

March 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Tobacco Strategy

Over the past two weeks, we have met with Erskine, OVP, NEC, OMB, HHS, Treasury, and Justice to develop an aggressive communications plan to help turn up the heat on Congress to pass comprehensive bipartisan tobacco legislation this year. We have also begun extensive, high-level meetings on the Hill. This memo outlines our communications and legislative strategy to get a bill done by late summer.

Communications Strategy

We are organizing a series of events for you and others, including House and Senate Democrats, to make the point that Congress should not go home without passing comprehensive tobacco legislation.

Our message is simple: Every day Congress fails to pass tobacco legislation, 3,000 kids start smoking and 1,000 will die early as a result. We can dramatically reduce teen smoking and save a million lives over the next 5 years if we pass our budget proposal now.

We must continue to stress that we need a comprehensive, not piecemeal, approach that raises the price of cigarettes by up to \$1.50 a pack over the next ten years, expressly confirms the FDA authority to regulate tobacco products, gets tobacco companies out of the business of marketing to children, furthers public health research and goals, and protects tobacco farmers and their communities.

In the next week, we plan to underscore our commitment to bipartisan, comprehensive legislation in several ways:

- In your March 7th radio address, you can challenge the Congress not to go home this year without passing legislation that will dramatically reduce teen smoking. In issuing this challenge, you can note that Congress has as few as 70 working days left, and that 1,000 people will die from smoking on each of those days.

- On Sunday, March 8th, The Washington Post is planning to begin a three day series chronicling the tobacco wars from the drafting of the FDA rule to the present. We hope this series will underscore our long commitment to this issue and the urgent need for action.
- On March 9th, in your speech to the AMA on health care quality, you can laud the doctors' support for comprehensive tobacco legislation. Senator Jeffords is currently scheduled to mark up a bill on FDA jurisdiction on the same day, providing us with an opportunity to underscore the importance of the tough advertising and access restrictions in our FDA rule and the need for legislation that reaffirms the FDA's authority to regulate tobacco.
- When Senators Chafee, Harkin, and Graham announce their bipartisan plan -- probably during the week of the 9th -- we hope the Vice President can appear with them and express support for the bill.
- On March 11th, the Democratic leadership will announce a countdown calendar to emphasize that on every day that passes without enacting tobacco legislation, 3,000 kids will start smoking, causing 1,000 to die a premature death. Rep. Fazio may introduce a slightly revised version of Senator Conrad's bill on the same day.
- In a March 12th speech to the attorneys' general, you can announce state-by-state numbers of how many lives will be saved by comprehensive tobacco legislation. We expect the industry to release more documents on this day, in response to a subpoena from Rep. Bliley, and you also can refer to these documents.
- On March 13th, we would like to leak a political memo on the popularity of tobacco legislation. We are working to line up a pollster.
- On Saturday, March 14th, the Vice President will convene a regional tobacco roundtable in Boston, inviting key members of Congress (Kennedy, Chafee, Jeffords).
- Secretary Shalala will meet with editorial boards throughout the week to explain our goals and priorities.

Legislative Strategy

We are using the weeks before the Congressional recess in early April to lay the groundwork for negotiating comprehensive tobacco legislation. We have been (1) attacking Republican plans to enact piecemeal legislation; (2) praising comprehensive bills, such as Senator Conrad's, which meet your principles; and (3) meeting extensively with key Democrats and Republicans in both the House and Senate. Yesterday, Erskine, Larry, and I met with Sens. McCain and Mack, Sen. Conrad and his Democratic Tobacco Task Force, and Rep. Waxman. Next week, we plan to meet with Sens. Domenici, Chafee, Nickles, and Hatch, Rep. Bliley, and the House Democratic Tobacco Task Force.

We believe we are making real progress in the Senate. Two serious bipartisan efforts have emerged. As you know, Senators Chafee, Harkin, and Graham are collaborating on a bill; we expect them to announce it as soon as they can get another Republican (perhaps Lugar) on board. Although the Senators are still working, we think the bill will include a \$1.50 price increase, tough youth smoking penalties, good provisions on FDA jurisdiction, and a cap on annual damages (but no other liability limits). The bill may very well get the support of significant players in the public health community, including General Koop.

At the same time, Senator McCain is leading an effort -- blessed by Trent Lott -- to report a comprehensive bill out of the Commerce Committee. McCain is talking extensively with Senators Breaux, Wyden, and Hollings, as well as with Republicans on the Committee. McCain is currently working off a draft bill that has significant weaknesses, especially with regard to price and FDA jurisdiction. There is little doubt, however, that McCain would like our support and that he is listening carefully to our concerns. Some Democrats in the Senate are concerned that McCain will be able to cut a deal with Commerce Committee Democrats too fast. We will make clear to the committee Democrats that they should work with McCain to improve his bill, but should not sign on to any bill that does not meet all our principles.

The House remains inactive. Bliley has held some hearings and may try to draft legislation, but prospects for a Bliley-Waxman collaboration now seem slight. The House Republican leadership is interested in tobacco revenue to pay for tax cuts, but has done nothing to spur legislative action. We hope that the increased momentum in the Senate will carry over to the House, and in our meetings next week we will try to jog key members.

One early and important skirmish will take place over the budget resolution. We need to make sure Congress includes a reserve fund that keeps the door open for us to use receipts from tobacco legislation for the purposes outlined in our budget.

Ultimately, our communications and legislative strategies converge on the same basic point: The Republicans fear that we will get the credit if tobacco legislation passes, and that they will get the blame if it does not. We need to make the price of not passing a bill too much for their side to bear, and the value of getting it done too great for our side to pass up.

Office of Economic Policy
Department of the Treasury
Washington, D. C. 20220

*Jobaido
→ Strategy*

FAX

*New state by state
#5*

March 10, 1998

Number of Pages (including cover): 4

	Name	Room	FAX Number	Phone Number
To:	Cynthia Rice		456-2846	456-7028
From:	Phil Ellis	4422-MT	(202) 622-2563	(202) 622-2342

REMARKS:

Attached is the revised state-by-state table and text. I hope I was able to incorporate your comments appropriately.

A Comprehensive Approach to Reducing Youth Smoking STATE-BY-STATE ANALYSIS

Reducing youth smoking is the best way to reduce the overall incidence of smoking in the future; 90 percent of adult daily smokers first begin smoking cigarettes as teenagers.

The most reliable method for reducing teen smoking is to increase the price of cigarettes.

- A large number of rigorous economic studies have shown that teen smoking is responsive to changes in the price of cigarettes. A consensus view is that the number of teen smokers declines by about 7 percent for a 10 percent increase in the real price of cigarettes. This relationship represents the average response to small changes around current prices, and our model allows this responsiveness to decline as prices rise sharply — since the smokers that remain at high prices have revealed that they are less responsive to price signals.

Additional efforts beyond price changes can help to reduce youth smoking -- such as eliminating vending machines, enforcing restrictions on sales to youths, eliminating advertising aimed at youths, and anti-smoking counter-advertising .

- A number of experts in this area suggest that a conservative assumption for the impact of comprehensive sales and marketing restrictions is a 10-20% reduction in youth smoking. Based on their opinion and the existing literature, we use 15% for our estimates.

The Administration's Budget proposal calls for a significant increase in the real price of cigarettes over the next five years.

- As we have reported previously, that price increase — coupled with comprehensive sales and advertising restrictions — will lead to about a 42 percent reduction in underage teen smoking in five years.

State-by-State Estimates

The attached Tables provide updated and more detailed estimates of these effects in each and every state. These figures illustrate that a combination of price increases and access/marketing restrictions will have a major impact on youth smoking in every state and region of the country.

- The percentage reductions in underage teen smoking and resulting premature deaths range from 33-36% in states like Washington, Massachusetts, and Michigan, to 47-51% in states like Wyoming, South Carolina, and Kentucky.
- While the steps taken in each state will be the same, the percentage reductions that result differ across states because each is starting with different cigarette price levels.

- In 2003 alone, the number of young people kept from smoking would be about 1.6 million teens for the country as a whole. Individual states will see reductions ranging from a few thousand in the smaller states up to about 132,000 in California.
- Over the next five years, we now estimate that the cumulative number of teens kept from smoking would be around 3 million. (These estimates reflect new data and thus are larger than the ones reported previously.) Typical results are in states like Oklahoma, Mississippi, and Maryland, which will see cumulative reductions of about 29,000-47,000 underage teen smokers.
- The direct result of these policies over the next five years is that about 1 million of today's young people will be spared from premature deaths resulting from smoking-related diseases. States like Idaho, Maine, and Delaware — where the number of such deaths prevented will be around 3-6 thousand — are typical of the lower range of estimates. States like New Jersey, North Carolina, and Wisconsin — where the number of such deaths prevented will be around 21-35 thousand — are reflective of the higher range of estimates.
- These estimates are based on daily smoking rates. Because underage teen smoking on less than a daily basis frequently leads to daily smoking as an adult — and the subsequent risk of death and disease — these figures understate how many premature deaths will be prevented. Moreover, these policies will continue to discourage teen smoking after 2003, and even more young people in each state will go on to lead longer, healthier lives as a result.
- While these figures are estimates, the President has called for youth smoking penalties on tobacco companies and the industry as a whole to help ensure we meet our youth targets.

ONE MILLION PREMATURE DEATHS PREVENTED

STATE-BY-STATE ANALYSIS

	Percent Reductions in 2003	Cut in the Number of Teen Smokers		Premature Deaths Prevented 1999-2003
		in 2003	1999-2003	
Alabama	46%	27,000	50,000	17,000
Alaska	38%	5,000	9,000	3,000
Arizona	38%	26,000	49,000	16,000
Arkansas	43%	15,000	28,000	9,000
California	40%	132,000	248,000	83,000
Colorado	45%	27,000	51,000	17,000
Connecticut	39%	16,000	29,000	10,000
Delaware	45%	5,000	10,000	3,000
DC	37%	1,000	2,000	1,000
Florida	43%	90,000	168,000	56,000
Georgia	48%	43,000	81,000	27,000
Hawaii	35%	5,000	10,000	3,000
Idaho	43%	7,000	14,000	5,000
Illinois	41%	74,000	139,000	46,000
Indiana	48%	48,000	90,000	30,000
Iowa	42%	16,000	30,000	10,000
Kansas	45%	16,000	29,000	10,000
Kentucky	51%	31,000	58,000	19,000
Louisiana	46%	34,000	64,000	21,000
Maine	42%	9,000	17,000	6,000
Maryland	42%	25,000	47,000	16,000
Massachusetts	35%	26,000	49,000	16,000
Michigan	36%	59,000	111,000	37,000
Minnesota	38%	26,000	49,000	16,000
Mississippi	46%	16,000	29,000	10,000
Missouri	47%	39,000	73,000	24,000
Montana	46%	5,000	9,000	3,000
Nebraska	43%	11,000	20,000	7,000
Nevada	41%	9,000	17,000	6,000
New Hampshire	44%	7,000	14,000	5,000
New Jersey	41%	39,000	74,000	25,000
New Mexico	44%	10,000	19,000	6,000
New York	37%	100,000	188,000	63,000
North Carolina	49%	56,000	106,000	35,000
North Dakota	41%	4,000	7,000	2,000
Ohio	46%	92,000	172,000	57,000
Oklahoma	45%	20,000	38,000	13,000
Oregon	41%	18,000	33,000	11,000
Pennsylvania	44%	85,000	159,000	53,000
Rhode Island	38%	6,000	12,000	4,000
South Carolina	49%	22,000	42,000	14,000
South Dakota	43%	4,000	8,000	3,000
Tennessee	47%	34,000	65,000	22,000
Texas	42%	109,000	205,000	68,000
Utah	43%	10,000	19,000	6,000
Vermont	40%	3,000	7,000	2,000
Virginia	48%	45,000	84,000	28,000
Washington	33%	25,000	48,000	16,000
West Virginia	47%	13,000	24,000	8,000
Wisconsin	40%	33,000	62,000	21,000
Wyoming	47%	3,000	6,000	2,000
U.S.	42%	1,581,000	2,972,000	991,000

Estimates include a 15% reduction in teen smoking and premature deaths due to advertising and marketing restrictions.

United States Senate

WASHINGTON, DC 20510

February 10, 1998

The Honorable Albert Gore, Jr.
Old Executive Office Building
Washington, D.C. 20501

Dear Mr. Vice President:

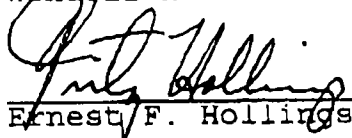
During his weekly radio address on January 17th, President Clinton suggested that "we need comprehensive, bipartisan legislation" to deal with the youth smoking issue. He went on to say that "I want to let Members of Congress know that our Administration will sit down with them anytime, anywhere to work out bipartisan legislation."

We strongly agree with the President on the need for a bipartisan solution. We simply do not believe partisan proposals have any realistic chance of becoming law. We have been informed that you will appear with Members of Congress to discuss the youth tobacco issue on Wednesday. It is our sincere hope that you will use that opportunity to detail the steps the Administration is willing to take, and to enter into direct negotiations with Republican leaders by a date certain to achieve a bipartisan solution. A successful negotiation will yield plenty of credit to go around on the issue of youth smoking. However, if we fail to initiate this process immediately, there will be plenty of blame to go around on all sides. The complexity of this issue means that time is of the essence. We hope you will agree that the Administration must take concrete steps to initiate negotiations as soon as possible.

Sincerely,



Wendell H. Ford



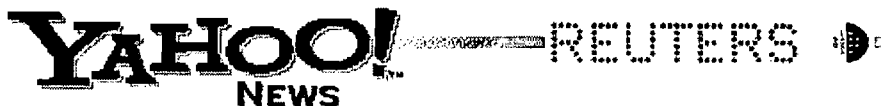
Ernest F. Hollings



Charles S. Robb



Max Cleland



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Tuesday January 27 2:54 PM EST

U.S. Senate may seek youth smoking bill

WASHINGTON (Reuters) - The Senate Republican in charge of tobacco legislation said he doubts Congress would enact last June's comprehensive tobacco settlement but will seek a "significant campaign against young people smoking." "We will come up with a significant bill to reduce teen smoking," Assistant Republican Senate leader Don Nickles of Oklahoma told reporters.

He said he shares Majority Leader Trent Lott's assessment that there is only about a 30 percent chance of passing the comprehensive settlement package.

Nickles said a bill would include "clarification" of Food and Drug Administration authority to regulate tobacco and nicotine.

He said clarification did not necessarily mean expanding FDA authority although Congress "may well" do that.

Major public health groups, though not in agreement on all aspects of tobacco policy, are solidly behind giving the agency explicit and unfettered authority over tobacco and nicotine.

Nickles said his own view is that the FDA has already exceeded its legal authority by demanding that people under age 27 show identification proving they are old enough to buy cigarettes.

Nickles said the big undecided question is whether to give the tobacco industry limited immunity from future lawsuits, which they would have had under the original proposal negotiated last spring by the tobacco companies and the states suing them.

"That's still the big question," he said.

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*tobacco
Nickles
Story
GW*

B.11

① Options Compromise

② the first strategy

~~③~~

④

→ optimistic

→

⑤ Political issue

① President wants to
② ~~deal with~~ legislature

polling - drugs / alcohol
* decent response.

→ Consider

→ on your bill.

DRAFT

MEMORANDUM FOR ERSKINE BOWLES

**FROM: BRUCE REED
ELENA KAGAN**

RE: TOBACCO STRATEGY AND WHITE HOUSE SUPPORT PLAN

DATE: SEPTEMBER 30, 1997

The following plan is designed to provide communications and legislative support for the passage of a tobacco bill containing the five policy elements described by the President on September 17, 1997. The strategy's objective is passage of the bill by early next year.

The plan has three components. First, it lays out a legislative strategy based on the principles that: the bill will require bi-partisan support for final passage; that there will be some opposition to the bill reaching the floor and therefore a sustained Administration message is required; and that the greatest dangers to the bill's passage are delay and opponents' ability to fragment consideration of the issue in various Committees. Second, this memorandum describes a communication strategy to counter Congressional inaction by emphasizing the following themes: children and the health damage they suffer via inaction; the bi-partisan nature of this effort; and the need for Congress to take this matter up promptly. Finally, this memorandum suggests an internal White House working group support structure to further this effort.

I. Goals and Legislative Strategy

This proposal seeks to optimize the opportunities for passage of comprehensive tobacco legislation that includes the President's principles by early next year. The five key elements of the President's plan are: (1) a comprehensive approach to reducing youth smoking including tough penalties if targets are not met; (2) full authority for FDA to regulate tobacco targets; (3) changes in the way the tobacco industry behaves in marketing and disclosure; (4) progress toward other public health goals; and (5) protection for tobacco farmers and their communities.

While we believe the goal of passage of comprehensive legislation is feasible, a successful strategy will have to account for various attacks that are likely to be employed by opponents of the pact. We believe these arguments will be of three types. First, political opponents of the President have criticized the President for failing to submit full legislative language to Congress and blamed the President for any delay in passage of a bill. This has been the initial line of criticism following the President's announcement. Second, there is the possibility that opponents of an agreement will attempt to fragment and confuse the issues,

eventually permitting perhaps only restricted portions of a bill to advance following lengthy hearings. Finally, opponents of legislation may make substantive attacks such as a law would not adequately protect farmers, that it might lead to restrictions on class action suits, or that it represents a windfall to lawyers.

The Administration has a number of arguments to deploy in response to these expected attacks. The strongest argument, and one supported by research data, indicates that the public is particularly frustrated by partisan bickering in the tobacco dispute, and anxious for solutions that will protect America's children. In addition, this President has a strong history of leadership on smoking issues and can draw upon that legacy in future disagreements with Congress.

The following chronology indicates the sequence in which these arguments might be played out, and the corresponding type of action that the Administration should be prepared to take.

- a). POTUS announces principles for legislation. (Review of Agreement. Completed).
- b). Outreach to Congressional leaders indicating Administration commitment to passing a bill. (On-going).
- c). Public meeting with POTUS/VPOTUS and congressional leaders-- public statement that bill is important to country and should be top priority of next year. (Scheduled for October 1, 1997).
- d). Congressional Action. Hearings begin, many pieces of legislation are introduced-- some bills are comprehensive, others are more limited. (Hearings have begun with Administration witnesses. Few bills introduced as yet).
- e). Administration Action. Administration urges adherence to principles outlined by President. POTUS/VPOTUS events emphasizing need for action-- involve children, farmers, second-hand smoke science. POTUS urges issue not be fragmented and a comprehensive piece of legislation be passed. (VPOTUS has completed one event and has tentative plans for 3 regional events. POTUS to give statement at October 1st event. On-going).
- f). Congressional Action Continues. Larger coalitions coalesce around Senatorial leaders on issue (Kennedy/Hatch likely to emerge as key Senatorial leaders) and House chairman (Rep. Bliley key House Republican).
- g) Administration Endorsements. Administration uses following options to maintain progress of legislation: private meetings to encourage coalitions of legislators and encourage useful combinations of bills, public comment on aspects of pending legislation to indicate support; public comment/events to indicate criticism of pace of progress or negative direction of bill.

h) Congressional Vote Taking. Bills reach committee and floor. (Options for Presidential involvement include Presidential statement, SAP, or invitations to leaders to WH to coordinate/ resolve disputes.)

II. Communications Strategy

Over at least the next several months the crucial communications issue will be encouraging Congress to take up the issue of tobacco. At the initial event on October 1st we recommend emphasizing arguments that suggest it is in Congress' interest to move the legislation and to set a general timetable for action. The twin arguments that achieve this are stressing the bi-partisan source of the concern-- children-- and the need for prompt action.

The President's comments could be structured according the themes of bi-partisanship and the need for quick action, using the following talking points.

- | | | |
|------|-------------------------------------|--|
| I. | Welcome. | Glad so many members could come. Demonstrates the breadth of interest. |
| II. | Crucial issue for America's future. | Thousands of kids start everyday. Not about money. |
| III. | Shouldn't be a political issue. | Need for bi-partisanship. |
| IV. | Outline crucial elements for bill. | Reduce teen smoking w/penalties, full authority for FDA to regulate tobacco, change tobacco marketing, broad document disclosure, progress toward other health goals (second hand smoke), protect farmers and their communities. |
| V. | Need for Prompt Action. | This is top of country's agenda. Let's agree we should get it done by next year. |
| VI. | Working Together. | Complex legislation, affects many people, many states. Recognize Congress will hold hearings, but this is too important for us not to get done. |

As suggested above, either during the meeting or in meeting with the press the President

is likely to be pressed as to why he didn't submit complete legislation. We suggest the President stress that he set out his priorities for the bill. The five principles he set out are clear. And that Congress should act and hold hearings and get a bill to the floor.

Other likely questions include:

Q. When should a bill pass?

A. It should be at the top of the agenda for this year. There is nothing more important than saving thousands of children from taking up smoking. Three thousands are starting everyday.

Q. Is POTUS just playing politics with this? Why didn't he show leadership?

A. He's taken this issue on from the first, and taken the issue this far, and is confident we will get a resolution of the issue. we will get a bill by working together.

Q. Will negotiations include industry?

A. The industry is a piece of this, but there isn't a need to negotiate with them.

Q. What is the role of the VPOTUS?

A. VPOTUS will take a leadership role in the legislation.

III. White House Structure and Next Steps

Over the next several months the primary actions that the Administration will be required to take are legislative-- to encourage hearings and development of appropriate legislation-- and communications oriented-- to scheduling events to maintain public awareness of the issue. The following structure and working groups have been meeting to plan and develop these operations.

Bruce Reed and Elena Kagan of the DPC are coordinating the Administration's response. The primary tobacco planning meeting is the Tobacco Strategy Group. It has begun meeting every Thursday. The meeting includes representatives from the DPC, NEC, HHS, VPOTUS, OPL, Intergovernmental Affairs, CEA, Legislative Affairs, Treasury, USDA, and DOJ. The function of the group is to coordinate policy and event planning.

The DPC also holds regular meetings with VPOTUS staff for event scheduling and strategy.

In addition there are two weekly telephone conference calls: first with Mike Moore's group including (Moore, Scruggs, and Coale), the second with members of the public health group including Kessler, Koop, Myers, and leading health organizations such as the American

Heart Association, the American Medical Association, the American Cancer Society. These meetings will include the VP staff and HHS.

Finally, the DPC will hold specific meetings on legislative, communications, and rapid response issues as they arise.

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THE WHITE HOUSE
WASHINGTON

February 3, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Larry Stein
Elena Kagan

SUBJECT: Tobacco Legislative Strategy

Since our last meeting with you, we have continued to consider legislative options on tobacco. As this memo will further describe, we think there are three basic approaches to enacting tobacco legislation: (1) unite behind a Democratic bill (Senator Conrad's, Senator Kennedy's or our own) and attempt to ram it through Congress over Republican opposition; (2) rely on centrist members of Congress to create and move a bipartisan proposal; and (3) lay the groundwork for a possible summit by attacking piecemeal legislation and holding meetings with key Republicans; if still appropriate after about six weeks, call a bipartisan summit to negotiate comprehensive legislation. Legislative Affairs and the DPC favor the third option.

Since our last meeting, Congress has made no noticeable progress in the direction of bipartisan comprehensive tobacco legislation. We have learned that Senators Harkins and Chafee are working together on a bill, but we do not believe they can draw significant support. Reps. Bliley and Waxman have made no further progress, and many question whether Waxman wants a bill at all. We do not know of any other bipartisan discussions.

Meantime, Republicans in both Houses (particularly Sen. Nickles and Rep. Delay) have broached the idea of a very limited bill, containing no liability limits but also no price increases. These members hope that by allying themselves with liberal Democrats on liability limits, they can effectively control the size and scope of tobacco legislation.

We believe that our immediate goal must be to make such piecemeal legislation unacceptable, while keeping liability limits on the table (since it may well be difficult to pass a substantial price increase without them). Our longer term goal is, of course, to gain majority support for comprehensive legislation. Three options for accomplishing this objective follow.

1. Attempt to ram through a democratic bill.

This strategy tries to pass tobacco legislation in the same way Democrats passed an increase in the minimum wage two years ago. We would unite Democrats behind a single bill (Sen. Conrad's, Sen. Kennedy's, or our own) and then try to push it through Congress over Republican opposition -- for example, by repeatedly offering it as an amendment to other legislation.

Pros:

- This option will unite most Democrats and the public health community, and will place Republicans on the defensive in an election year.
- If the Republicans give in, this option will produce a bill without liability limits (although perhaps without the full price increase we want).

Cons:

- This option probably will not succeed in producing comprehensive tobacco legislation. A partisan strategy will embolden Democrats to hold on to tobacco as a political issue and alienate Republicans who otherwise might support a comprehensive approach.
- Most of our hopes for domestic accomplishments this year depend on the passage of comprehensive tobacco legislation. A high-risk, predominantly political strategy jeopardizes our budget and domestic policy agenda.

2. Foster and rely on bipartisan centrist coalitions.

This strategy involves trying to promote bipartisan efforts -- e.g., Bliley-Waxman, Harkin-Chafee -- and then trying to build support for them on both sides of the aisle.

Pros:

- If we can get the right Members (e.g., Bliley-Waxman, McCain-Durbin) to join forces, a bipartisan bill would catalyze the process and lead to the passage of comprehensive legislation.
- A number of Republicans, especially in the Senate, share our goals and principles, so this process probably would produce a comprehensive bill with a substantial price increase (but with limits on liability).

Cons:

- The prospects of the right Members coming together on a bill are remote. Bliley and Waxman are far apart on the issues. Harkin and Chafee are close, but cannot attract much support. No one else is talking with each other, and both Republican and Democratic leadership are discouraging these efforts.
- We will not know for some time whether a bipartisan bill will emerge, and in the meantime the Republicans will continue to assail us for not supporting specific legislation.

3. Lay the groundwork for and call a tobacco summit.

Under this option, we would spend the next six weeks laying the groundwork for a possible summit by (1) enlisting other Democrats and the public health community in opposing any Republican plan to enact piecemeal legislation, (2) indicating general support for Conrad's bill, without an outright endorsement, and (3) holding one-on-one meetings with key Republicans in the Senate and House to convince them that we are serious about negotiating, not just playing politics. If the legislative process remains bogged down, we would then call Republican and Democratic leaders to a budget-like summit process.

Pros:

- A summit or similar process stands the best chance of surmounting the many obstacles to passage of comprehensive tobacco legislation and puts us in the best position to dictate the terms.
- A summit will give us something bold and ambitious to do in the next few months. And in laying the groundwork for the possible summit, we will present an aggressive message and united front against piecemeal legislation, without driving away moderate Republicans.

Cons:

- Republicans may refuse to take part in a summit or similar process.
- Some Democrats and public health advocates may attack the summit as a backroom deal and fight any legislation that emerges from it.

Mike McCurry Statement

Our position on liability limits for tobacco companies is what it has always been. We have said this many times -- I know I have said it many times from this podium -- and we are saying it once again in testimony to Congress this morning. We would prefer a comprehensive tobacco bill without any liability limits and look forward to the legislative proposal from Senator Conrad and the Senate Democratic Taskforce. We believe that tobacco companies should not have special protections, and that the June 20th settlement struck the wrong balance. But again, as we've said many times before, if we get everything else that we want in a tobacco bill -- if we get a comprehensive bill that satisfies each of the President's five principles -- then reasonable limits on liability would not be a deal breaker. Our priority is to protect public health and particularly, to reduce youth smoking. We will consider legislation as a whole to determine whether it fully achieves that objective, and we will sign legislation that succeeds in doing so.