation agreement which was another of the important decisions that had come out of Helsinki, where the principles for that agreement were set up and experts now meeting to try to put that into a formal document. There's an experts group session scheduled for July, and they both agreed that they would try to use that session to try to finish off the agreement.

They also had a conversation about their mutual interest in getting the START II extension protocol ratified by the Duma so that it would be possible to go on to START III. The President indicated that he was very eager to move forward with that, saw it very much in the strategic and economic interest of both countries.

Yeltsin agreed; he said that although there were a lot of things on his plate, that he was determined to give it a real push with the Duma. And the President expressed appreciation for that, and also appreciation for the efforts of Foreign Minister Primakov in trying to move that forward.

They discussed in a little bit of detail their efforts to move forward on implementing the NATO-Russia Council that was agreed in Paris. They both chastised their bureaucrats for not moving fast enough on this and promised to give a real push to that effort.

They then turned to the third element of the Helsinki agenda, that is the economic issues. The President congratulated President Yeltsin on some of the progress that had been made in enacting reforms, including tax reforms, and the successful recourse of the financial markets that Russia has recently been able to do in terms of its bond sales.

They came back and talked briefly again about the Paris Club accession, and the President indicated that this really provided momentum to move forward towards a WTO agreement, that there was a real need for our negotiators to get together to intensify their efforts. And President Yeltsin indicated that he shared the desire to move quality as possible on a WTO agreement.

The President briefly touched on one concern about a law that's now pending in the Russian Duma concerning registration of religious groups and the concern that this could cause problems in terms of the free expression of religion in Russia. And President Yeltsin said that he understood the President's concern and he would look into that.

The two Presidents also had a brief discussion about Iraq. In particular, they discussed the report of the UNSCOM Director Ikeus and the problems that he had identified in trying to carry out the inspections under the regime. Both Presidents, including President Yeltsin, expressed concern about the failure to comply and the need for a strong statement coming out of the U.N. and they promised to work together and directed their officials to work together to see if they could reach a common position to be taken at the U.N.

They concluded their discussions with a sort of look into the future. They both talked about the possibilities of deepening and broadening the U.S.-Russian partnership for the 21st century and their desire to try to find ways to capture their new spirit that prevails in U.S.-Russian relations. And they both promised to give some thought to measures that they might take as we move towards the year 2000 that really reflected the possibilities of the U.S.-Russia partnership as an engine of progress on a whole range of issues coming into the next century.

As they were parting, President Yeltsin noted that he was going to be talking to Prime Minister Hashimoto during his time here and his hope that they could make some progress in Russian-Japanese relations, and President Clinton urged him to do that and hoped that they would have some success in moving forward on that important relationship.

DEPUTY SECRETARY SUMMERS: At about 5:30 a.m. this morning, an agreement was reached between Russia and the Chairman of the Paris Club on principles for Russia's accession to the Paris Club. President Clinton and President Yeltsin had committed in Helsinki three months ago to work as rapidly as possible to permit Russia to enter the Paris Club, and that is now what has been achieved and was welcomed by the two Presidents in their meeting.

The Paris Club is the international body, the international group of nations that works together to work out the debt of developing countries to major creditor nations. It includes almost all of the world's major industrialized countries.

In a real sense, this agreement represents the financial end of the Cold War. What is involved is an agreement that Russia, along with the other creditor nations, will work together to address the debt problems of developing countries, to collect debts owed where possible, and to make appropriate adjustments where necessary.

As part of the agreement for Russia to join the Paris Club and join the international financial community in this way, an agreement was reached through which Russia's debt claims on developing countries would be adjusted prior to their joining the Paris Club. The adjustment reflects the Russian exchange rate regime of the former Soviet Union and it reflects the fact that much of this debt was Cold War military debt.

The magnitude of the adjustments vary from case to case, depending upon the exact nature of the debts, between 30 and 80 percent. This agreement is a financially significant one since Russia has approximately -- a little bit more than $120 billion in outstanding claims on developing countries. What it means is that henceforth, as the world addresses the debt problems of developing countries, Russia will be a full participant.

For example, what this agreement means is that for some of the poorest countries in Africa, once Russia becomes a part of the Paris Club, with the discount that is applied to Russian debt as it joins the Paris Club, and then Russia becomes part of the international effort to reduce debt further, that as much as 90 to 95 cents of each dollar of Russian debt will be written off for some of the poorest countries in Africa.

This is a win-win agreement. It is a win for Russia because it is now part of the international community's regularized process for handling debts to developing countries. It is a win for developing countries because Russia has agreed to adjustment of debts to reflect reality in light of current circumstances. And it is a win for the United States and for France, that played a key role in brokering this agreement, because it serves the objective of bringing Russia in to the international community, which has been our task over these years.

Q Secretary Summers, can you talk a little bit more about the adjustment, as you call it, before an accession into the Paris Club? Have you got a dollar figure for the overall adjustments they've got to make? And what are their criteria to determine who's going to get 30 percent and who's going to get 80 percent?

DEPUTY SECRETARY SUMMERS: I don't have any more dollar figures. That will depend upon the full agreement with the Paris Club and the collection of data and so forth. The nature of the adjustments will depend upon the income level and economic circumstances of the country involved and the special circumstances where Russia -- where the Soviet Union was the predominant military creditor, as well as a variety of complexities involved in valuing Soviet era claims.

Q Have all of the issues been resolved now, or are there still some negotiations that will be required to get them fully into the membership into the Paris Club?

DEPUTY SECRETARY SUMMERS: This is, as I said, an agreement in principle between Russia and the Chairman of the Paris Club. It is not a -- it does not take formal effect, of course, until it is agreed by all the members of the Paris Club, since the Paris Club operates on the basis of consensus.

Q Is there any -- that Yeltsin will go to Madrid?

DEPUTY SECRETARY SUMMERS: I will leave questions about Madrid to Mr. Steinberg.

Q The full agreement, when do you expect that to happen?

DEPUTY SECRETARY SUMMERS: Soon, but I don't know exactly when.

Q -- 5:30 a.m. in Paris, 5:30 a.m. here? Where?

DEPUTY SECRETARY SUMMERS: The meeting took place at the New York Federal Reserve Bank between representatives of Russia, and it was chaired, of course, by the Chairman of the Paris Club and representatives of the G-7 countries. The United States was represented by Assistant Secretary David Lipton who played a crucial role in brokering this agreement.

Q Have they met through the night, or did they just schedule a 5:30 a.m. meeting?

DEPUTY SECRETARY SUMMERS: No, they met all night. This has been an effort that has been underway for a number of years, when Russia has expressed a desire to be part of the Paris Club, but it found new energy and there's been a kind of full-court press since President Clinton and President Yeltsin agreed in Helsinki to get this done in 1997.

Q Secretary Rubin said on Monday that he didn't expect this to be announced here. What broke the logjam in the last three days?

DEPUTY SECRETARY SUMMERS: Effective diplomacy and, I think, a real political will in Russia and on the part of the G-7 countries to reach this agreement.

MR. **MCCURRY:** And the Secretary's canny ability to lower expectations.

Q What's the total amount of Russia debt from Africa?

DEPUTY SECRETARY SUMMERS: I don't have a figure for you from Africa. The total amount of Russia debt to developing countries that becomes -- that will now be addressed through the Paris Club process is $120 billion, but as I -- it is a little over $120 billion. But as I indicated, that debt will be adjusted as part of Russia's joining the Paris Club by numbers in the 30 to 80 percent range depending upon circumstances.

Q It is all Soviet era debt?

DEPUTY SECRETARY SUMMERS: It's all Soviet era debt, yes.

Q Two questions for Jim. One --

MR. STEINBERG: Can I just answer before we go on? As you all know, before President Yeltsin arrived, he stated that he was not planning on coming to Madrid. He confirmed that fact to President Clinton today, but indicated that Russia would be sending an appropriate senior representative to the meeting there.

Q Two questions -- one, was there no discussion of NATO between the two leaders other than what you mentioned about the council? And secondly, the President said that this was a cause of celebration to have Russia here as more of a full member. Was there anything from Yeltsin to indicate he felt any different about his status here?

MR. STEINBERG: The only discussion of NATO was the discussion of implementing the Partnership Council and the work that remains to be done to get that underway. I think that there was a real sense on the part of President Yeltsin that he really was a full participant. I think in the past, as he's come to these meetings, there was some concern about whether it could move forward in terms of Russia's participation. That was not a real subject of the discussion today because there was so much of a sense of belonging to this meeting. It's a little bit reading between the lines, but I had a real sense that President Yeltsin felt comfortable, fully a part of this and really looking forward to the discussions.

Q Was there any discussion on the Japanese Northern Territories question? Did the President encourage Yeltsin to move on a political settlement of that issue?

MR. STEINBERG: As I said, at the end of the discussion

President Yeltsin indicated that he was looking forward to talking to Prime Minister Hashimoto about that. They didn't discuss in any detail the specifics of the Northern Territories, but simply the desire to develop stronger and closer relationships between Russia and Japan.

The President encouraged him in that direction and indicated that it was very important. He said that he thought in the future, over the next 20 years, that there was a tremendous possibility for the relationship between Russia and Japan and he really looked forward to their making progress on the political issues so that that relationship could reach its potential.

Q Jim, are you planning on -- is the President planning on making any other stops after Madrid in addition to Copenhagen?

MR. STEINBERG: The President has made no decision on any travel beyond the travel that you know about, which is to go to Copenhagen.

Q Secretary Summer, was the debt outstanding to the Russians good debt? Was it being paid? And the discounting, was that a difficult pill for them to swallow? I realize what the prize was, but was it costly for them?

DEPUTY SECRETARY SUMMERS: In some country cases, the debt was being serviced; in other country cases, the debt was not being serviced. Clearly, this was a negotiation and I think everybody went into it with the objective of finding the kind of win-win solution that I talked about, where Russia would benefit from the regularization of its financial relations with these countries through its participation in the Paris Club and the countries. And the countries' other creditors, in turn, would benefit from the adjustment of Russian debts to take account of factors like the special valuation of the Soviet Euro, ruble and the military character of some of the debt.

Q -- 10 years ago, Russia was not only kept away from this kind of summit, but that it was the target of the policies, many of the policies that came out of these kinds of summit. Was there any discussion or expressions about that evolution, that journey from then to now?

MR. STEINBERG: Well, I think -- I mean, obviously it is true and I think that it is one of the things that both Presidents feel strongly about.

I think the one thing that the President did say is he talked about -- he congratulated President Yeltsin on the leadership he's shown. After President Yeltsin went through a number of these achievements that they've accomplished over the last several months, the President indicated that it really was a testament to President Yeltsin's leadership and his continued commitment to democracy.

He also said that to the press at the beginning of the meeting, that he really sees President Yeltsin as being an important, driving force to continue this process of integration and really a remarkable three-month period since Helsinki.

Q Could you take a few **tobacco** questions before deadline?

Q But there's no looking back to those bad old days when they were on the outside?

MR. STEINBERG: I think -- I feel that there is so much that they're working on and the progress. I mean, certainly President Yeltsin is very focused. It was a very -- the meeting, they sort of

... t already exists with respect But again, we will await a little further briefing after we talk to Bruce Reed, who is now in a position to give greater detail on the agreement, and certainly from Bruce Lindsey, who is now ...

... help the President understand the agreement better.

Q Mike, you and the President both addressed the issues involving the FDA's power to regulate tobacco and the public health questions. But what about this whole concept of absolving tobacco countries from liability? What's the administration's view of that concept and will that be part of the -- will the Justice Department become part of this review process, too?

MR. MCCURRY: Well, the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us. We understand that the attorneys general extracted substantial concessions from the tobacco companies for this limitaton and we'll evaluate whether the agreement as a whole advances the nation's public health interests. But on that specific limit, that's not necessarily a deal-breaker.

SUBJECT: bc- mccurry -brief-3 bc- mccurry -brief-3 administration's view of that concept and will that be part of the - will the Justice Department become part of this review process, too?

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Q In the exchange with the pool the President first spoke about the agreement must be judged on its public health considerations. And then later he said the number one thing for us would be the nature of the FDA jurisdiction. Which is the top priority of the administration?

MR. MCCURRY: Well, the assertion of FDA jurisdiction is the way that we guarantee that the public health interests that the President has first and foremost in his mind is guaranteed. That is, ...

... place, and that's not something the we are willing to give up because the President will insist that the FDA continue to have necessary authority to regulate nicotine and tobacco products.

TEN BIG THINGS

1. New Drug Proposal (drug rehabiltation prison camps and voluntary school testing)

3. Homelessness (take people off the streets if they are a danger to themselves)

4. Health care Bill of Rights

5. We should give in on stay at home moms

6. Cherishing Our Children

* Nutrition -- no hungry child in America

* Sex Offenders -- longer sentences

* Schools -- no bad schools

* Tobacco-- challenge should become 30% figure w/in 5 years

7. Women's Safety

* safe at home (DV), safe on the street (cell phones), safe at work (companies)

8. Values: Promoting faith and Family

* workplace religious freedom

* marriage penalty alternative

9. One America
*Americanization program

Better Children, better Famillies, Better commnities

The New York Times, September 8, 1997

BYLINE: By BARRY MEIER

BODY:

Two cigarette industry representatives say the White House told them last week that three crucial concessions must be made in the proposed $368.5 billion tobacco settlement to win President Clinton's approval.

The representatives, speaking on the condition of anonymity, said Administration officials told them that the deal must be amended to give Federal officials a freer hand in regulating nicotine levels in cigarettes.

The officials also insisted that heavier fines be imposed if the industry did not meet targets for reducing youth smoking over the next decade, the representatives said.

They reported that Administration officials also said they wanted to eliminate or restrict a provision in the new Federal budget that allows the industry to deduct $50 billion raised from new tobacco excise taxes over the next 25 years. The Administration does not want the deduction to reduce the settlement's original cost, agreed to in June after three months of negotiation between the industry, state attorneys general and public health advocates.

Today Bruce N. Reed, Mr. Clinton's top domestic policy adviser, declined to comment on details of the latest talks between the White House and industry representatives.

"The President has not made any decision on the proposal," Mr. Reed said. "But we have made no secret of the fact that he is going to be tough on the industry and tough on youth smoking."

An Administration official, speaking on the condition of anonymity, characterized the three demands as deal breakers if they were not met. The official also said the Administration would probably seek to strengthen provisions under which industry documents would be disclosed.

Clinton Administration officials have said settlement provisions on nicotine regulation and penalties on youth smoking need to be revised and expressed concern about the $50 billion credit. It is now increasingly clear that the three issues will constitute the major battle lines in talks between industry and the White House before Mr. Clinton makes his decision on the proposed settlement.

Major tobacco producers have agreed to pay $368.5 billion over 25 years to settle lawsuits by states and smokers, restrict cigarette advertising and pay kept working through these issues because they really see these meetings as an opportunity to continue to make progress on the agenda.

And, as I say, when we laid out the agenda in Helsinki, if you think about just how much has been accomplished during that period of time -- two of the very important early objectives, which is getting the NATO-Russia agreement, was done in two months time; the Paris Club accession, in three months time. They're looking forward to the possibility of completing the ABM-TMD demarcation agreement next month.

So it's really a kind of -- they really look forward to getting together because they see each other. They frequently chastise their officials and their bureaucrats for not getting on with getting this business done and getting more and more progress in a relationship.

Q Is Cuba one of the countries that will get debt relief from this arrangement?

DEPUTY SECRETARY SUMMERS: Cuba will not get debt relief from this arrangement. The arrangement to recall simply provides that as Russia joins the Paris Club there will be an upfront adjustment of Russia's debt. There then won't be -- no action will take place unless the Paris Club reaches an agreement with the country in question. And since Cuba does not have regularized international financial relations, it would not be affected by this agreement.

If I could just make one other observation on something that Jim touched on. I remarked that in a sense this represented the financial end of the Cold War. That's really true in two senses today. One is this Paris Club agreement that we've been talking about; the other is the success of the Russian government in accessing the international capital market with its first successful 10-year borrowing since 1913 on purely private terms.

MR. **MCCURRY**: I'm going to -- in a minute we're going to, by telephone, have Sandy Berger give you a readout on the meeting with President Chirac. But I think for the networks who are coming up on their deadline, they need some **tobacco** questions.

Q Mike, Mike Moore today called this agreement historic and yet, it's still early in the process. Is he calling it historic too early from the point of view of the White House?

MR. **MCCURRY**: Well, it's also too early to call it history. I think there are a lot of things that we want to look at very carefully as we evaluate the settlement that has been reached. The President, as you know, has complimented the attorneys general for the work that they did. But remember when we entered into the regulatory process and the President took, I think, the courageous decision to launch the FDA regulatory proceeding, we did so only after the most meticulous of reviews. And the President believes that same type of review ought to apply now to this settlement. There are many aspects of this settlement that we don't fully understand, even though we know a lot about the nature of the dialogue between the parties during these months of negotiation.

Attorney General Moore this afternoon is meeting with Bruce Reed, who's now been designated by the President to, I think, along with Secretary Shalala, conduct this review. That will be our first formal opportunity to really see in detail the nature of the agreement. And we then expect to begin a very rigorous and meticulous evaluation to see if it is consistent with those public health policy objectives that underscored the FDA's rule-making process in the first place.

Q There was at least the feeling while this was going on that nothing would be agreed to that didn't at least have a chance of being approved by the White House. Did they check with you first? Was there a signal to them that you can live with what they were about to come up with?

MR. **MCCURRY**: Well, they attempted, I think, as everyone here knows, many times, particularly in the closing hours of this negotiation to get definitive signals. And one thing that we feel confident at is that the likelihood that this agreement will pass muster was increased by the fact that we refrained from sending that kind of signal. We have not indicated approval for the agreement.

I think we've made it, at the same time, very clear what the President was looking for in a settlement: first and foremost, something that protects the public health objectives that he has long articulated, something that protects America's children from the damaging effects of **tobacco** use. So they knew what they had to measure against.

The President had been clear about that both publicly and then in the private comments we'd extended to the parties. And I think they worked very, very hard and got -- certainly the attorneys general got concessions even at the 11th hour that moved this settlement in a direction that will make it easier for us to evaluate.

Q And my I follow just one second? So there were some private discussions, as you just said?

MR. **MCCURRY**: Well, obviously we were in contact with the parties, as we've told you all along, not so much as to signal yes or no on elements, but to make very clear two things: one, that our criteria for evaluation would be whether or not any settlement meant the public health objectives put forward by the President; and two, to make it abundantly clear that we were not going to, in a sense, intervene in the negotiation by helping them get over any final hurdles. And I -- the President believes that was the proper posture and also believes that probably produced terms in this settlement that will certainly be more advantageous for those who are interested in protecting the public health of the American people.

Q This is a two-part, related question. Is there anything in this agreement that would restrict the **tobacco** companies as far as their international sales and marketing are concerned? And B, is that a factor -- one of the elements that the President wants as part of this **deal**?

MR. **MCCURRY**: Wolf, I don't know the answer to that. I think, in general, during the course of the negotiations, Mr. Lindsey has been in a position to be most familiar generally. Now, as we look at the settlement specifically, we will be able to answer questions like that in greater detail. I just don't know the answer.

Q Will the President only be interested in the impact on American health and American children, or is he interested in the health of people outside of the United States?

MR. **MCCURRY**: I think the President is interested -- obviously, he has an humanitarian concern -- interested in public health elsewhere in the world. At the same time, we have never said that **tobacco** is not a legal product, certainly a legal product for export. We know that, and the only thing we ask is for fair access to markets when those markets are available to a product made in the United States.

At the same time, we respect the public health policies of countries that, like the United States, seek to restrict certain aspects of **tobacco** marketing or access to **tobacco** products for certain categories of citizens -- i.e., minors. And the President has made clear that through our export promotion policies we'll acknowledge and respond to and honor the public health policies of other nations.

Q Moore talked about a $25 billion trust fund to be guided by the recommendations of a presidential commission. Was that element of the **deal** in any way coordinated with you? The fact that it's referred to as a presidential commission suggests that they know that you would like that.

MR. **MCCURRY**: Well, I'm not familiar enough with that provision myself. To my knowledge, we did not screen any particular element. I think there's an advisory commission t already exists with respect to some aspects of **tobacco** use, and that may be a reference there. But again, we will await a little further briefing after we talk to Bruce Reed, who is now in a position to give greater detail on the agreement, and certainly from Bruce Lindsey, who is now on his way here and will be in a position to help the President understand the agreement better.

Q Mike, you and the President both addressed the issues involving the FDA's power to regulate **tobacco** and the public health questions. But what about this whole concept of absolving **tobacco** countries from **liability**? What's the administration's view of that concept and will that be part of the -- will the Justice Department become part of this review process, too?

MR. **MCCURRY**: Well, the limitation on punitive damages for past misconduct is not necessarily a **deal-breaker** for us. We understand that the attorneys general extracted substantial concessions from the **tobacco** companies for this limitaton and we'll evaluate whether the agreement as a whole advances the nation's public health interests. But on that specific limit, that's not necessarily a **deal-breaker**.

Q In the exchange with the pool the President first spoke about the agreement must be judged on its public health considerations. And then later he said the number one thing for us would be the nature of the FDA jurisdiction. Which is the top priority of the administration?

MR. **MCCURRY**: Well, the assertion of FDA jurisdiction is the way that we guarantee that the public health interests that the President has first and foremost in his mind is guaranteed. That is, in fact -- remember, it is the assertion of jurisdiction by the FDA that likely got the industry in a position where they wanted to negotiate in the first place, and that's not something the we are willing to give up because the President will insist that the FDA continue to have necessary authority to regulate nicotine and **tobacco** products.

Q But is that the top priority, Mike?

MR. **MCCURRY**: No, the top priority, generally speaking, is to assure the nation's public health by achieving the President's public health objective: discouraging **tobacco** use by young children.

Q Mike, why shouldn't the American public essentially see this agreement as a massive tax increase on cigarettes and not cigarette smokers?

MR. **MCCURRY**: Well, because it's much more than that. It is a proposed settlement which will look back, address claims that are made by some individuals. But it also looks forward and addresses ways in which we can discourage **tobacco** use by young people and accomplish many things that the public health community has long advocated.

By the way, on **tobacco** taxation, **tobacco** revenue, there was another development on a separate venue on that subject and we have always supported the use of **tobacco** revenues when it comes to the purpose of addressing children's health and the critical needs of young people. And just not long ago we were in the position because a specific proposal fell within the limits of the balanced budget agreement, i.e., the Kennedy-Hatch proposal that we had to indicate that that was not within the framework of the balanced budget agreement. But, apparently, now the Republican leadership believes that the measure considered by the Senate Finance Committee can co-exist and was within the framework of the balanced budget agreement.

And, of course, we have no objection to taxation provided that the revenues from **tobacco** taxation are used for children's health care and the critical needs of young people. That is the problem with the Senate Finance Committee action, because they have now used some of these revenues for the benefit of corporate and special interests. We believe all the proceeds from any increase in **tobacco** taxes should be devoted to children's health care and the critical needs of young people and their families.

Q It's been reported that Bruce Lindsey at one point offered a -- suggested a compromise for the two parties as they were negotiating. Did he have that role in the negotiations or was he more of an observer?

MR. **MCCURRY**: No, he had the role that we have described.

Q To follow up on your point you just made about the Senate Finance Committee bill and the **tobacco** tax -- would you be willing to support that tax if the proceeds of that were shifted to expansion of health insurance for children as part of the budget agreement?

MR. **MCCURRY**: We clearly, given now the agreement by the Republican leaders in the Senate that this measure is not constrained by the balanced budget agreement -- that it represents, we believe, a different point of view from prior measure in a separate context by Majority Leader Lott -- we would support the use of revenues for the expansion of health care insurance along the lines that we have indicated, above and beyond the $16 billion that has already been agreed to in the balanced budget agreement.

But our concern is that the current measure as marked up would divert some of the proceeds from that tax to corporate and special interests -- real estate taxes and state tax forgiveness -- even though some of it does go to expansion of health care coverage. We'd like to see all the proceeds from that increase in the tax go to health care, the needs of families, the needs of young people in particular.

Q On a different subject, do you have any comment on how the arrest of Kansi -- what impact, if any, that will have on U.S.-Pakistani relations?

MR. **MCCURRY**: I'm not going to comment on that.

Q Mike, how long do you anticipate this review is really going to take?

MR. **MCCURRY**: We have not set any arbitrary time deadline.

We expect it will be a matter of weeks, not months.

Q -- the **deal** could disintegrate on its own while the White House is pondering it?

MR. **MCCURRY**: If it does, that means it probably didn't pass muster with the American people and with those who advocate public health concerns. And that may, in fact, happen. The converse may happen as well, that it might be seen as a real opportunity and public support might build. We just don't know at this point.

We have several different scenarios on what we're going to do at dinner depending on what happens at dinner. Very often at meetings like this the leaders take control and decide to do things that the planners and staff hadn't planned for, and so we'll see what happens. Our current plan is just to go with a readout to your pool, and we think that will suffice. But we will alert people if there's some change in plan.

Thank you.

THE PRESS: Thank you.

END 4:14 P.M. MDT

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

The New York Times, September 8, 1997

HEADLINE: White House Said to Specify 3 Demands in Tobacco Deal

BYLINE: By BARRY MEIER

BODY:

Two cigarette industry representatives say the White House told them last week that three crucial concessions must be made in the proposed $368.5 billion tobacco settlement to win President Clinton's approval.

The representatives, speaking on the condition of anonymity, said Administration officials told them that the deal must be amended to give Federal officials a freer hand in regulating nicotine levels in cigarettes.

The officials also insisted that heavier fines be imposed if the industry did not meet targets for reducing youth smoking over the next decade, the representatives said.

They reported that Administration officials also said they wanted to eliminate or restrict a provision in the new Federal budget that allows the industry to deduct $50 billion raised from new tobacco excise taxes over the next 25 years. The Administration does not want the deduction to reduce the settlement's original cost, agreed to in June after three months of

Sen. Wendell Ford (D-KY) said the agreement "falls woefully short in addressing the interests of our farmers."

Sen. Lauch Faircloth (R-NC) warned that he would fight any proposal by big lawyers that he felt hurt the little guy -- tobacco farmers -- who form the base of his state's agricultural economy.

The White House also was cautious about the agreement.

President Clinton himself told reporters $ 368 billion is "an enormous amount of money."

And even though the White House has previously opposed limits on punitive damages, Press Secretary Mike McCurry said "the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us."

Leading the negotiations for the anti-smoking forces was the prosecutor who filed the first lawsuit seeking reimbursement for Medicaid costs of treating smoking-related illnesses in 1994, Attorney General Mike Moore of Mississippi.

"We are here today to announce . . . the most historic public health achievement in history,'' Moore told a news conference in Washington, DC.

... screen any particular element. I think there's an advisory commission t already exists with respect to some aspects of tobacco use, and that may be a reference there. But again, we will await a little further briefing after we talk to Bruce ...

... help the President understand the agreement better.

Q Mike, you and the President both addressed the issues involving the FDA's power to regulate tobacco and the public health questions. But what about this whole concept of absolving tobacco countries from liability? What's the administration's view of that concept and will that be part of the - will the Justice Department become part of this review process, too?

MR. MCCURRY: Well, the limitation on punitive damages for past misconduct is not necessarily a deal-breaker for us. We understand that the attorneys general extracted substantial concessions from the tobacco companies for this limitaton and we'll evaluate whether the agreement as a whole advances the nation's public health interests. But on that specific limit, that's not necessarily a deal-breaker.

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White House Press Release

PRESS BRIEFING BY PRESS SECRETARY MIKE MCCURRY, DEPUTY DIRECTOR OF NSC JIM STEINBERG, AND DEPUTY SECRETARY LARRY SUMMERS

THE WHITE HOUSE

Office of the Press Secretary
(Denver, Colorado)

For Immediate Release June 20, 1997

PRESS BRIEFING BY
PRESS SECRETARY MIKE MCCURRY,
DEPUTY DIRECTOR OF NSC JIM STEINBERG,
AND DEPUTY SECRETARY LARRY SUMMERS

Brown Palace Hotel
Denver, Colorado

3:34 P.M. MDT

MR. MCCURRY: Good afternoon, ladies and gentlemen. We're going to do a couple things -- there are several stories I think you're pursuing at this hour. I just want to do a couple of housekeeping things to start off with.

The President began his day this morning meeting with staff, preparing for the bilaterals he had. He also had a 20-minute phone call with President Fernando Enrique Cardozo of Brazil. The government of Brazil announced today that they are joining the Non-Proliferation Treaty, the first time Brazil has been granted accession to the NPT. The President called to congratulate President Cardozo on that.

They chatted a bit about the President's enthusiasm as he looks forward to his trip later this fall to Brazil. They talked a little bit about some of the themes that will likely be covered during that trip -- certainly, trade liberalization, sustainable development, educational cooperation and joint efforts to combat crime and drugs -- a good preview of the upcoming trip the President will take.

In part, it turns out the two Presidents' schedules will not overlap -- they had looked forward to maybe seeing each other in New York next week -- and that's why the phone call was arranged today.

The President, during the course of the morning, obviously had several updates from Washington on our understanding of the status of the **tobacco** talks. The President has now made both a written statement and a statement just moments ago during the meeting with President Chirac. That's available to all of you. I can take some questions on that.

Here to brief you on the President's bilateral meeting with President Yeltsin is Jim Steinberg and Deputy Secretary Summers is here, too, to tell you more about the very important announcement concerning Russia's membership in the Paris Club.

We'll start with Jim, and then Larry.

MR. STEINBERG: Thank you, Mike. President Clinton and President Yeltsin met today for about an hour in their scheduled bilateral. It was quite a good meeting. President Yeltsin was very vigorous, the discussion was very animated. And it was one -- it was really characterized in a very striking way about the really productive quality of their discussions these days. They worked through a large number of issues, moved some things forward, and it really was two men who are now very used to working with each other, familiar with the problems that they're having to **deal** with, also familiar with the opportunities of trying to do things together. And so they were able to accomplish quite a lot and cover a lot of ground in a very brief period of time.

They're really building on these regular meetings. This is the third time they've met in the last several months. They met in Helsinki in March; they met in Paris last month in connection with the NATO-Russia agreement; and here today.

The discussions began, not surprisingly, with a discussion of how President Yeltsin was feeling. He told the President that he was feeling terrific, but his suits were a little too big and he had to **deal** with that challenge. He noted that he lost almost 30 kilos over the last year. And he also noted -- he said, "My brain is always moving fast, but now my body is also moving with more energy."

They began with a brief discussion -- President Yeltsin indicated Russia's interest in hosting an Olympic Children's Games in 1998, and that we're working with the Olympic Committee on that. The President agreed to look into that and see how we could be supportive.

The President then congratulated President Yeltsin on the successful conclusion of the Paris Club negotiations, which Larry Summers is going to talk to you about. The President said it was very good news; that when they had met in Helsinki they had identified this on the economic front as one of the early possible steps that could be taken in terms of integrating Russia into international economic organizations. He noted it had only been 13 weeks since they had undertaken to do that and he was very pleased that they were able to come to such a good agreement.

Yeltsin noted that this had been a very productive period of several months. In addition to the NATO-Russia agreement, there had been some very important agreements between Russia and Ukraine and particularly with respect to the Black Sea fleet. He also pointed to the progress that had been made in resolving the political problems in Moldova and the Transdnistria region, including the possibility of not being able to move the Russian troops from there.

They talked a bit about their common efforts with President Chirac to address the problem in Nagora-Karabakh. The three Presidents are releasing a statement today, talking about their common efforts and the proposals that they've been making to try to move that process forward. Both President Clinton and President Yeltsin identified it not only as an area of considerable danger if the problem were not solved, but one of great promise in terms of enhancing regional stability if they could make progress. And they made a joint commitment to push hard on that, seeing a real opportunity in the near future to move forward.

They next turned to their arms control agenda. The President recalled that when they were in Helsinki they made a particular point of putting emphasis on the desirability of reaching a framework agreement on CFE, ideally, before the NATO Madrid Summit. Yeltsin noted that senior officials including Secretary Albright and Foreign Minister Primakov had been working very hard on this issue and that there had been real progress and that it was quite possible that they could reach an agreement on the framework before Madrid, although there was a lot of work yet to do. And those discussions will continue on the margins here.

They talked about the ABM-TMD demarcation agreement which was another of the important decisions that had come out of Helsinki, where the principles for that agreement were set up and experts now meeting to try to put that into a formal document. There's an experts group session scheduled for July, and they both agreed that they would try to use that session to try to finish off the agreement.

They also had a conversation about their mutual interest in getting the START II extension protocol ratified by the Duma so that it would be possible to go on to START III. The President indicated that he was very eager to move forward with that, saw it very much in the strategic and economic interest of both countries.

Yeltsin agreed; he said that although there were a lot of things on his plate, that he was determined to give it a real push with the Duma. And the President expressed appreciation for that, and also appreciation for the efforts of Foreign Minister Primakov in trying to move that forward.

They discussed in a little bit of detail their efforts to move forward on implementing the NATO-Russia Council that was agreed in Paris. They both chastised their bureaucrats for not moving fast enough on this and promised to give a real push to that effort.

They then turned to the third element of the Helsinki agenda, that is the economic issues. The President congratulated President Yeltsin on some of the progress that had been made in enacting reforms, including tax reforms, and the successful recourse of the financial markets that Russia has recently been able to do in terms of its bond sales.

They came back and talked briefly again about the Paris Club accession, and the President indicated that this really provided momentum to move forward towards a WTO agreement, that there was a real need for our negotiators to get together to intensify their efforts. And President Yeltsin indicated that he shared the desire to move quality as possible on a WTO agreement.

The President briefly touched on one concern about a law that's now pending in the Russian Duma concerning registration of religious groups and the concern that this could cause problems in terms of the free expression of religion in Russia. And President Yeltsin said that he understood the President's concern and he would look into that.

The two Presidents also had a brief discussion about Iraq. In particular, they discussed the report of the UNSCOM Director Ikeus and the problems that he had identified in trying to carry out the inspections under the regime. Both Presidents, including President Yeltsin, expressed concern about the failure to comply and the need for a strong statement coming out of the U.N. and they promised to work together and directed their officials to work together to see if they could reach a common position to be taken at the U.N.

They concluded their discussions with a sort of look into the future. They both talked about the possibilities of deepening and broadening the U.S.-Russian partnership for the 21st century and their desire to try to find ways to capture their new spirit that prevails in U.S.-Russian relations. And they both promised to give some thought to measures that they might take as we move towards the year 2000 that really reflected the possibilities of the U.S.-Russia partnership as an engine of progress on a whole range of issues coming into the next century.

As they were parting, President Yeltsin noted that he was going to be talking to Prime Minister Hashimoto during his time here and his hope that they could make some progress in Russian-Japanese relations, and President Clinton urged him to do that and hoped that they would have some success in moving forward on that important relationship.

DEPUTY SECRETARY SUMMERS: At about 5:30 a.m. this morning, an agreement was reached between Russia and the Chairman of the Paris Club on principles for Russia's accession to the Paris Club. President Clinton and President Yeltsin had committed in Helsinki three months ago to work as rapidly as possible to permit Russia to enter the Paris Club, and that is now what has been achieved and was welcomed by the two Presidents in their meeting.

The Paris Club is the international body, the international group of nations that works together to work out the debt of developing countries to major creditor nations. It includes almost all of the world's major industrialized countries.

In a real sense, this agreement represents the financial end of the Cold War. What is involved is an agreement that Russia, along with the other creditor nations, will work together to address the debt problems of developing countries, to collect debts owed where possible, and to make appropriate adjustments where necessary.

As part of the agreement for Russia to join the Paris Club and join the international financial community in this way, an agreement was reached through which Russia's debt claims on developing countries would be adjusted prior to their joining the Paris Club. The adjustment reflects the Russian exchange rate regime of the former Soviet Union and it reflects the fact that much of this debt was Cold War military debt.

The magnitude of the adjustments vary from case to case, depending upon the exact nature of the debts, between 30 and 80 percent. This agreement is a financially significant one since Russia has approximately -- a little bit more than $120 billion in outstanding claims on developing countries. What it means is that henceforth, as the world addresses the debt problems of developing countries, Russia will be a full participant.

For example, what this agreement means is that for some of the poorest countries in Africa, once Russia becomes a part of the Paris Club, with the discount that is applied to Russian debt as it joins the Paris Club, and then Russia becomes part of the international effort to reduce debt further, that as much as 90 to 95 cents of each dollar of Russian debt will be written off for some of the poorest countries in Africa.

This is a win-win agreement. It is a win for Russia because it is now part of the international community's regularized process for handling debts to developing countries. It is a win for developing countries because Russia has agreed to adjustment of debts to reflect reality in light of current circumstances. And it is a win for the United States and for France, that played a key role in brokering this agreement, because it serves the objective of bringing Russia in to the international community, which has been our task over these years.

Q Secretary Summers, can you talk a little bit more about the adjustment, as you call it, before an accession into the Paris Club? Have you got a dollar figure for the overall adjustments they've got to make? And what are their criteria to determine who's going to get 30 percent and who's going to get 80 percent?

DEPUTY SECRETARY SUMMERS: I don't have any more dollar figures. That will depend upon the full agreement with the Paris Club and the collection of data and so forth. The nature of the adjustments will depend upon the income level and economic circumstances of the country involved and the special circumstances where Russia -- where the Soviet Union was the predominant military creditor, as well as a variety of complexities involved in valuing Soviet era claims.

Q Have all of the issues been resolved now, or are there still some negotiations that will be required to get them fully into the membership into the Paris Club?

DEPUTY SECRETARY SUMMERS: This is, as I said, an agreement in principle between Russia and the Chairman of the Paris Club. It is not a -- it does not take formal effect, of course, until it is agreed by all the members of the Paris Club, since the Paris Club operates on the basis of consensus.

Q Is there any -- that Yeltsin will go to Madrid?

DEPUTY SECRETARY SUMMERS: I will leave questions about Madrid to Mr. Steinberg.

Q The full agreement, when do you expect that to happen?

DEPUTY SECRETARY SUMMERS: Soon, but I don't know exactly when.

Q -- 5:30 a.m. in Paris, 5:30 a.m. here? Where?

DEPUTY SECRETARY SUMMERS: The meeting took place at the New York Federal Reserve Bank between representatives of Russia, and it was chaired, of course, by the Chairman of the Paris Club and representatives of the G-7 countries. The United States was represented by Assistant Secretary David Lipton who played a crucial role in brokering this agreement.

Q Have they met through the night, or did they just schedule a 5:30 a.m. meeting?

DEPUTY SECRETARY SUMMERS: No, they met all night. This has been an effort that has been underway for a number of years, when Russia has expressed a desire to be part of the Paris Club, but it found new energy and there's been a kind of full-court press since President Clinton and President Yeltsin agreed in Helsinki to get this done in 1997.

Q Secretary Rubin said on Monday that he didn't expect this to be announced here. What broke the logjam in the last three days?

DEPUTY SECRETARY SUMMERS: Effective diplomacy and, I think, a real political will in Russia and on the part of the G-7 countries to reach this agreement.

MR. MCCURRY: And the Secretary's canny ability to lower expectations.

Q What's the total amount of Russia debt from Africa?

DEPUTY SECRETARY SUMMERS: I don't have a figure for you from Africa. The total amount of Russia debt to developing countries that becomes -- that will now be addressed through the Paris Club process is $120 billion, but as I -- it is a little over $120 billion. But as I indicated, that debt will be adjusted as part of Russia's joining the Paris Club by numbers in the 30 to 80 percent range depending upon circumstances.

Q It is all Soviet era debt?

DEPUTY SECRETARY SUMMERS: It's all Soviet era debt, yes.

Q Two questions for Jim. One --

MR. STEINBERG: Can I just answer before we go on? As you all know, before President Yeltsin arrived, he stated that he was not planning on coming to Madrid. He confirmed that fact to President Clinton today, but indicated that Russia would be sending an appropriate senior representative to the meeting there.

Q Two questions -- one, was there no discussion of NATO between the two leaders other than what you mentioned about the council? And secondly, the President said that this was a cause of celebration to have Russia here as more of a full member. Was there anything from Yeltsin to indicate he felt any different about his status here?

MR. STEINBERG: The only discussion of NATO was the discussion of implementing the Partnership Council and the work that remains to be done to get that underway. I think that there was a real sense on the part of President Yeltsin that he really was a full participant. I think in the past, as he's come to these meetings, there was some concern about whether it could move forward in terms of Russia's participation. That was not a real subject of the discussion today because there was so much of a sense of belonging to this meeting. It's a little bit reading between the lines, but I had a real sense that President Yeltsin felt comfortable, fully a part of this and really looking forward to the discussions.

Q Was there any discussion on the Japanese Northern Territories question? Did the President encourage Yeltsin to move on a political settlement of that issue?

MR. STEINBERG: As I said, at the end of the discussion President Yeltsin indicated that he was looking forward to talking to

Prime Minister Hashimoto about that. They didn't discuss in any detail the specifics of the Northern Territories, but simply the desire to develop stronger and closer relationships between Russia and Japan.

The President encouraged him in that direction and indicated that it was very important. He said that he thought in the future, over the next 20 years, that there was a tremendous possibility for the relationship between Russia and Japan and he really looked forward to their making progress on the political issues so that that relationship could reach its potential.

Q Jim, are you planning on -- is the President planning on making any other stops after Madrid in addition to Copenhagen?

MR. STEINBERG: The President has made no decision on any travel beyond the travel that you know about, which is to go to Copenhagen.

Q Secretary Summer, was the debt outstanding to the Russians good debt? Was it being paid? And the discounting, was that a difficult pill for them to swallow? I realize what the prize was, but was it costly for them?

DEPUTY SECRETARY SUMMERS: In some country cases, the debt was being serviced; in other country cases, the debt was not being serviced. Clearly, this was a negotiation and I think everybody went into it with the objective of finding the kind of win-win solution that I talked about, where Russia would benefit from the regularization of its financial relations with these countries through its participation in the Paris Club and the countries. And the countries' other creditors, in turn, would benefit from the adjustment of Russian debts to take account of factors like the special valuation of the Soviet Euro, ruble and the military character of some of the debt.

Q -- 10 years ago, Russia was not only kept away from this kind of summit, but that it was the target of the policies, many of the policies that came out of these kinds of summit. Was there any discussion or expressions about that evolution, that journey from then to now?

MR. STEINBERG: Well, I think -- I mean, obviously it is true and I think that it is one of the things that both Presidents feel strongly about.

I think the one thing that the President did say is he talked about -- he congratulated President Yeltsin on the leadership he's shown. After President Yeltsin went through a number of these achievements that they've accomplished over the last several months, the President indicated that it really was a testament to President Yeltsin's leadership and his continued commitment to democracy.

He also said that to the press at the beginning of the meeting, that he really sees President Yeltsin as being an important, driving force to continue this process of integration and really a remarkable three-month period since Helsinki.

Q Could you take a few **tobacco** questions before deadline?

Q But there's no looking back to those bad old days when they were on the outside?

MR. STEINBERG: I think -- I feel that there is so much that they're working on and the progress. I mean, certainly President Yeltsin is very focused. It was a very -- the meeting, they sort of kept working through these issues because they really see these meetings as an opportunity to continue to make progress on the agenda.

And, as I say, when we laid out the agenda in Helsinki, if you think about just how much has been accomplished during that period of time -- two of the very important early objectives, which is getting the NATO-Russia agreement, was done in two months time; the Paris Club accession, in three months time. They're looking forward to the possibility of completing the ABM-TMD demarcation agreement next month.

So it's really a kind of -- they really look forward to getting together because they see each other. They frequently chastise their officials and their bureaucrats for not getting on with getting this business done and getting more and more progress in a relationship.

Q Is Cuba one of the countries that will get debt relief from this arrangement?

DEPUTY SECRETARY SUMMERS: Cuba will not get debt relief from this arrangement. The arrangement to recall simply provides that as Russia joins the Paris Club there will be an upfront adjustment of Russia's debt. There then won't be -- no action will take place unless the Paris Club reaches an agreement with the country in question. And since Cuba does not have regularized international financial relations, it would not be affected by this agreement.

If I could just make one other observation on something that Jim touched on. I remarked that in a sense this represented the financial end of the Cold War. That's really true in two senses today. One is this Paris Club agreement that we've been talking about; the other is the success of the Russian government in accessing the international capital market with its first successful 10-year borrowing since 1913 on purely private terms.

MR. MCCURRY: I'm going to -- in a minute we're going to, by telephone, have Sandy Berger give you a readout on the meeting with President Chirac. But I think for the networks who are coming up on their deadline, they need some **tobacco** questions.

Q Mike, Mike Moore today called this agreement historic and yet, it's still early in the process. Is he calling it historic too early from the point of view of the White House?

MR. MCCURRY: Well, it's also too early to call it history. I think there are a lot of things that we want to look at very carefully as we evaluate the settlement that has been reached. The President, as you know, has complimented the attorneys general for the work that they did. But remember when we entered into the regulatory process and the President took, I think, the courageous decision to launch the FDA regulatory proceeding, we did so only after the most meticulous of reviews. And the President believes that same type of review ought to apply now to this settlement. There are many aspects of this settlement that we don't fully understand, even though we know a lot about the nature of the dialogue between the parties during these months of negotiation.

Attorney General Moore this afternoon is meeting with Bruce Reed, who's now been designated by the President to, I think, along with Secretary Shalala, conduct this review. That will be our first formal opportunity to really see in detail the nature of the agreement. And we then expect to begin a very rigorous and meticulous evaluation to see if it is consistent with those public health policy objectives that underscored the FDA's rule-making process in the first place.

Q There was at least the feeling while this was going on that nothing would be agreed to that didn't at least have a chance of being approved by the White House. Did they check with you first? Was there a signal to them that you can live with what they were about to come up with?

MR. MCCURRY: Well, they attempted, I think, as everyone here knows, many times, particularly in the closing hours of this negotiation to get definitive signals. And one thing that we feel confident at is that the likelihood that this agreement will pass muster was increased by the fact that we refrained from sending that kind of signal. We have not indicated approval for the agreement.

I think we've made it, at the same time, very clear what the President was looking for in a settlement: first and foremost, something that protects the public health objectives that he has long articulated, something that protects America's children from the damaging effects of **tobacco** use. So they knew what they had to measure against.

The President had been clear about that both publicly and then in the private comments we'd extended to the parties. And I think they worked very, very hard and got -- certainly the attorneys general got concessions even at the 11th hour that moved this settlement in a direction that will make it easier for us to evaluate.

Q And my I follow just one second? So there were some private discussions, as you just said?

MR. MCCURRY: Well, obviously we were in contact with the parties, as we've told you all along, not so much as to signal yes or no on elements, but to make very clear two things: one, that our criteria for evaluation would be whether or not any settlement meant the public health objectives put forward by the President; and two, to make it abundantly clear that we were not going to, in a sense, intervene in the negotiation by helping them get over any final hurdles. And I -- the President believes that was the proper posture and also believes that probably produced terms in this settlement that will certainly be more advantageous for those who are interested in protecting the public health of the American people.

Q This is a two-part, related question. Is there anything in this agreement that would restrict the **tobacco** companies as far as their international sales and marketing are concerned? And B, is that a factor -- one of the elements that the President wants as part of this **deal**?

MR. MCCURRY: Wolf, I don't know the answer to that. I think, in general, during the course of the negotiations, Mr. Lindsey has been in a position to be most familiar generally. Now, as we look at the settlement specifically, we will be able to answer questions like that in greater detail. I just don't know the answer.

Q Will the President only be interested in the impact on American health and American children, or is he interested in the health of people outside of the United States?

MR. MCCURRY: I think the President is interested -- obviously, he has an humanitarian concern -- interested in public health elsewhere in the world. At the same time, we have never said that **tobacco** is not a legal product, certainly a legal product for export. We know that, and the only thing we ask is for fair access to markets when those markets are available to a product made in the United States.

At the same time, we respect the public health policies of countries that, like the United States, seek to restrict certain aspects of **tobacco** marketing or access to **tobacco** products for certain categories of citizens -- i.e., minors. And the President has made clear that through our export promotion policies we'll acknowledge and respond to and honor the public health policies of other nations.

Q Moore talked about a $25 billion trust fund to be guided by the recommendations of a presidential commission. Was that element of the **deal** in any way coordinated with you? The fact that it's referred to as a presidential commission suggests that they know that you would like that.

MR. MCCURRY: Well, I'm not familiar enough with that provision myself. To my knowledge, we did not screen any particular element. I think there's an advisory commission t already exists with respect to some aspects of **tobacco** use, and that may be a reference there. But again, we will await a little further briefing after we talk to Bruce Reed, who is now in a position to give greater detail on the agreement, and certainly from Bruce Lindsey, who is now on his way here and will be in a position to help the President understand the agreement better.

Q Mike, you and the President both addressed the issues involving the FDA's power to regulate **tobacco** and the public health questions. But what about this whole concept of absolving **tobacco** countries from **liability**? What's the administration's view of that concept and will that be part of the -- will the Justice Department become part of this review process, too?

MR. MCCURRY: Well, the limitation on punitive damages for past misconduct is not necessarily a **deal**-breaker for us. We understand that the attorneys general extracted substantial concessions from the **tobacco** companies for this limitaton and we'll evaluate whether the agreement as a whole advances the nation's public health interests. But on that specific limit, that's not necessarily a **deal**-breaker.

Q In the exchange with the pool the President first spoke about the agreement must be judged on its public health considerations. And then later he said the number one thing for us would be the nature of the FDA jurisdiction. Which is the top priority of the administration?

MR. MCCURRY: Well, the assertion of FDA jurisdiction is the way that we guarantee that the public health interests that the President has first and foremost in his mind is guaranteed. That is, in fact -- remember, it is the assertion of jurisdiction by the FDA that likely got the industry in a position where they wanted to negotiate in the first place, and that's not something the we are willing to give up because the President will insist that the FDA continue to have necessary authority to regulate nicotine and **tobacco** products.

Q But is that the top priority, Mike?

MR. MCCURRY: No, the top priority, generally speaking, is to assure the nation's public health by achieving the President's public health objective: discouraging **tobacco** use by young children.

Q Mike, why shouldn't the American public essentially see this agreement as a massive tax increase on cigarettes and not cigarette smokers?

MR. MCCURRY: Well, because it's much more than that. It is a proposed settlement which will look back, address claims that are made by some individuals. But it also looks forward and addresses ways in which we can discourage **tobacco** use by young people and accomplish many things that the public health community has long advocated.

By the way, on **tobacco** taxation, **tobacco** revenue, there was another development on a separate venue on that subject and we have always supported the use of **tobacco** revenues when it comes to the purpose of addressing children's health and the critical needs of young people. And just not long ago we were in the position because a specific proposal fell within the limits of the balanced budget agreement, i.e., the Kennedy-Hatch proposal that we had to indicate that that was not within the framework of the balanced budget agreement. But, apparently, now the Republican leadership believes that the measure considered by the Senate Finance Committee can co-exist and was within the framework of the balanced budget agreement.

And, of course, we have no objection to taxation provided that the revenues from **tobacco** taxation are used for children's health care and the critical needs of young people. That is the problem with the Senate Finance Committee action, because they have now used some of these revenues for the benefit of corporate and special interests. We believe all the proceeds from any increase in **tobacco** taxes should be devoted to children's health care and the critical needs of young people and their families.

Q It's been reported that Bruce Lindsey at one point offered a -- suggested a compromise for the two parties as they were negotiating. Did he have that role in the negotiations or was he more of an observer?

MR. MCCURRY: No, he had the role that we have described.

Q To follow up on your point you just made about the Senate Finance Committee bill and the **tobacco** tax -- would you be willing to support that tax if the proceeds of that were shifted to expansion of health insurance for children as part of the budget agreement?

MR. MCCURRY: We clearly, given now the agreement by the Republican leaders in the Senate that this measure is not constrained by the balanced budget agreement -- that it represents, we believe, a different point of view from prior measure in a separate context by Majority Leader Lott -- we would support the use of revenues for the expansion of health care insurance along the lines that we have indicated, above and beyond the $16 billion that has already been agreed to in the balanced budget agreement.

But our concern is that the current measure as marked up would divert some of the proceeds from that tax to corporate and special interests -- real estate taxes and state tax forgiveness -- even though some of it does go to expansion of health care coverage. We'd like to see all the proceeds from that increase in the tax go to health care, the needs of families, the needs of young people in particular.

Q On a different subject, do you have any comment on how the arrest of Kansi -- what impact, if any, that will have on U.S.-Pakistani relations?

MR. MCCURRY: I'm not going to comment on that.

Q Mike, how long do you anticipate this review is really going to take?

MR. MCCURRY: We have not set any arbitrary time deadline. We expect it will be a matter of weeks, not months.

Q -- the **deal** could disintegrate on its own while the White House is pondering it?

MR. MCCURRY: If it does, that means it probably didn't pass muster with the American people and with those who advocate public health concerns. And that may, in fact, happen. The converse may happen as well, that it might be seen as a real opportunity and public support might build. We just don't know at this point.

We have several different scenarios on what we're going to do at dinner depending on what happens at dinner. Very often at meetings like this the leaders take control and decide to do things that the planners and staff hadn't planned for, and so we'll see what happens. Our current plan is just to go with a readout to your pool, and we think that will suffice. But we will alert people if there's some change in plan.

Thank you.

THE PRESS: Thank you.

END 4:14 P.M. MDT

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

White House Press Release

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

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 17, 1997

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

The Briefing Room

2:17 P.M. EDT

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

Donna, do you have anything else to add?

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

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

MR. REED: As we said -- as the President said this morning, we want to build on the settlement, we want to build on the hard work of the attorneys general. He laid out his plan today, his priorities, and we're going to work with Congress to achieve those. One of our goals has long been to restrict advertising and marketing aimed at kids. We have an FDA rule that's in court on that score. And we'd also like to see at the end of the day further voluntary penalties. I think the point that we have made is that you need a comprehensive strategy. That's the first point that the President made. You need a comprehensive strategy so that while each committee will take up a different part of the President's proposals, it's necessary that we watch all the parts at the same time if we really want to bring down youth smoking. After all, that's what this is about.

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

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

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

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

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

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

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

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

Q But that didn't really answer the question, I think, of

Q And then you've doubled it.

SECRETARY SHALALA: But, again, our emphasis isn't on the money. Our emphasis is on the results. And that is, we have never been about let's raise some money so we can pay for public health. We want to put everything in place that we can to reduce youth smoking.

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

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

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

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

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

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

THE PRESS: Thank you.

END 2:38 P.M. EDT

4TH STORY of Level 1 printed in FULL format.

For Bruce & Elena

The New York Times

September 22, 1997, Monday, Late Edition - Final

SECTION: Section A; Page 16; Column 5; National Desk

LENGTH: 172 words

HEADLINE: Aide to Clinton Sees Flexibility On Tobacco

BYLINE: By Bloomberg News

DATELINE: WASHINGTON, Sept. 21

BODY:

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

Mr. Reed said on Fox News today that 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.

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.

LANGUAGE: ENGLISH

LOAD-DATE: September 22, 1997

62878

long-term planning

Mary L. Smith
02/04/98 02:13:39 PM

Record Type: Record

To: Thomas L. Freedman/OPD/EOP

cc:

Subject: Possible Other Ideas for Long-Term Planning Memo

Here are a few other ideas you might want to include:

1. Financial Bill of Rights
2. Welfare Tradeable Tax Credit
3. Tool Kit or Technical Assistance Team at SBA for assisting small businesses hire welfare recipients. I think in addition to passing out this information at all SBA's district offices, small businesses should be able to call a 1-800 number, Like 1-800-HIRENOW.
4. On the Equal Pay bullet --you should say we are also working with EEOC (to collect new data).
5. Under America's Rural Communities -- you might want to say we are working on risk-management ideas like a Farm IRA and whole farm insurance. You could say -- DPC is working on ideas to address the risks associated with farming in order to give farmers more security in the 21st Century.
6. Free TV?
7. We are working on reestablishing 245i in the immigration law so that battered immigrant women can stay in the country while their visa applications are being processed.
8. Auto choice?
9. War on Heart Attacks. I really think we should press this issue again. It is becoming even more topical as someone is suing one of the airlines for not having defibrillators on board.
10. Native American ideas --Native American executive order.
11. One food safety agency?
12. We should expand our virtual university idea.
13. Sexual orientation executive order.
14. DOJ Debt collection -- this should be one of the legislative priorities.
15. Elder care ideas?
16. National Adoption Registry.

Let me know if you need anything else. Mary

[illegible]

We have not included the following projects
(1) 1 food agency
(2) Native American exec. order
(3) Sex orientation exec. ord
(4) DOJ Debt collection
(5) War on heart attacks
(6) Financial bill of Rts.

Clinton to Back Tobacco Firms On Suit Relief

By Jeffrey Taylor
Staff Reporter of The Wall Street Journal

WASHINGTON – The Clinton administration for the first time will explicitly support granting the tobacco industry relief from potentially crippling lawsuits, according to congressional testimony to be delivered today by a Justice Department official.

"If there is agreement on a comprehensive bill that advances the public health . . . then reasonable provisions modifying the civil liability of the tobacco industry would not be a dealbreaker," David W. Ogden, counselor to Attorney General Janet Reno, says in testimony prepared for today's hearing of the House Judiciary Committee.

The testimony comes as civil-liability protections in the proposed $368.5 billion tobacco settlement are being attacked by prominent Republican lawmakers. It places President Clinton in the ironic position of supporting something the tobacco industry wants badly – and once assumed it was most likely to get from its Republican allies in Congress.

The proposed settlement contains important legal benefits for the industry. These include an annual cap on legal payouts, starting at $2 billion and growing to $5 billion; a ban on class-action tobacco lawsuits; and immunity from punitive damages in lawsuits alleging past misconduct.

The House Republican leadership has said it intends to approve tobacco legislation in this congressional election year, but hinted that it may be narrower than the proposed settlement.

In his testimony, Mr. Ogden offers the administration's first detailed discussion of the settlement's liability protections, defending some of them and offering suggestions to change others. Rather than eliminate punitive damages for past misconduct, for instance, Congress could cap awards or allow them in cases "based on facts not disclosed by the tobacco manufacturers to Congress and the public," according to the testimony.

Mr. Ogden also suggests that Congress consider raising the annual cap on industry legal payouts from the $2 billion-to-$5 billion level in the settlement. He also suggested that Congress force the industry to share its "calculations and research" about the financial needs of "those injured by tobacco products."

Lawmakers of both parties have complained that the ban on class-action lawsuits could deprive individual smokers of their courtroom clout. Mr. Ogden proposes that Congress, if it approves the class-action ban, consider adopting measures that "improve injured tobacco users' access to justice." He doesn't specify them, but some lawmakers are discussing a settlement fund in which smokers could file claims for damages without litigation.

Albright Urging Congress To Back Resolution on Iraq

By a Wall Street Journal *Staff Reporter*

WASHINGTON – A day after returning from a trip to Europe and the Middle East, Secretary of State Madeleine Albright is encouraging Congress to pass a resolution supporting the Clinton administration's insistence that Iraq comply with United Nations' resolutions.

At the same time, President Clinton underscored that "All of us would prefer a genuine diplomatic solution." But, he added: "I will say again, one way or another, we are determined to deny Iraq the capacity to develop weapons of mass destruction and the missiles to deliver them." Defense Secretary William Cohen leaves tonight on a trip to Germany, Russia and the Persian Gulf region to discuss the crisis.

Ms. Albright met yesterday with House Democrats and is expected to return to Capitol Hill today to meet with Senate Democrats and Republicans.

THE WALL STREET JOURNAL
THURSDAY, FEBRUARY 5, 1998

JEFFORDS: One of the areas that the June tobacco settlement that was not discussed in the president's announcement was the civil liability provisions.

Should we view the president's silence on this issue endorsing those provisions?

SHALALA: Actually, Mr. Chairman, when the president was asked that question he said that if the core principles that he has laid out are taken care as part of the legislation, then he would be willing to discuss the civil liability issue but not until he sees legislation that really is comprehensive, that deals with the farmers, that deals with FDA jurisdiction. We want to make sure that the core of the legislation is focused on reducing smoking by young people.

JEFFORDS: The settlement agreement provides that if the FDA publishes a performance standard requiring the modification of tobacco products and if that action is appealed to the courts, a reviewing court must determine whether the standard is supported by substantial evidence.

In the rule-making record, as you know, there has been some criticism expressed that that standard is too high. What standard of review currently applies to performance standards on medical devices?

EW → (Tobacco - civil litigation DOJ) - testimony

FAX COVER

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Department of Justice

STATEMENT

OF

DAVID W. OGDEN
COUNSELOR TO THE ATTORNEY GENERAL

BEFORE THE

COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES

CONCERNING

THE CIVIL LIABILITY PORTIONS OF THE PROPOSED TOBACCO SETTLEMENT

PRESENTED ON

FEBRUARY 5, 1998

Mr. Chairman, I am pleased to testify today on behalf of the Department of Justice addressing, as you have requested, the civil liability portions of the proposed tobacco settlement.

I. Introduction

On September 17th of last year, and again in his State of the Union speech, the President made clear his strong desire to work with this Congress in a bipartisan fashion to enact national tobacco legislation. For our part, the Justice Department is eager to work closely with this Committee and the Congress to ensure that sound, comprehensive legislation is enacted. Smoking and the use of smokeless tobacco have had a devastating impact on our society in terms of death and human suffering. This cycle of disease and death is renewed each day, as 3,000 children and teenagers begin smoking regularly. The President and this Congress are faced with an historic opportunity -- and profound responsibility -- to address one of this country's greatest single health problems. We praise the hard work and leadership of the President, the states' attorneys general and other public health advocates, whose unwavering efforts have been instrumental in creating this opportunity. We offer the following remarks in the hope of facilitating the development and passage of comprehensive national legislation regarding tobacco products.

II. Events Leading up to the Present Consideration of the Proposed Tobacco Settlement

Working closely over the last several years, state and Federal officials have dramatically altered the legal landscape faced by the tobacco industry. For decades, individuals harmed by the use of tobacco had little recourse -- those that sued the tobacco companies always lost and regulatory agencies took no action to regulate tobacco to prevent future harm. This situation began to change in 1994, when the Administration, prompted by an epidemic of tobacco use by teenagers, supported the Food and Drug Administration's (FDA) initiative to conduct an extensive investigation to determine whether nicotine-containing tobacco products are subject to FDA regulation. Based on that investigation, the FDA promulgated regulations aimed at reducing youth tobacco use. In April 1997, a federal district court in North Carolina affirmed the FDA's authority to regulate tobacco products. (This decision is currently on appeal.)

During the same period, the tobacco industry has been sued in many fora. Since 1994, forty-two states have sued the major tobacco companies in an effort to recover smoking-related health care costs. In addition, many private lawsuits have been filed by those who claim to have been injured by smoking. On June 20, 1997, the states and the companies reached a tentative settlement to most of these actions, contingent upon enactment of appropriate federal legislation. This agreement is embodied in the proposed settlement. The industry has already settled lawsuits in three states where trial was imminent (Mississippi, Florida, and Texas). Trial in the Minnesota case brought by Attorney General Hubert Humphrey, III, began on January 20, 1998, in St. Paul.

After reviewing the settlement, the President on September 17, 1997, called for comprehensive tobacco legislation with a goal of reducing teen smoking by 50 percent within seven years. The President stressed five key elements that must be at the heart of any national tobacco legislation:

1. a comprehensive plan to reduce teen smoking, including a combination of penalties and price increases that raise

cigarette prices by up to $1.50 per pack over the next 10 years as necessary to meet youth smoking targets;

2. express reaffirmation that the FDA has full authority to regulate tobacco products;
3. changes in the way the tobacco industry does business, especially in the area of advertising directed at children;
4. progress toward other critical public health goals, such as the expansion of smoking cessation and prevention programs and the reduction of secondhand smoke; and
5. protection for tobacco farmers and their communities.

During his State of the Union address last week, the President again forcefully emphasized that his top priority is the reduction of underage smoking. Of the three thousand young people who begin smoking each day in America, one thousand will die prematurely from tobacco-related diseases. Reducing teen smoking is the most important step that Congress and the Administration can take now towards protecting the Nation's health in the next century and minimizing future health care costs.

III. The Civil Liability Provisions

A. A Summary of the Provisions

The civil liability provisions of the settlement contemplate federal legislation that would work major changes in the current tort liability regime. Broadly speaking, such federal legislation would provide an annual cap on the industry's potential liability in civil actions, eliminate punitive damages for past industry misconduct, and impose various procedural restrictions on parties who would sue tobacco companies for smoking-related injuries. I will address the specific provisions individually in a moment, but first I want to identify general principles we believe should govern their consideration.

B. Guiding Principles When Analyzing the Civil Liability Provisions

Our civil justice system exists to provide means of redress for individuals who are harmed by the conduct of others and to deter such harmful conduct in the future. These are very important goals, and their achievement is fundamental to any just society. Although the existing tort system is certainly not perfect or the only way to achieve these goals, it has as a general matter served them well. For that reason, the structure of the tort system should not be modified except for important reasons. Nor should tobacco companies become special favorites of the law.

Nevertheless, proposed modifications of the tort system could be considered in the larger context of this legislation, in service not only of the compensatory and deterrence objectives of the tort system itself, but also of the compelling public health obligations identified by the President. Although some states have recently achieved large settlements with the tobacco companies, the victims of tobacco-related diseases, to date, have received virtually nothing in the form of compensation through the tort system. Nor has that system until now deterred industry misconduct, such as marketing cigarettes to minors. Certainly, recent revelations about the industry's conduct could change the situation. Litigation alone, however, is unlikely to reduce youth smoking; only comprehensive legislation addressing price, access, marketing, and other industry practices will be enough to achieve this objective. As the Administration has consistently stated, if there is agreement on a comprehensive bill that advances the public health by fulfilling the President's five principles -- reducing youth smoking by substantially raising the price of cigarettes and imposing tough penalties on the industry; expressly confirming the full authority of the FDA; changing the way the industry does business; achieving other public health goals; and protecting tobacco farmers -- then reasonable provisions modifying the civil liability of the tobacco industry would not be a dealbreaker. We also believe that any such provisions should be crafted to make more achievable ~~the recovery~~ of appropriate compensation for deserving injured parties than historically has been the case and to reinforce the legislation's other, comprehensive safeguards against industry misconduct.

I want to highlight specific principles that we believe must guide our analysis of any proposed modifications to the civil liability system as they apply to tobacco:

- Any legislation must be consistent with the President's goals of reducing teen smoking, improving public health by confirming the full authority of the Food and Drug Administration, and changing the way tobacco companies do business;
- Legislation should make deterrence of industry misconduct more effective - and compensation of victims more fair -- than historically has been the case;
- Any final settlement should create powerful incentives for tobacco manufacturers to fully and publicly disclose all appropriate documents; and
- Any changes to the civil justice system must be constitutionally sound.

C. A Description of the Civil Liability Provisions and Some Questions Raised

Let me turn now to the provisions of the proposed settlement.

The proposed settlement leaves open many questions. No definite terms establish who or what will be paid or for how long. The settlement is more of a template for constructing a legislative solution than a traditional out-of-court settlement of the state lawsuits and the numerous individual and class action lawsuits. Nonetheless, some initial observations are possible.

There are four broad areas in which the proposed settlement would affect the civil liability system.

1. Resolution of Pending Litigation

The settlement contemplates that much of the pending litigation would be settled, including the present states' attorneys general actions. It appears that the settlement also contemplates that future litigation of those kinds would be prohibited by federal law. Pending addiction/dependence claims by injured smokers also apparently would be settled.

2. Limits on Annual Liability

The settlement contemplates federal legislation that would impose limits on the annual aggregate and individual damage payments for which the participating tobacco manufacturers could be liable. An "annual aggregate cap" for the payment of judgments and settlements would begin at $2 billion in the first year and increase to $5 billion in the ninth year and thereafter. If total judgments and settlements for a given year exceeded the annual aggregate cap, the excess would be rolled over for payment in future years.

Payments would be limited to $1 million per judgment per year unless every other judgment and settlement could first be satisfied in that year without exceeding the annual cap. Unpaid individual judgments in excess of the individual cap would be rolled forward, without interest, for payment in future years.

If Congress wishes to consider annual caps, a variety of approaches could be discussed. Limits could be established on the amount paid in each lawsuit or could be imposed only on future claims, or only on past ones. Within the context of the settlement as a whole, we should explore whether liability caps can be part of a creative scheme that also furthers the goals discussed earlier.

One critical issue, of course, is whether annual caps or other mechanisms would afford sufficient funds to meet the needs of victims or whether they should be raised. It may be valuable for Congress to ask that the tobacco manufacturers share their calculations and research concerning the likely dollar requirements of those injured by tobacco products. We are prepared to work with Congress on that issue.

3. Limits on Punitive Damages

Under the settlement, all punitive damages claims would be extinguished with respect to conduct taking place prior to the effective date of the bill enacting the settlement. Punitive damages could be awarded with respect to conduct taking place after passage of the legislation.

The purpose of punitive damages is to deter and punish. Congress is being asked to remove this tool with respect to the tobacco manufacturers' past conduct. At the same time, however, Congress is considering legislative provisions that will serve similar purposes. In considering punitive damages provisions, Congress should consider the overall legislative package and the framework it establishes for deterring future wrongdoing and serving the public interest. Congress could consider whether separate punitive damages limitations are needed if annual caps govern manufacturers' total liability. Moreover, Congress could consider alternatives such as capping punitive damages or -- perhaps most interestingly -- retaining punitive damages with respect to claims based on facts not disclosed by the tobacco manufacturers to Congress and the public. Finally, with respect to any of these proposals, Congress will have to look carefully at the constitutionality of the proposed legislation.

4. Procedural Restrictions

The settlement apparently contemplates federal legislation that would abolish class actions and other forms of multi-case tobacco litigation without the defendants' consent. Litigation brought by third party plaintiffs, such as pension funds and health insurers, would be prohibited entirely unless the litigation was based on the subrogation of a single individual's personal injury claim. Third-party payor claims that were pending on June 9, 1997, would be allowed under a grandfather clause.

It has been difficult to bring class actions for tobacco-related injuries in federal courts, and many state courts have denied class certification. Some state courts have granted class certification to claimants against the tobacco manufacturers, however, and other joinder mechanisms that would be affected by the proposal can significantly reduce individual litigants' costs of suit. Restrictions on such joinder mechanisms could make it more difficult for some plaintiffs to pursue their claims in court. As with punitive damages, Congress should consider the need for special procedural restrictions if it enacts annual caps on industry liability. Moreover, such restrictions raise novel federalism issues. Thus, we believe that Congress should consider carefully the legal and practical consequences of such provisions, and consider in tandem with them the adoption of rules or mechanisms that improve injured tobacco users' access to justice.

V. Conclusion

The Department of Justice strongly supports comprehensive tobacco legislation. Crafting legislation that significantly reduces teenage tobacco use and meets the other goals the President has announced is an enormous, yet vitally important, challenge. We would be happy to join with this Committee in a dialogue to find the best possible solution.

Thank you for giving me this opportunity to furnish the views of the Department of Justice regarding this legislation. I will be pleased to answer any questions you may have.