Tobacco News Today

October 30, 1997

Prepared by: Public Affairs Division

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THE TOBACCO INSTITUTE, 1875 I STREET, NW. WASHINGTON, DC 20006

Wall Street Journal
10/30/97 B-7

Sen. Hatch to Unveil Bill Boosting Price Of Cigarettes Above Accord's Proposal

By Jeffrey Taylor
Staff Reporter of The Wall Street Journal

WASHINGTON — Senate Judiciary Committee Chairman Orrin Hatch said he will soon unveil comprehensive legislation boosting cigarette prices more than required by the proposed national tobacco settlement.

The Utah Republican is working on the bill, which he plans to introduce before Congress adjourns next month, with Democratic Sen. Edward Kennedy of Massachusetts, who has called for the industry to pay far more than the $368.5 billion required under the settlement. "I think it's logical that has to go up a little bit," Sen. Hatch said yesterday. "It's not going to be $368.5 billion, I'll tell you that."

Asked how much his bill would raise cigarette prices, Mr. Hatch noted that public-health officials had settled on a $1.50-a-pack increase as the best way to cut underage smoking in half. An existing bill, introduced by Democratic Sen. Frank Lautenberg of New Jersey and Republican Rep. James Hansen of Utah, would raise prices $1.50 in three years; the tobacco industry contends that the existing settlement would raise prices that much within 10 years. Mr. Hatch wouldn't say how quickly his bill would impose the $1.50 increase, other than to say it would happen more quickly than required by the settlement.

Industry spokesman Scott Williams said yesterday that while it appreciated Sen. Hatch's effort to craft a bill, the industry "has gone, financially, as far as it can go" by agreeing to the price-increase schedule in the proposed settlement.

Senators of both parties said Sen. Hatch's bill has an excellent chance to become the working blueprint for tobacco legislation, at least on the Senate side. In the House, Speaker Newt Gingrich of Georgia and other top Republicans including Commerce Committee Chairman Thomas Bliley of Virginia are considering their response to the settlement. Mr. Bliley, once regarded as one of the industry's closest allies in Congress, is said to be questioning whether approving the settlement will hurt the Republican Party in next year's congressional elections.

Mr. Hatch made his remarks after a hearing of the Judiciary Committee's antitrust subcommittee, which explored Federal Trade Commission Chairman Robert Pitofsky's contention that an antitrust exemption contained in the settlement is overly broad; Mr. Pitofsky warned that the exemption would let cigarette makers reap profits far exceeding the penalties imposed by the settlement. Tobacco companies say they need an antitrust exemption to carry out settlement requirements on restricting advertising and raising prices to curb underage smoking.

At the hearing, Mr. Hatch secured a pledge from tobacco-industry lawyer Meyer G. Koplow that the industry would draft a narrower exemption for possible inclusion in his bill. Sen. Hatch said he intends to keep his bill as faithful to the proposed settlement as possible, but then described ways in which it will differ from the pact. He said, for instance, that it likely would adopt a proposal from Sen. Richard Lugar (R., Ind.) to set aside $15 billion to help tobacco farmers switch to other crops, eliminating government price-control and quota programs for tobacco.

AP v5187 rw 3exec Tobacco Deal,390 . 10-29 3:14p

Hatch wants draft of tobacco bill before Congress adjourns

By DARLENE SUPERVILLE

Associated Press Writer

WASHINGTON (AP) - Senate Judiciary Chairman Orrin Hatch said Wednesday that he wanted legislation enforcing a national tobacco settlement submitted before Congress adjourns for the year although lawmakers are unlikely to act on it by then.

"There are 101 issues that have to be determined, but we're determining them," Hatch, R-Utah, said after a Judiciary subcommittee hearing on the proposed $368.5 billion deal between the tobacco industry and state attorneys general.

Congress must pass legislation for the agreement to take effect.

Hatch said the bill being drafted would stick closely to that deal, by which the industry would settle dozens of state lawsuits and win protection from future lawsuits by paying $368.5 billion over 25 years, accepting limits on advertising and paying fines for failure to discourage youth smoking.

He said he wanted a "discussion bill" before the end of the session so that interested parties could offer opinions before hearings begin. Congress is expected to wrap up business for the year sometime next month.

Hatch said President Clinton's recommendation to boost cigarette prices by as much as $1.50 a pack as a deterrent to youth smoking was a "likely benchmark." He also indicated the bill would fund smoking cessation programs and research into smoking-related diseases, provide relief to tobacco farmers whose business might be jeopardized and impose fines on tobacco companies.

Hatch noted some state lawsuits head to trial early next year.

"We're running out of time here," he told reporters. "The key here is to get something together that everybody could support or at least a broad coalition could support, and that's not easy to do."

At the hearing, Federal Trade Commission Chairman Robert Pitofsky criticized a provision of the proposed settlement that he said would grant tobacco companies too broad an exemption from federal antitrust laws.

The companies say protection is needed because of the possible need for them to work together to enforce various aspects of the agreement.

Pitofsky said "an exception of this kind would be most unusual." He suggested that Congress narrow the focus of any exemption if it decides that such a provision is necessary.

[cigarette]

TI3608-0717

The Washington Times
October 30, 1997
B7

Hatch plan adds $1.50 to pack of cigarettes

By Samuel Goldreich
THE WASHINGTON TIMES

Senate Judiciary Committee Chairman Orrin Hatch said yesterday that before Congress adjourns he plans to introduce a comprehensive tobacco control bill that would include a $1.50 increase in the price of a pack of cigarettes.

The Utah Republican said he expects leading Democrats and Republicans would support such a price increase as the most effective way to discourage teen-agers from smoking.

"That's what President Clinton said, and I suspect it will be some sort of a benchmark," he said.

Mr. Clinton has proposed raising the cost by $1.50 over 10 years, either through a price increase or a combination of taxes and penalties if teen-smoking-reduction targets are not met.

Boosting the price of cigarettes by $1.50 could more than double the amount of money raised by the proposed agreement to settle state and private health liability claims against the tobacco industry. Analysts have said that cigarette prices would increase by 62 cents per pack under the $368.5 billion deal struck in June between the nation's five biggest tobacco companies and state attorneys general.

RJR Nabisco Holdings chief executive Steven Goldstone warned Tuesday that tobacco makers would oppose such as increase as prohibition through an "over-the-top tax increase." Any attempt to impose higher costs would drive smokers to cheaper brands and lead to a drain on profits that would cripple the industry, he said.

But critics of the agreement say the tobacco industry could get a windfall if it is able to avoid the cost of any settlement simply by raising prices.

Robert Pitofsky, chairman of the Federal Trade Commission, told the judiciary panel yesterday that the proposed tobacco deal raises concerns that industry antitrust immunity will allow "collusion" among cigarette makers, who would be able to keep two-thirds of any price increases as "excess profits."

Sen. Ted Kennedy, Massachusetts Democrat, has insisted that tobacco companies must double the amount of money a settlement would raise in order to compensate federal agencies for the cost of treating health-related illnesses. He is talking to Mr. Hatch about the best way to recover the $22 billion a year lost to smoking addiction, an aide said.

Sen. Frank Lautenberg, New Jersey Democrat, is sponsoring a bill calling for a $1.50 increase in the federal tax on cigarettes over the next three years.

Sen. Hatch wouldn't discuss the details of his draft bill but he noted that under the proposed settlement, only the states would get reimbursed for health costs associated with treating sick smokers.

Asked how high he would try to push the settlement costs, he would only say: "It's not going to be less than $368 billion, I can tell you that."

GOP leaders favor a go-slow approach on tobacco legislation and have pushed off consideration of the issue until next year.

But Mr. Hatch said he wants to get a head start on building bipartisan support.

"This is a once-in-a-generation opportunity," Mr. Hatch said. "My goal is to have a discussion bill filed before the end of the session."

• *This article is based in part on wire service reports.*

TI3608-0718

THE WASHINGTON POST
THURSDAY, OCTOBER 30, 1997 A9

Hatch Wants Tobacco Bill Before Recess

Senate Judiciary Chairman Orrin G. Hatch said yesterday that he wanted legislation enforcing a national tobacco settlement submitted before Congress adjourns for the year, although lawmakers are unlikely to act on it by then.

"There are a hundred and one issues that have to be determined, but we're determining them," Hatch (R-Utah) said after a Judiciary subcommittee hearing on the proposed $368.5 billion deal between the tobacco industry and state attorneys general.

Congress must pass legislation for the agreement to take effect.

Hatch said the bill being drafted would stick closely to that deal, by which the industry would settle dozens of state lawsuits and win protection from future lawsuits by paying $368.5 billion over 25 years, accepting limits on advertising and paying fines for failure to discourage youth smoking.

He said he wanted a "discussion bill" before the end of the session so that interested parties could offer opinions before hearings begin. Congress is expected to wrap up business for the year next month.

Hatch said President Clinton's recommendation to boost cigarette prices by as much as $1.50 a pack as a deterrent to youth smoking was a "likely benchmark." He also indicated the bill would fund smoking cessation programs and research into smoking-related diseases, provide relief to tobacco farmers whose business might be jeopardized and impose fines on tobacco companies.

—Associated Press

TI3608-0719

USA TODAY
Thursday, October 30, 1997
Page 10A

TOBACCO SETTLEMENT: Senate Judiciary Chairman Orrin Hatch, R-Utah, wants legislation on a national tobacco settlement to be filed before Congress adjourns for the year, probably in two weeks. Hatch said it's unlikely Congress would consider the matter this year, but he wants a "discussion bill" on which to generate comment before hearings. The proposed $368.5 billion deal would settle lawsuits against the tobacco industry by state attorneys general. A New York trial judge, meanwhile, ruled that a case against tobacco companies can be a class action on behalf of 10 million New York smokers and former smokers who contend the tobacco industry lied about nicotine's addictiveness. A Philadelphia federal judge recently dismissed a similar case on behalf of Pennsylvanians.


Reuters
Hatch: Hurry up with tobacco bill

TI3608-0720

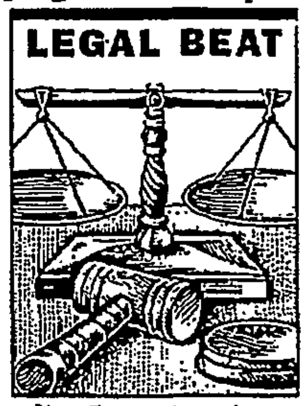
The Wall Street Journal
10/30/97 B-2

New York Suit Proceeds Against Tobacco

By MILO GEYELIN
Staff Reporter of THE WALL STREET JOURNAL

NEW YORK — A state court judge here handed antitobacco forces a victory by giving the go-ahead to a class-action suit on behalf of smokers for money they spent on cigarettes.

The decision comes a little more than a week after a federal judge in Philadelphia refused to give the go-ahead to a similar class-action suit seeking the cost of future medical monitoring for smokers in Pennsylvania. That decision was viewed by the tobacco industry as the definitive word on the future of such suits. Some two dozen statewide class-action suits against tobacco companies are pending.



But yesterday's decision by the New York state court judge, Charles Edward Ramos, appeared to breathe new life into the relatively novel legal theory that a group of allegedly addicted smokers can sue the tobacco industry for damages on behalf of all addicted smokers.

The New York suit seeks damages for any smoker in the state who has been buying cigarettes since 1980, the year the state passed its Deceptive Trade Act. The state law allows consumers to recover the cost of products purchased from companies that engage in fraud or deceptive trade practices. In this case, the plaintiffs allege that the tobacco industry engaged in fraud and hooked millions of smokers by concealing that tobacco is addictive.

Other courts, including a federal appeals court in New Orleans last year, have denied class-action status to suits against the tobacco industry on grounds that the number of cigarettes smokers consume, the degree to which they are addicted and the types of illnesses they may develop raise so many individual questions that they cannot proceed as one group in a single class. Instead, most courts have ruled, smokers would have to sue individually.

Even class-action suits that sought to minimize individual differences among members have failed to pass judicial scrutiny. The Pennsylvania suit that a federal judge in Philadelphia refused to certify earlier this month had dropped claims for individual damages for addicted smokers in the state, for example, and sought only the overall cost of monitoring their future health. But even that claim raised too many individual questions, the judge ruled, because it hinged on the degree to which individual smokers were addicted.

In his decision, the New York state judge acknowledged that a class-action suit that hinged on a claim of addiction would indeed raise too many individual questions. But he sidestepped the problem by finding that, while the question of whether cigarettes are addictive may be an issue in proving fraud, the industry's liability will hinge on its conduct in marketing cigarettes. To that end, he wrote, "the issue of actual nicotine dependence is a red herring because damages are to be measured by the cost of cigarettes purchased, not by the harm the plaintiffs suffered from smoking."

Gary Long, a lawyer for Philip Morris Cos. at the Kansas City firm Shook, Hardy & Bacon, said the company planned to appeal on grounds that individual smokers' addiction remains a key issue. Any appeal would likely delay the trial date now set for early February, he added.

Plaintiffs lawyers were elated. "All you have to show is that they [smokers] bought a product that was sold to them by means of deceptive trade practices. . . ," said Martis Ann Brachtl, a plaintiffs lawyer in New York involved in the suit. "All we have to prove is that it was addictive, they [the industry] knew it was addictive and they didn't disclose it was addictive."

The suit names as defendants the four largest tobacco companies, including industry leaders Philip Morris Cos. and the R.J. Reynolds Tobaccco unit of RJR Nabisco Holdings Co. Also named are the industry's research arm and its trade group.

TI3608-0721

The Wall Street Journal
10/30/97 A-16

B.A.T Net Falls 32% on Lawsuit, Currency Costs

By ERNEST BECK
Staff Reporter of THE WALL STREET JOURNAL

LONDON – B.A.T Industries PLC reported a 32% decline in third-quarter earnings, largely because of high settlement costs in U.S. tobacco-liability cases and the strength of sterling.

The tobacco and financial-services giant, which recently announced plans to split its operations and merge the insurance unit with Zurich Insurance Co., said that the earnings plunge reflected "significant" extraordinary items and that underlying performance for both units remains "marginally ahead" for the year.

Analysts had expected the earnings downturn and said it won't affect the merger plans or the competitiveness of the new, stand-alone tobacco unit, which is the world's second-largest tobacco company, after Philip Morris Cos. of the U.S.

B.A.T said group pretax profit plunged to £484 million ($807.1 million) from £708 million in the year-earlier period, as group revenue increased slightly to £6.6 billion.

Investors shrugged off the bad news, sending B.A.T's share price up 3.3%, to 540 pence from 523 pence, on the London Stock Exchange.

The biggest charge was £114 million for B.A.T's share of settling liability lawsuits with the states of Florida and Mississippi, in which B.A.T's Brown & Williamson Co. unit was a defendant. Another charge of £99 million resulted from the adverse impact of sterling on currency conversion.

B.A.T said its tobacco operations performed well in Latin America, Europe and Canada, but there were "difficult" conditions in the U.S. because of competition and litigation woes.

Litigation concerns and costs in the U.S. will continue to weigh on the company's debt.

TI3608-0722

When CEOs Smoke, Their Habits Are High Profile

By STEPHEN E. FRANK
And JOANN S. LUBLIN
Staff Reporters of THE WALL STREET JOURNAL

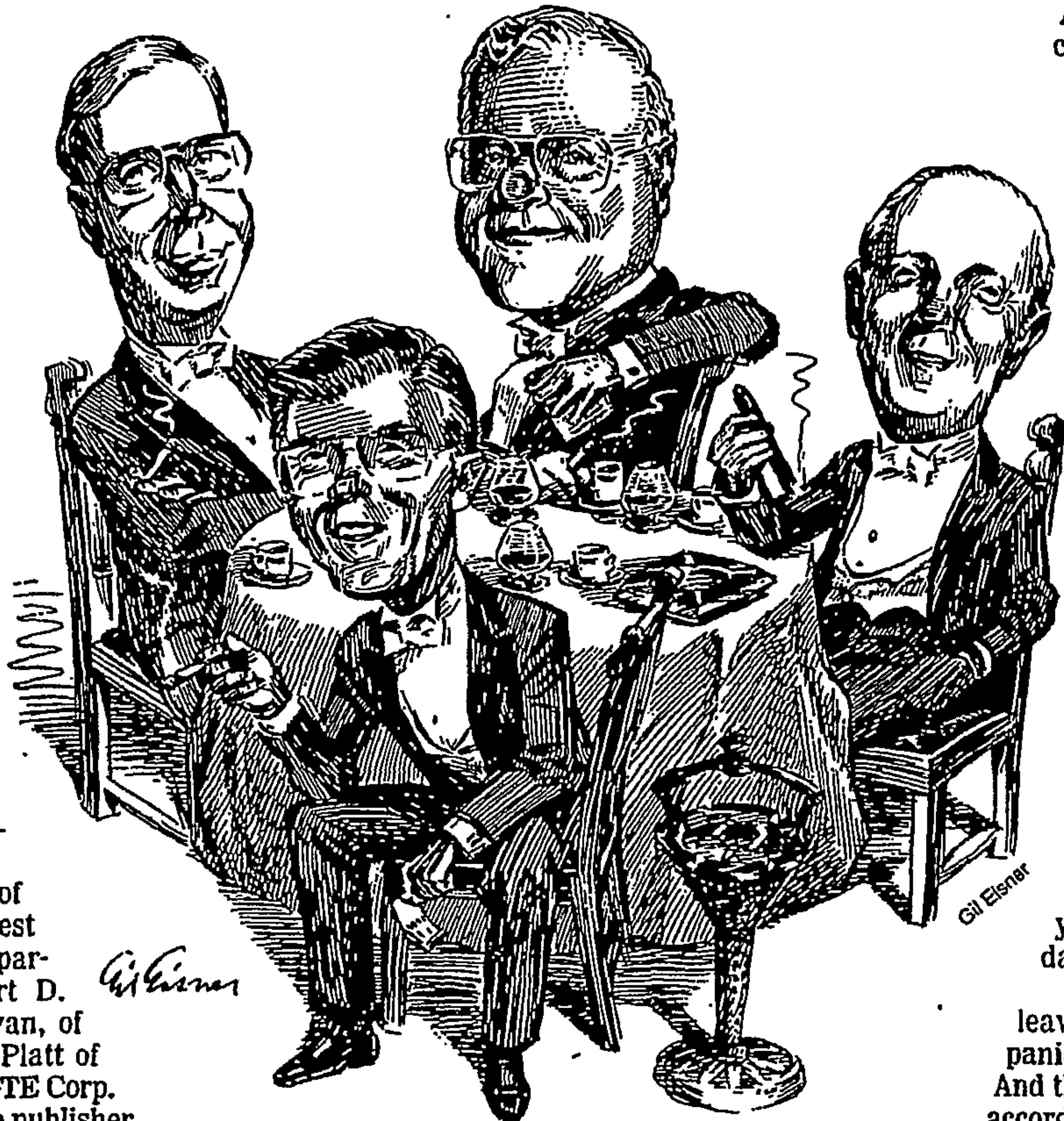
Ordinary smokers merely endure the nagging of family and friends. When corporate CEOs smoke, their habit becomes everybody's business.

Fellow board members pressure them to quit. Insurers jack up the premiums on company-paid life insurance. Headhunters and stockholders frown. Even employees privately sneer, when the chief flouts the no-smoking rules at headquarters.

Harvey Golub, chairman and chief executive of American Express Co., puffs away in private meetings with company executives, at lunches with reporters and over cocktails with securities analysts, according to several people who have been in the room with him. "The first time I was in with him, I swear he smoked a whole pack," recalls an analyst who follows the company.

The 58-year-old Mr. Golub, who won't comment on his habit, is just one of a number of high-profile CEOs whose smoking is at odds with the public's growing intolerance of it, particularly in the workplace.

Others include Edward E. Crutchfield of First Union Corp., the nation's sixth-largest bank; Robert L. Crandall of AMR Corp., the parent company of American Airlines; Herbert D. Kelleher of Southwest Airlines; Arthur F. Ryan, of Prudential Insurance Co. of America; Lewis Platt of Hewlett-Packard Co.; and Charles R. Lee of GTE Corp. Peter Kann, chairman of Dow Jones & Co., the publisher of The Wall Street Journal, only recently quit smoking.



CEO smokers (clockwise from left rear) Charles R. Lee, Harvey Golub, Alfred Lerner and Robert L. Crandall

The well-established links between smoking and disease have obvious implications when the smoker is the steward of a multibillion-dollar company. That was driven home most recently when Coca-Cola Co. Chairman Roberto C. Goizueta, a heavy smoker, died of lung cancer earlier this month.

Still, "it may be particularly difficult for [chief executives] who are under great pressure . . . to break an addiction," suggests Theodore F. Brophy, who retired as GTE's chairman and chief executive in 1988. Mr. Brophy says he and other colleagues have urged Mr. Lee to quit for years, without success.

The timing is probably wrong just now. Mr. Lee is embroiled in the biggest takeover battle in history, as GTE tries to outmaneuver British Telecommunications PLC and WorldCom Inc. with its $28 billion bid for MCI Communications Corp. A GTE spokeswoman said Mr. Lee was unavailable for comment.

AMR's Mr. Crandall managed to stop, as did several of his colleagues, after Robert Baker, AMR's executive vice president for operations, had part of a cancerous lung removed in late 1992. Mr. Baker quit smoking and has apparently made a recovery. Most of his colleagues who quit still abstain. But Mr. Crandall started smoking again about a year later, people familiar with the situation say. Mr. Crandall, through an AMR spokesman, declines to comment.

A CEO who smokes publicly today can inspire criticism, most often behind his back. At a recent meeting with securities analysts, Alfred Lerner, chairman and chief executive of MBNA Corp., kept lighting and extinguishing hand-rolled cigars, apparently unhappy with the way they were burning. By the end of the meeting, according to several people present, Mr. Lerner had amassed a pile of partially smoked cigars in his ashtray. "It was like a throwback to the robber-baron days," says one analyst in attendance, who would comment only anonymously.

Scoffs Mr. Lerner: "If the CEO carries anything to excess, I'd be concerned. But do you also want to check if he puts on his seat belt when he drives his car?"

The 64-year-old Mr. Lerner says he has smoked cigars since he was 18, and he doesn't care how it affects his image. "The image I'd be concerned about is how the company performs. If along the way [the chief executive] wants to smoke a cigarette, or go home and have a drink, God bless him."

Nonetheless, executive recruiters say a heavy smoking habit nowadays can disqualify someone from the top job. Smoking "is an unacceptable practice," observes E. Pendleton James, chairman of a search boutique in New York. Five years ago, he notes, this issue "wasn't on our agenda. But today it is."

The fear: that a CEO's death or disability could leave a company suddenly rudderless. That's why companies buy "key man" insurance for their top officers. And they pay 20% to 100% more if that executive smokes, according to Phil O'Donnell, a vice president at John Hancock Mutual Life Insurance Co.

Executives covered by "key man" insurance usually must disclose how much they smoke and drink, and whether they engage in hazardous hobbies like motorcycle racing. As a cross-check, many insurers hire commercial investigators to ask a CEO's friends and co-workers about the executive's habits.

A smoker's insurance costs much more than insurance for sky divers, which at Hancock adds about $10 extra a year to premiums for every $1,000 of coverage. Even extremely risky hobbies, such as rock climbing or helicopter skiing, are cheaper than smoking.

"The smoker is going to have higher mortality," explains Hancock's Mr. O'Donnell. "The other [activity] is

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TI13608-0723

only a risk when you're doing it. And that's infrequent. But a smoker has a track record of impaired mortality."

Accordingly, most high-powered smokers struggle mightily to kick the habit. American Express's Mr. Golub, who has smoked heavily at least since the early 1970s, has tried frequently, associates say, once by taking up baking. (Mr. Golub is a director of Dow Jones.)

When Mr. Golub arrived at American Express as head of its money-management division in 1984, colleagues — including then-chairman James Robinson, a long-time board member at New York's Memorial Sloan-Kettering Cancer Center—urged him to quit smoking, people familiar with the situation say.

"I talked to him from time to time, and told him his health was something he had to address for his own best interests, and that smoking was a part of that," recalls a former American Express colleague. "He'd say, 'Yeah, I know that's right, but I've done it long enough that I can't quit.' "

Lately, Mr. Golub appears to be having more success, some observers say. He was shaken when his close friend Joseph Keilty, a top American Express executive and a nonsmoker, died suddenly of a heart attack last year. Afterward, Mr. Golub began working out more often in the company's executive gym. The securities analyst who watched him smoke heavily during their initial meeting two years ago says that at a more recent meeting, Mr. Golub smoked just two cigarettes, which were brought in individually by a secretary.

"Harvey's definitely cutting down," says one American Express executive. "He doesn't even carry cigarettes anymore."

Two of American Express's three vice-chairmen are also smokers. Jonathan S. Linen smokes cigars; Richard Goeltz smokes cigarettes, as does David R. Hubers, the head of American Express Financial Advisors, the firm's fastest-growing division. A company spokeswoman said all three were unavailable to comment.

In late 1995, American Express revised the smoking policy at its New York headquarters, to conform with local laws. According to a memorandum describing the policy, "smoking is prohibited at all times in all areas of the building generally accessible to the public, and in common work and other areas generally accessible to employees."

The ban extends to company vehicles, unless all passengers agree to allow smoking. One former American Express executive recalls that before the policy went into effect, he frequently had to "detoxify" after inhaling his colleagues' secondary smoke on the company's jet.

American Express does permit smoking in private offices under certain conditions. It also has designated smoking rooms on three floors, and humidors filled with expensive cigars are still kept in the 50th-floor executive dining rooms.

Violations, the American Express memo notes, "may result in disciplinary action, up to and including discharge." Still, its policy is more relaxed than at many companies. A recent survey of about 140 of America's 1,000 largest companies found that 85% insist on a smoke-free workplace.

Tough rules don't deter some chief executives. Shortly after taking Prudential's helm last year, Mr. Ryan was smoking in his Newark, N.J., office when a senior executive walked in and gently informed him that it was a smoke-free building, according to one person familiar with the conversation. "And?" Mr. Ryan responded, continuing to puff away. A Prudential spokesman said Mr. Ryan was unavailable for comment.

THE WASHINGTON POST
THURSDAY, OCTOBER 30, 1997

Va. 1

A No. 2 Race With Impact

Lt. Governor Holds Decisive Vote in Divided State Senate

By Peter Finn
Washington Post Staff Writer

With the Virginia Senate evenly divided since 1996, the lieutenant governor's office—long merely a parking spot for gubernatorial ambition—has taken on heightened significance, because its holder breaks tie votes in the chamber.

Unlike the campaign for governor, this year's race for lieutenant governor between Democrat L.F. Payne Jr., Republican John H. Hager and Reform Party candidate Bradley E. Evans has largely been a civil affair, with both major-party candidates stressing honesty and integrity.

Payne, 52, a developer and former congressman from the Charlottesville area, supports Democratic gubernatorial candidate Donald S. Beyer Jr.'s proposal to give tax credits to help offset the personal property tax on cars and trucks.

But unlike any other statewide candidate representing a major party this year, Payne has steadfastly declined to take a no-new-taxes pledge. He says to do so would be irresponsible, given that Virginia needs to invest aggressively in transportation and education to secure its economic future. "I'm stressing that we need to find a way to build a consensus about what we ought to be doing in Virginia, and I'm proposing a 21st Century Opportunity Commission to study education, transportation and work force development," said Payne, who lives in Nellysford in Nelson County. "There is no consensus now."

Payne noted that other states, including North Carolina and Georgia, already have blueprints for directing more money into higher education. Virginia, Payne said, is now 44th, per capita, in funding colleges and universities, and North Carolina is sixth. "Good higher education systems attract good, high-tech jobs," Payne said. "And while Virginia has excellent colleges, we need to maintain that so we are competitive 15, 20 years down the road."

For kindergarten through 12th-grade classes, Payne said he would like to create a clearinghouse for character education, giving local school districts access to curriculum materials and expertise on the subject.

"I think people in Virginia share certain values: hard work, decency," Payne said. "You want that education to happen in the home, the community, but some kids just aren't getting it."

Hager, 61, has tried to play down his career as a tobacco executive, in which he was involved in controversial nicotine research. He was hit by a hail of criticism early in his campaign after indicating that he did not believe that nicotine was addictive.

But the potential for sparks over Hager's work in the tobacco industry has not been realized. Payne, who represented thousands of tobacco growers in Southside while in Congress, has had close ties to the industry, which has contributed to his campaigns, including this one.

Both candidates opposed the U.S. Food and Drug Administration's efforts to regulate nicotine. And both reject any tobacco settlement that doesn't compensate growers for the economic hardship it might impose.

Hager often has focused on his battle with adult polio, saying that winning the Nov. 4 election would be a victory for all disabled people.

Hager, who uses a wheelchair, has outlined several proposals to expand opportunities for people with disabilities. He said he favors reallocating vocational rehabilitation funds to reduce the 70 percent unemployment rate among the severely disabled, shifting state services to community-based programs and giving tax credits to families with disabled children.

Hager advocates increased educational competition—by experimenting with charter schools and school vouchers, which direct public money to private schools. He has proposed tax credits to allow parents to buy educational computer technology for their children. "We need to move to a more performance-based system," said Hager, of Richmond. "That includes merit pay for teachers and report cards on schools."

Payne opposes vouchers, saying that diverting money to private schools would undermine public education.

Hager said that he also would use the lieutenant governor's office to "reconnect" people with their government through town meetings and grass-roots initiatives. "We need new models of government," he said, "government that is a catalyst, rather than a crutch."

Hager supports Republican gubernatorial candidate James S. Gilmore III's plan to phase out the personal property tax on most cars and trucks. "Because of the robust growth in the state, we can return a dividend to the people," he said.

Hager opposes abortion; Payne generally supports abortion rights. Payne supports a new state law requiring minors to notify a parent before having an abortion but, unlike Hager, opposes requiring parental consent.

The third candidate is Evans, 32, of the Reform Party. This is his seventh run for public office. He previously has campaigned under the banners of the Libertarian Party and the New Alliance Party, among others.

Evans dismissed both of the major parties' tax-cutting plans as "jokes" and said he was emphasizing campaign finance reform, including banning all contributions from political action committees, corporations and out-of-state interests.

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TI3608-0725

VIRGINIA REFORM

Bradley E. Evans

- **AGE:** 32.
- **RESIDENCE:** Richmond.
- **OCCUPATION:** Computer programming consultant.
- **EDUCATION:** BS, computer-based MIS, California University of Pennsylvania.
- **PERSONAL:** *"I support the protected rights of all people, regardless of gender, race, age, sexual orientation, income religion or disability."*
- **E-MAIL ADDRESS:** *EvansBradley@juno.com*
- **WEB SITE:** www.naxs.com/people/mcgoats/homepage.htm

Q: Can Virginia afford to eliminate the personal property tax?

A: *"No! This is not the way to lower taxes responsibly. As a Virginia Reform Party candidate who supports less government and lowering taxes, I believe that this is just an election year gimmick to garner more votes by either of the other two parties. A more proactive approach would be to gradually lower the personal property tax over a period of years so the effects will not be felt so harshly, and instantly, by the Virginia localities that depend so much on the revenue of this tax. This type of promise cannot be guaranteed without General Assembly approval first."*

REPUBLICAN

John H. Hager

- **AGE:** 61.
- **RESIDENCE:** Richmond.
- **OCCUPATION:** Retired.
- **EDUCATION:** MBA, Harvard University; BS, mechanical engineering, Purdue University.
- **PERSONAL:** *"After nearly dying from polio in 1973, I have dedicated my life to helping others and making Virginia a better place to live."*
- **E-MAIL ADDRESS:** *Hager1997@aol.com*
- **WEB SITE:** *www.Hagernet.com*

Q: Can Virginia afford to eliminate the personal property tax?

A: *"Yes, the sooner the better. Virginia is experiencing an economic renaissance with state revenues growing at a robust rate, more than 8% this year. Even conservative revenue forecasts estimate state revenues will grow at least 6% in the next four years and beyond. Virginia taxpayers should share in the economic good times through a dividend in the form of personal property tax relief, phased in over the next four years. By eliminating the tax on personal cars, trucks and motorcycles valued under $20,000, families can better decide how to use that revenue than government. If not now, when? If not us, who?*

DEMOCRAT

L.F. Payne Jr.

- **AGE:** 52.
- **RESIDENCE:** Town of Nellysford, Nelson County.
- **OCCUPATION:** President and CEO, Wintergreen Development Inc.
- **EDUCATION:** MBA, University of Virginia, 1973; BS, civil engineering, Virginia Military Institute, 1967.
- **PERSONAL:** *"I see great possibilities for Virginia's future. As lieutenant governor, I will use my vision and my skills as a businessman and congressman to help Virginia reach its full potential."*
- **E-MAIL ADDRESS:** *lf@lfpayne.com*
- **WEB SITE:** *www.lfpayne.com*

Q: Can Virginia afford to eliminate the personal property tax?

A: *"I believe we need to approach personal property tax relief in a fiscally responsible manner and make sure that we make the necessary investments needed in education, work force development and transportation. There are nearly 30,000 unfilled hi-tech jobs in Northern Virginia alone, and it is imperative that we are responsible in providing a skilled work force to ensure Virginia's economic success well into the 21st century. Additionally, whatever personal property tax relief plans (are) considered by the General Assembly cannot jeopardize the wellbeing of our localities by taking away much-needed funds from our schools and public safety programs."*

LIEUTENANT GOVERNOR

WHERE THEY STAND

ISSUE:	JOHN H. HAGER *Republican*	L.F. PAYNE *Democrat*	BRADLEY E. EVANS *Virginia Reform Party*
TAXES	■ Supports James S. Gilmore III's (R) plan to abolish the personal-property tax. Proposes a $150 technology tax credit for parents of kindergarten through 12-grade students to encourage the purchase of computer technology, educational technology and other accessories, such as modes.	■ Supports Donald S. Beyer Jr.'s (D) proposal on the personal property tax. Supports Beyer's proposals to lift the tax on nonprescription drugs and remove state taxes on businesses that gross less than $50,000 annually.	■ Doesn't support either the Gilmore or Beyer proposal on the personal property tax.
ABORTION	■ Opposes abortion except in cases of rape, incest or where the life of the mother is at risk. Supports parental notification and consent before minors may obtain abortions.	■ Supports a woman's right to abortion. Supports parental notification but does not support parental consent—at least not before there is sufficient time to see how the parental notification system works.	■ No position.
TOBACCO REGULATION	■ Virginia tobacco farmers and others employed in the tobacco industry need to be protected in whatever settlement emerges from Congress.	■ Opposed to the national tobacco settlement because it has no provisions to assist tobacco growers.	■ No position.
CAMPAIGN FINANCE	■ Supports existing state regulations.	■ Supports existing state regulation.	■ Supports limiting campaign financing to individual contributions from people who live in the district the candidate seeks to represent. For statewide races, favors contributions from anywhere within Virginia. But supports a complete ban on PAC, lobbying and corporate money in all races.
EDUCATION	■ Supports Gilmore's call for 4,000 new teachers. Supports detailed report cards on schools. Supports a pilot program to test public charter schools and supports obtaining federal grants to support the pilot program. Supports full funding of the public education financing authority.	■ Supports setting achievable standards for students and teachers. Supports Beyer's plan to raise teacher salaries. Proposes a statewide clearinghouse for local districts to access character education curricula. Supports public charter schools. Opposes to school vouchers.	■ Supports public education and competitive wages for teachers. Supports back to basics learning and a mastery of problem solving before students use computers.
CRIME	■ Supported reforms pushed by Gov. George Allen (R), including juvenile justice reform and the abolition of parole. Supports Gilmore's call for community-based crime-fighting programs.	■ Supports funding for more police officers. Has supported Allen administration reforms on parole and juvenile justice.	■ No proposals.

—*Compiled by Peter Finn*

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THE WASHINGTON POST

TI3608-0727

Senators hear descriptions of smoking from youngsters

THE ASSOCIATED PRESS

WASHINGTON — Sixteen-year-old Josh began smoking with one of his father's discarded cigarette butts while Nickita Bradley said she picked up the habit because she felt "left out" while her friends puffed away.

But Brandi Battle and Kelli Jolly never wanted to smoke. Both play sports and that makes a difference, they told a Senate hearing on Monday.

"Athletes are going to do what's best for their bodies," said Jolly, 20, a guard with the University of Tennessee's national champion Lady Vols basketball team.

Lawmakers were trying to learn what motivates some youths to start smoking while barely in their teens, while others are able to resist the peer pressure to light up.

Congress has said a key element of a proposed national settlement with the tobacco industry will be money to pay for programs to prevent children from smoking.

But while 18-year-old Nickita quit, Josh remains hooked.

He was under pressure from his parents, both of whom smoked, but couldn't stop. Smoking cessation patches and nicotine gum didn't help and he smokes up to a pack of Newport brand cigarettes a day. He started at age 12.

"I guess I didn't really want to quit," he calmly told the Senate Labor and Human Resources subcommittee on public health and safety. "I'm sure I'll want to quit sometime, I'm just not sure when."

Medical experts who testified after Josh said the Virginia 11th-grader was typical of most of the 50 million adult and youth smokers nationwide: The vast majority want to quit but have lots of trouble doing so.

They asked that some of the proceeds from any national settlement be used to provide smokers with easy access to proven help for kicking the habit.

Such assistance "should be a built-in cost of doing business for the tobacco industry," Tim McAfee, director of the Center for Health Promotion at the Group Health Cooperative of Puget Sound-Kaiser in Seattle.

Nickita said "smoking seemed to be the thing to do." But two years after smoking her first cigarette at age 14, she found a reason to quit.

The Baltimore, Md., resident learned she was pregnant.

Nickita thinks her mother's smoking caused her own asthma as well as health problems for an older brother. She quit cold turkey and gave birth to a healthy 8-pound, 9-ounce son, she said.

"I owed it to my baby to stop smoking," Nickita said.

For Brandi Battle, having relatives, including a mother and grandfather who smoked, was one factor that helped her decide not to ever start.

The 14-year-old from Washington, D.C., sees smoking's effects firsthand. Also, as an athlete, she needs a strong and healthy body. And as a religious person, she said she wants to obey God's word and treat her body like a temple.

"I have never personally seen anyone die from smoking, but each day I watch my mother smoke herself into an early grave," Brandi testified. "I am too smart to begin a lifestyle that is self-destructive."

TI3608-0728

THE WASHINGTON POST
THURSDAY, OCTOBER 30, 1997 D3

VIRGINIA

Citing Attack Ad, Payne Withdraws From Debate

Democrat L.F. Payne Jr. said yesterday he's pulling out of a debate with John H. Hager tomorrow in Norfolk because his Republican opponent for Virginia lieutenant governor refused to withdraw an untruthful television advertisement.

"He has crossed the line," Payne said. "It's one thing to be negative. It's another thing to not tell the truth. I asked him to take the ads down or I wouldn't debate, and they continued, so I'm just not going to do it."

Payne is president of Wintergreen Development Corp., developer of the Wintergreen Resort. The Hager ad that began running Monday criticizes Payne and said the resort twice has been sued for consumer protection violations. Payne said the offenses occurred from 1988 to 1993, when he was a member of Congress and not president of Wintergreen. But Hager said his advertisement is truthful and accused Payne of running deceptive ads about Hager's experience as a former tobacco executive.

Recent polls have indicated that Payne holds a slight lead.

SENATE FLOOR: AGRICULTURE SPENDING MEASURE CLEARED-FOR CLINTON'S SIGNATURE
Hill News Highlights
(NEWS 10/30/97; 24 lines)
Item Key: 8025

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SENATE FLOOR: AGRICULTURE SPENDING MEASURE CLEARED FOR CLINTON'S SIGNATURE

By Richard Sammon, CQ Staff Writer

With only sparse debate, and rather surprisingly, the Senate last night cleared by voice vote the $49.7 billion spending bill for the Department of Agriculture (HR2160).

Action on the conference report had been linked by Republican leaders to an agreement on final action on a Food and Drug Administration (FDA) overhaul bill (S830). While conferees on that bill have not officially met, many of the differences appear to have been ironed out at the staff level, leading Republicans to separate the two measures, according to a GOP aide.

The FDA bill's conference report is listed as a possibility for action on the floor today, pending approval in conference.

The agriculture bill includes $13.75 billion in discretionary spending, with the rest designated for mandatory benefit programs administered by the Agriculture Department. President Clinton is expected to sign the bill, the final version of which is $2.6 billion less than the administration requested.

October 30, 1997

Lugar, Smith Push For Floor Votes On Ag Research Bill

AGRICULTURE

Both **Senate Agriculture Chairman Lugar** and **House Agriculture Chairman Smith** appear determined to bring ag research bills to final votes before the end of the session, in order to make use of a provision in the Senate bill that would reduce the budget for the food stamp administrative account to pay for other agricultural programs.

The Senate Agriculture panel passed its bill in late July, and Lugar said he wants the bill to go through the full Senate by unanimous consent; Smith said Wednesday he wants to bring it up on the House suspension calendar.

However, the debate may be highly contentious on several levels.

Lugar has designated $780 million for a new agricultural research competitive grant program; $300 million for the Fund for Rural America, which pays for agricultural research and rural development; and $150 million for nutrition programs.

But during a House Agriculture Committee meeting Wednesday, at which the House version of the bill was approved without the new research program or additional funding, **Agriculture ranking member Charles Stenholm**, D-Texas, said that "every effort will be made before this research bill becomes law" to address further research, rural development, crop insurance and nutrition.

Stenholm tried during this year's budget reconciliation debate to divide what he considers excess food stamp administrative money among basically the same categories.

Both Democratic and Republican House Agriculture aides said Wednesday that members are worried about losing access to the food stamp money if Congress waits until January to take up the bills.

One Republican ag aide said that despite the obstacles. members "may do magic" because they are worried that the Clinton administration may issue new rules on food stamp administration — or that the CBO's December analysis of food stamp costs could reduce the amount of money available.

Rockefeller, Gorton Remain Upbeat On Product Liability

JUDICIARY

Bipartisan Senate talks on product liability legislation have yet to produce a deal — but the two principals in the talks said Wednesday that they remain optimistic a deal can be struck before Congress adjourns for the session.

In separate interviews, both **Sens. Jay Rockefeller**, D-W.Va., and **Slade Gorton**, R-Wash., said they were continuing to share modifications of a proposal worked up by Rockefeller and the White House last month.

Rockefeller stressed that whatever he and Gorton come up with, "it has to be acceptable to the White House." He said of Gorton's modifications to his proposal, "There [are] some things the White House will buy and some things they won't buy."

But Rockefeller and Gorton both remained upbeat. "It's at least worth keeping working on," Gorton said. "Both of us would like to finish it before we adjourn."

One remaining stumbling block appears to be language regarding the ability to sue by individuals who cause an accident while under the influence of alcohol or drugs.

"If the White House is intent on having it so loose a drunk could climb through it, we'd just as soon drop it" from the bill, said Pat Rowland, executive director of the Product Liability Coordinating Committee, which represents business groups that support federal liability limits.

Gorton reiterated a desire expressed by Rockefeller last week to reach an agreement even if floor action is delayed until 1998.

TI3608-0732

COMMERCE

ROCKEFELLER HAS MIXED RESPONSE TO GOP PRODUCT LIABILITY OFFER

The chief Democratic supporter of overhauling product liability laws said yesterday that a new Republican proposal poses some problems for the Clinton administration.

Sen. John D. Rockefeller IV, D-W.Va., reviewed a product liability counteroffer made by Sen. Slade Gorton, R-Wash., in response to a stripped-down measure crafted by Rockefeller and White House officials after initial Republican criticism.

"There's some things the White House will buy; there's some things they won't buy," Rockefeller stated, declining to give specifics.

Both Rockefeller and Gorton said their discussions would continue today to try to reach a deal. Both men are hoping to get agreement before Congress adjourns on a bill that President Clinton will sign, even if the issue fails to come up for a vote this year.

Handful Of Issues Holding Up FDA Reform Negotiations

GOVERNMENT OPERATIONS

Conferees on legislation to overhaul operations of the FDA are unlikely to complete work on the bill before next week, sources predicted Wednesday.

That leaves up in the air the reauthorization of the popular Prescription Drug User Fee program, which is included in the broader FDA reform measure.

Staff and members involved in the ongoing negotiations stressed that no single issue is holding up the proceedings, and remained confident the measure would be finished and signed by President Clinton before Congress adjourns for the year.

"I'd say we're about 60 percent done," said one House GOP conferee, while **Sen. Bill Frist**, R-Tenn., also a conferee, said he only knew of "about three issues" that would require discussions among the principals.

However, members have not yet met as a group, with all the work still at the staff level.

Sources said that while progress has been brisk on the prescription drug sections of the bill, the medical device provisions remain a potential trouble spot.

It remains unclear whether the Senate will embrace a compromise reached between House Republicans and Democrats over what power the FDA will have to review devices for uses not specified by the manufacturer.

Under the House-passed compromise, the FDA would have to rely on the manufacturers' stated use of a device unless the agency — after consulting with the manufacturer — finds "a reasonable likelihood that the device will be used for an intended use not identified in the proposed labeling of the device," and that "such use could cause harm."

Meanwhile, a group of senators not on the conference is urging Senate conferees to include in the bill a House provision that would require drugmakers to provide advance notice before discontinuing production of drugs "whose sudden absence would result in death or serious debilitating injury to patients who rely on these products for survival."

The letter from **Sens. John Chafee**, R-R.I., **Olympia Snowe**, R-Maine, **Richard Durbin**, D-Ill., and **Paul Wellstone**, D-Minn., noted a situation last year when a medication to treat epilepsy in babies was halted without notice — leaving patients at risk of mental retardation or death.

"Notice gives patients time to look for an alternative and the FDA time to find a solution if a health crisis is likely," the letter said.

TI3608-0734

BNA
10/30/97
H-1

Minnesota

Legislators Spurn Use of Taxes To Fund New Baseball Stadium

ST. PAUL, Minn.—Meeting in special session, the Minnesota Legislature Oct. 27 rejected all efforts to finance the construction of a new stadium for the Minnesota Twins baseball team with tax dollars.

Legislators also voted down any proposal that called for an expansion of gambling as a means of funding a stadium.

The two houses of the Legislature agreed to meet again Nov. 13. Representatives of the business and labor communities are expected to meet with Gov. Arne Carlson (R) in the interim to try to devise a more salable funding plan.

Tom Smalec, spokesman for House Speaker Phil Carruthers (DFL), said the bottom line of the day's proposals was that any attempt to fund a stadium through tax increases failed. The notion of using tax dollars for stadium construction may not be dead, he said, but Carruthers will not support any proposal that would use general tax dollars for the building of a new stadium.

Tax Bill Rejected. According to Smalec, the House considered only one bill (HF 2). Sponsored by Rep. Ann Rest (DFL) and Rep. Loren Jennings (DFL), the bill originally called for the funding of a new stadium to be accomplished through a variety of new taxes.

The bill called for a 2 percent surcharge on all baseball player salaries in excess of $150,00; a 4 percent tax on licensed sports memorabilia sold in the state, excluding clothing; and a $1 per day tax on rental cars. The bill would also have increased the metropolitan lodging tax by up to 3 percent, Smalec said, and would have increased the tax on liquor and entertainment in the metropolitan area.

An attempt to substitute a cigarette-tax increase for the other proposed tax increases also failed, Smalec said. Attempts to substitute lottery and gambling revenues for the bill's tax increases were also rejected, he said.

Vic Moore, chief aide to Senate Majority Leader Roger Moe (DFL), said the Senate went through the same amendments, and rejected each of them. The Senate did pass, however, a bill (SF 2) that would allow the state to purchase the baseball team. SF 2 would also allow the state to sell shares in the team as a means of financing the construction of a new stadium, he said.

He said the same proposal was rejected by the House, however.

Uncertain Outlook. What will happen now will depend on Carl Pohlad, the owner of the Minnesota Twins, Smalec said.

Pohlad has indicated he will sell the team to a buyer in North Carolina who has plans to move the team unless the Legislature drafts a plan to build a new stadium. Pohlad is asking the state to pay for most of the cost of a new stadium, which he said is necessary if the Twins are to be competitive with the rest of Major League Baseball.

Estimated costs of a new stadium have varied from $300 million to more than $500 million, depending upon whether a retractable roof is included.

BY MARK WOLSKI

TI3608-0735

USA TODAY
Thursday, October 30, 1997
Page 14A

Teach responsible drinking

Laurie Leiber, director of the Center on Alcohol Advertising, is opposed to lowering the drinking age as a way to deal with underage drinking and is totally deaf to Peter Coors' proposal to teach kids to drink responsibly ("Lower drinking age wrong way to deal with underage alcohol consumption," Letters, Oct. 17).

Coors, CEO of Coors Brewing, says it's time to look for new approaches to a seemingly intractable problem by teaching kids how to drink responsibly.

Primarily striking out at Coors' TV ads, Leiber insinuates that the ads promote domestic violence and seduce adolescents by irresponsible advertising. It's all in the eyes of the beholder. For example, Leiber supports ironclad efforts to curb availability, raise alcohol taxes and limit advertising to prevent underage drinking. And, best of all, she says: "I will also continue to ask young people to observe the law and wait until they are 21 to drink."

In the best of all possible worlds, young people would follow the rules and wait until 21 to take a drink. They would wait until 16 to drive and would practice abstinence for safe sex. But this is not Eden.

Young people, for better or worse, feel omnipotent and need to test the world when they break away from their dependent parental relationship. Doesn't Leiber realize how easy it is for young people to run rings around rules?

For example, there are no advertisements for marijuana, and yet young people use it. Telling young people to observe the law is no winner. Teaching young people how to behave responsibly is realistic.

Please, don't give alcohol a specialness it doesn't deserve. Since young people already experiment with alcohol, lowering the drinking age and teaching them how to use it responsibly is the only way to go.

Morris E. Chafetz, president
Health Education Foundation
Washington, D.C.