

NLWJC - Kagan

DPC - Box 027 - Folder 005

FCC - Liquor Letter [3]

Re: liquor letter

Cheryl M. Carter

05/15/97

09:46:12 AM

Record Type: Record

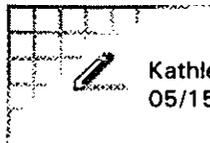
To: Elena Kagan/OPD/EOP

cc:

Subject: Distilled Spirits Council meeting

Can I tell them we are setting up a meeting? They are driving me crazy! Help!

File: FCC liquor letter



Kathleen M. Wallman
05/15/97 11:52:23 AM

Record Type: Record

To: KAGAN_E @ A1 @ CD @ LNGTWY

cc:

Subject:

'Absolutely No Need'

TWO DOZEN GROUPS SEEK MANDATORY COUNTER ADS TO TV-RADIO ALCOHOL COMMERCIALS

Citing cigarettes as precedent, 24 groups petitioned FCC Wed. to require TV and radio stations to air counter ads for beer, wine and hard liquor commercials. Petition claimed that ads "threaten the public interest and public safety by glamorizing their appeal to children." Request was filed by National Council on Alcoholism & Drug Dependence (NCADD) and Mothers Against Drunk Driving (MADD), plus 22 other groups. In immediate response, NAB Pres. Edward Fritts said "there is absolutely no need" for Commission to require such ads.

In related action, American Academy of Pediatrics urged FCC to "investigate the impact of liquor advertising on television on children." In letter to FCC Chmn. Hundt, Council Pres. Robert Hannemann said group supports Commission investigation of liquor ads and "strongly urges that such a hearing be inclusive of the beer and wine industry... As pediatricians, we see the influence the media... historically have had on America's children and adolescents. Equating alcohol use with athletic prowess, social popularity and physical beauty serves to draw this particularly susceptible population into illegal use and abuse of alcohol."

NCADD and MADD charged alcoholic beverage industry "has used the nation's airwaves to create a distorted view of a product which, in reality, is associated with the leading causes of death among teenagers. Without intervention of the kind the FCC has taken before [on cigarettes], parents, schools and public health organizations will never have the resources to compete with the millions of dollars worth of prodrinking messages that are broadcast into American homes every year."

Petition asks FCC to require any station or network that airs commercials for alcoholic beverages (including beer and wine) to carry "a significant amount" of counter ads free "within reasonable proximity" of alcohol ads. Petition cites as legal justification 1967 FCC rule (before cigarette ads were banned by Congress) under

Elizabeth —
where should we be on this? Can we support it, inclusive of beer + wine? Please talk to Leeanne, who worked on the last FCC liquor letter.

) Elena
(Bruce is doing a meeting later this week with the distilled liquor people, so it would be nice to know when we should be on this by then.)

now-defunct fairness doctrine that required stations to air one free antismoking spot for every 4 paid cigarette commercials. Catalyst for petition, groups said, was Distilled Spirits Council deletion of ban against broadcast hard-liquor ads from its voluntary code.

Beer Institute official Jeff Becker said brewers "have a history of responsible public service announcements... We've done a tremendous amount of work in being part of the solution to drunk driving and alcohol abuse." Elizabeth Board of Distilled Spirits Institute said TV stations and networks have refused to accept industry efforts to pay for commercials on alcohol abuse when sponsoring company is named.

Fritts said surveys indicate that TV-radio stations are "widely disseminating antialcohol abuse prevention messages... Our latest estimates indicate that approximately one billion dollars annually" in time are donated to such messages by broadcasters. NAB's own effort -- Stations Target Alcohol Abuse Reduction (STARS) -- has "played a significant role in creating an awareness of the dangers of alcohol abuse," he said.

Hundt has called repeatedly for FCC investigation and hearing into alcohol ads, but has been unable to get necessary 3 votes to start inquiry (CD May 13 p6). Comrs. Chong and Quello contend that FTC, not FCC, has authority over liquor ads; Comr. Ness said she believes Commission could conduct investigation but she hasn't decided whether it has jurisdiction to take any specific action (CD May 14 p7). After filing of petition Wed., Hundt said "FCC's statutory duty to ensure that the public airwaves are used in the public interest requires us to act." President Clinton also is among those calling for FCC action on liquor ads.

cc: Lecaune
+ others

TELECOPY

Lecaune -
Take a look
at this + call
me.

E/ks

TO: Elena Kagan, DPC
FAX: 456-2878
FROM: Katrina Weinig
Department of Justice, OPD (514-7473)
DATE: April 23, 1997
NO. PAGES: 4, incl. cover

Elena,

Kent Markus asked me to fax you the draft of the Attorney General's letter to Reed Hundt. The letter is attached. Please let me know if you have any questions.

Katrina Weinig

- DRAFT -

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, NW
Washington DC 20554

Dear Mr. Chairman Hundt:

As the Nation's chief law enforcement official, I want to raise with you my concerns about the impact of the recently announced hard liquor television advertisements coming, as of course they will, on top of already persuasive beer advertising and some wine advertising. I deeply fear that televised advertisements of distilled spirits may, in conjunction with the existing beer and wine advertising, have a serious, detrimental impact on our country's youth and on other groups at risk for alcohol consumption. For this reason, as well as for the reasons summarized below, I would urge the Federal Communications Commission to issue a Notice of Inquiry into the many issues surrounding this accumulated alcohol advertising.

For nearly 50 years, members of the distilled spirits industry voluntarily refrained from advertising their products on television and radio. Since 1936, the Distilled Spirits Council of the United States (DISCUS) Code of Good Practice had urged members not to advertise on the radio; in 1948, the ban was extended to television. As you know, however, DISCUS recently amended its Code to abandon this responsible policy of forbearance primarily, it appears, because of the extraordinary competitive advantage and resulting commercial success that television advertising has achieved for the beer and wine industries. The distilled spirits industry's desire to advertise on television and radio is in turn placing pressure on stations to air these advertisements and, in the past few months, advertisements for hard liquor have appeared on television--both broadcast and cable--as well as radio.

I believe that increased levels of alcoholic beverage advertising and, specifically, the introduction of hard liquor advertisements onto television and radio are matters that require careful study. In particular, this advertising may aggravate an already serious risk to the youth of our Nation. Recent research shows a clear connection between alcohol consumption and increased domestic violence, youth violence and delinquency. I would ask you to consider the following statistics:

Chairman Reed Hundt

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- * Several studies have concluded that alcohol is a factor in approximately 50 percent of all violent crimes committed in this country.
- * Alcohol is particularly pernicious with respect to youth. Alcohol consumption is a factor in all leading causes of death for young people aged 15-24, including drunk driving, homicide and suicide.
- * Alcohol is also a "gateway" drug: young people who drink heavily are significantly more likely to become multiple drug users in later life than their non-drinking peers.
- * Alcohol continues to be the number one "drug of choice" among children and youth under the age of 21. According to the results of a 1994 national household survey, 2 million youth rate themselves as "heavy" alcohol drinkers, with over 1 billion cans of beer being consumed annually by junior and senior high school students alone. It is estimated that one-half of America's 2 million junior and senior high school students drink monthly.
- * The median age at which children begin drinking alcohol has dropped to just over 13 years, with many beginning to drink in elementary school. According to a study conducted at the University of Michigan, two-thirds of eighth graders surveyed had tried alcohol, and one-quarter of them had used alcohol in the past month. Moreover, 16 percent of eighth graders, 25 percent of tenth graders, and 30 percent of twelfth graders had had five or more drinks in a row during the 2 weeks prior to the survey.
- * On college campuses, 95 percent of violent crime is alcohol-related; 90 percent of all reported campus rapes involve alcohol use by the victim or perpetrator.
- * Federal prosecutors in Indian country estimate that alcohol is a factor in 80-90 percent of all violent crime on reservations.

America's youth are already exposed to a barrage of advertisements for beer and wine. The average young person in this country views approximately 2,000 beer and wine ads each year, particularly during sports programming (at the average of 2 such ads each hour) and during weekend programming. It may not yet be possible to establish a clear, causal connection between alcohol advertisements and consumption. Nonetheless, recent

Chairman Reed Hundt
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research shows that children and youth do see, remember and learn from such advertisements, and that such ads cause them to become more predisposed towards future drinking, even if the ads do not actually increase their immediate consumption of alcohol. Moreover, alcoholic beverage ads define the manner, style and social significance of drinking. These ads could be said to depict drinking as normative and, indeed, socially desirable behavior, and promote a positive view of alcohol use in society.

It is also true that beer advertisers, no doubt realizing the impact of their very creative television campaigns, have launched a number of excellent social responsibility campaigns (e.g., "friends don't let friends drive drunk"), which have had quite positive effects. In view of this backdrop, however--beer and wine advertising at a saturation level, and the now widely recognized but not quite fully understood impact of the electronic media on viewer behavior--it seems a timely opportunity to fully assess the current situation, before the introduction of hard liquor advertising becomes widespread.

The issues raised by the prospect of hard liquor advertising on television and radio have understandably generated much public concern. As you are aware, 26 Members of Congress have requested the FCC to issue a Notice of Inquiry to study the effects of such advertisements on youth, and to consider possible Commission action. In addition, 11 states and Puerto Rico have joined a petition for a rulemaking filed by the State of Alaska to ban the advertising of distilled spirits in electronic broadcast media.

I strongly urge the Commission to begin an investigation of this issue as soon as possible. The Commission should explore whether alcoholic beverage advertising over the electronic media poses a risk to children and to other groups that may be particularly susceptible to alcohol abuse. In particular, the Commission should explore whether the possible risks to children would be mitigated by time and place restrictions on such advertising. I would urge the Commission to elicit information from members of the public, the medical and academic communities, broadcasters, cable operators and other programming providers, as well as the alcoholic beverage industry, in order to determine the possible effects of such advertising, the mitigating impact of various terms and conditions that could be imposed, and other appropriate responses to this issue.

Thank you for your consideration of the foregoing.

Sincerely,

FCC liquor letter



Mothers Against Drunk Driving

511 E. John Carpenter Pkwy., Suite 700 • Irving, Texas 75062-8187 • Telephone (214) 744-MADD • FAX (972) 869-2206/2207
NATIONAL OFFICE

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April 14, 1997

The Honorable John Ashcroft
United States Senate
SR-170 Russell Senate Office Building
Washington, DC 20510

Dear Senator Ashcroft:

Thank you for sending me a copy of your March 21 letter to the Chairman of the Federal Trade Commission, Robert Pitofsky. I found the letter most interesting and informative.

As you know, Mothers Against Drunk Driving is very concerned about the appeal of alcohol advertising to those under the minimum drinking age of 21. MADD fought hard to achieve a uniform minimum drinking age of 21 in every state. The 21 law has worked and saved thousands of precious young lives. It could work a lot better if it was adequately enforced and not subject to the mixed messages often provided by product advertisers who have as intense an interest in selling their product as we at MADD do in saving lives.

MADD believes that the lifting of the voluntary ban on distilled spirits advertising will serve to compound a serious existing problem with the alcohol advertising for beer and wine presently on the nation's airwaves. To be clear, MADD does not think that the totality of the alcohol advertising problem will be eliminated by simply keeping distilled spirits advertising off the air.

MADD believes that the public health, safety and interest is best served by a free and open discussion of the problems which stem from the irresponsible advertising of alcohol on television and other media. On February 25 of this year, the Senate Commerce Committee scheduled a public hearing on this issue. The key word here is "public." I was prepared to commend the Committee on that day for providing the first forum in which the public, including me as National President of MADD, would have an opportunity to address this issue. As you know, that hearing was never held nor has it been rescheduled.

Post-It® Fax Note	7871	Date	4/14/97	# of Pages	2
To	John Newarth		From	Bill Peterson	
Co./Dept.			Co.		
Phone #			Phone #		
Fax #	202-638-3516		Fax #		

214 869 2206

The Honorable John Ashcroft

April 14, 1997

Page 2

I met with Chairman Pitofsky of the FTC earlier this year. He told me that the FTC was proceeding with several investigations in this area and might engage in several more. I was pleased to see the FTC doing its job as you noted in your March 21 letter. Chairman Pitofsky also suggested that the FTC had the authority to hold public inquiries in which all interested parties to an issue could be heard. The FTC has not exercised this option, because it was looking to the Congress for a signal that such a forum would meet with favor on Capitol Hill. The cancellation of the February 25 Commerce Committee hearing was a clear signal to the FTC that a public airing of this matter was not considered timely.

To those who sell and advertise alcoholic beverages, this issue is about money. The manufacturers of distilled spirits want to advertise to recoup competitive advantage vis-à-vis those who sell beer and wine. Broadcasters do not want to lose, in fact want to gain, the revenues to be derived from advertising alcohol. These interests are very special to them. But, we at MADD also have a special interest. We have an interest in speaking out for responsible advertising. We have a special interest in protecting the lives of our children. And, we have not been heard from in a public forum in this debate.

The FTC can launch investigations. MADD will not be a party to those investigations. In fact, the FTC, and rightly so, will not even discuss the nature of those investigations with us. The FTC has not provided a public forum. They are waiting for Congress to provide such a forum and one does not appear to be forthcoming.

This being the case, we believe that President Clinton is acting in the clear public interest in suggesting to the Federal Communications Commission that it undertake a public inquiry into whether the additional advertising which will stem from the lifting of the ban on distilled spirits advertising is in the public interest and adequately protects the nation's children. While MADD believes that this public inquiry should look at all alcohol beverage advertising, we applaud President Clinton's sensitivity to children and courage in taking on this controversial issue.

As noted, a full and open debate in a public forum is essential to insure that all parties with a stake in the alcohol beverage advertising issue will have a chance to be heard. It is my hope that the Senate Commerce Committee will provide such a forum soon.

Sincerely,

Katherine P. Prescott

Katherine P. Prescott
National President

File - FCC liquor letter

*cc: Bruce Reed
Rex Klain
Rahm Emanuel
+ file
FCC
liquor
letter*

**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

NEWS RELEASE

DISCUS is the trade association representing producers and marketers of distilled spirits sold in the United States.

Any ideas on how to respond welcomed!

CONTACT: ELIZABETH BOARD

PHONE: 202-682-8840 *Elena*

DISTILLERS CALL ON PRESIDENT CLINTON TO REQUEST A COMMON CODE FOR ALL ALCOHOL ADVERTISING

Washington, D.C., April 4, 1997 -- The Distilled Spirits Council of the United States (DISCUS) sent a letter to the White House, calling on President Clinton to use his "bully pulpit" to bring together the beer, wine, distilled spirits and broadcast industries to devise a common code of advertising, DISCUS President and CEO Fred Meister announced at a press conference today.

DISCUS' call for action came in response to President Clinton's statements Tuesday asking the FCC to examine the effects, if any, of spirits advertising on television. DISCUS criticized the President's proposal stating that it ignores more than 99 percent of the alcohol advertising on television.

"During the President's address, he made a statement that is seriously incomplete. The President said the 'kids should have no business with liquor,'" said Meister. "I believe that every parent and alcohol abuse expert would say that kids should have no business with any form of alcohol -- beer, wine or distilled spirits -- period."

In the letter, DISCUS urged the President to ask for the distillers, brewers, and vintners together with the broadcasters to "come to the table" to develop and adopt a common code for alcohol advertising within 90 days.

"The spirits industry is responsible -- we are willing to come to the table now. Your Administration only has to secure the same commitment from the beer and wine industries and the broadcasters to work toward this common end," said Meister.

The code would set the same responsible standard for all beverage alcohol advertising and also would provide uniform guidelines for the broadcasters.

~~more~~

DISCUS • 1250 Eye Street, N.W. • Suite 900
Washington, D.C. 20005-3998
202/628-3544 • FAX: 202/682-8888
<http://www.discus.health.org/>



"For decades, our members have demonstrated through numerous alcohol education efforts that we are a responsible industry dedicated to combatting alcohol abuse, including illegal, underage drinking," said Meister. "It is with this tradition of responsibility that we propose a bold and innovative call for action that goes forward and far beyond the President's stated goal of 'not backsliding.'"

Meister cited new polling data from Yankelovich Partners that showed that 61 percent of Americans did not know that typical servings of beer, wine and spirits contained virtually the same amount of alcohol. The poll also showed that the majority of Americans -- 62 percent -- said that understanding the equivalency of standard servings of different types of alcohol beverages is helpful to them in making decisions about responsible drinking.

"These findings demonstrate why the U.S. Departments of Health and Human Services, Agriculture, Transportation and Education teach alcohol equivalence," said Meister. "It is a basic, essential and critical fact."

Meister also unveiled an industry-produced commercial about alcohol equivalence that was rejected by a network.

"To encourage other groups to expand their alcohol equivalency education, we recently tried to deliver this important equivalence message to the public through a commercial produced by the spirits industry," said Meister. "Unfortunately, the network we wanted to buy time from to run the message would not accept the ad."

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Copies of the DISCUS commercial are available for members of the media. If you are interested in receiving a VHS or Betacam (oxide) copy of the commercial, please contact the Public Issues Division at (202) 682-8840.

DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES

April 4, 1997

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

While we strongly disagree with your Administration's attempt to single out only distilled spirits advertising for discriminatory examination and action, we want to propose a bold approach to the issue of alcohol advertising and youth.

Given the fact that your Administration is concerned with youth and alcohol advertising, the issue of advertising by other forms of alcohol must be addressed concurrently. Distilled spirits has been advertising on television and radio in a very responsible way, but with relatively few ads for only the past several months. Beer, however, has been advertising for decades and has spent billions of dollars doing so without any great public outcry or controversy.

*The fact is that there can be no sensible or effective analysis of the issue of youth, alcohol and advertising if beer and wine are not part of that process. I doubt that there is one alcohol education or anti-abuse group anywhere that would not support this view that any Federal analysis of alcohol advertising **absolutely must** have beer and wine included. Attached are some recent letters from such groups.*

As distillers, as parents and as good citizens, we are as concerned as anyone about illegal alcohol use among the underage. Indeed, our companies have a long and proud record of educating all segments of society about responsible alcohol consumption and alcohol abuse. The distillers collectively, through the Century Council, conduct effective community-based programs directed at combatting illegal, underage drinking.

It is with this tradition of responsibility that we propose a process that goes far beyond your position of "no backsliding."

The President
April 4, 1997
Page Two

*Respectfully, the distillers call on your Administration to publicly request and expect that the distillers, brewers and vintners together with the broadcasters will meet under the aegis of your Administration. **Your tasking to the group would be for them to develop a unified code that sets the same responsible standards for all forms of beverage alcohol (beer, wine and spirits) advertising and also would be the guidelines for broadcasters.***

*Currently, each segment of beverage alcohol has its own code that addresses the issues of responsibility and youth, but a **common code** would improve the status quo by holding all segments of the beverage alcohol industry and the broadcasters to the same responsible standard.*

We respectfully urge you to take pointed action by issuing a call for spirits, beer, wine, and the broadcasters to "come to the table" and, within no more than 90 days, develop and agree to a common code of advertising. Your Administration then could use its "bully pulpit" to attain an effective impact.

Your Administration prides itself on creative, dynamic and bold solutions and thus surely can do more than not just "backslide." Your Administration has the courage to bring all parties in the beverage alcohol industry (beer, wine and spirits) and the broadcasters to the table to achieve this comprehensive and sustaining objective.

The spirits industry is responsible -- we are willing to come to the table now. Your Administration only has to secure the same commitment from the beer and wine industries and the broadcasters to work toward this common end.

We would be pleased to discuss this soon with you or anyone in your Administration.

Sincerely,


Fred A. Meister
President/CEO

FAM:ck
Attachments



511 E. John Carpenter Fwy., Suite 700 • Irving, Texas 75062-8187 • Telephone (214) 744-MADD • FAX (972) 868-2206/2207
NATIONAL OFFICE

FOR IMMEDIATE RELEASE
(April 1, 1997)

CONTACT: Michelle Bennett, ext. 248
Tresa Coe, ext. 245
(214) 744-6233

**STATEMENT FROM MOTHERS AGAINST DRUNK DRIVING (MADD)
IN RESPONSE TO CLINTON ADMINISTRATION'S REQUEST FOR
FEDERAL COMMUNICATIONS COMMISSION (FCC) TO INVESTIGATE
HARD LIQUOR ADS ON TV AND RADIO**

Mothers Against Drunk Driving (MADD) applauds the announcement today by President Clinton that he is requesting the Federal Communications Commission to "take all appropriate action" to explore the potential effects of the decision of the distilled liquor industry to end their voluntary ban on broadcast advertising.

MADD has long been concerned about the impact of all alcohol advertising on underage consumption and last year requested the FCC to exercise its authority to hold public hearings on this issue to examine and evaluate the role of alcohol advertising in the problem of underage drinking pursuant to the FCC's authority to determine if the use of the airwaves to broadcast alcohol advertising is in the public's best interest.

MADD was disappointed earlier this year when scheduled Congressional hearings on alcohol advertising were cancelled. However, it has always been our position that the FCC has the jurisdiction and the authority to provide a public forum for all issues surrounding alcohol advertising and we urge the FCC to move quickly in response to the President's request.

MADD has long advocated that any alcoholic beverage advertising, distilled spirits, beer or wine, should not target our youth or be created or presented in such a fashion as to be overly appealing to those under the legal drinking age.

###



NCADD News

NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.

13 WEST 21ST STREET
NEW YORK, NY 10010
212/206-6770 FAX 212/606-1600

For More Information, Contact:
Jeffrey Hon, Director for Public Information
212/206-6770, ext. 16
Sarah Kayson, Director for Public Policy
202/737-8122

For Immediate Release:

Statement re: **PRESIDENTIAL LETTER URGING FCC TO
EXAMINE IMPACT OF DISTILLED SPIRITS RADIO
& TELEVISION ADVERTISING ON CHILDREN**

Attribute to: **Senator George McGovern
NCADD National Spokesperson**

The National Council on Alcoholism and Drug Dependence, Inc. strongly supports President Clinton's request to the Federal Communications Commission (FCC) to examine the impact that radio and television advertising of distilled spirits will have on children. The President is correct to be wary of the makers of vodka, gin and whiskey and their attempts to appeal to a new generation of drinkers.

The President and the FCC should not, however, overlook the fact that our airwaves have long been swash in beer commercials that make drinking seem like a harmless activity enjoyed by people who are always happy, attractive and successful. Is it any wonder that teenagers already consume more than a billion cans of beer each year? Or that 33% of high school seniors, 21% of tenth graders and 8% of eighth graders report that they have been drunk during the past month?

It would be a mistake to focus only on distilled spirits advertising because this would send the wrong message that these beverages are more alcoholic than beer or wine. While so called "hard" liquor may pose a greater threat of alcohol poisoning, standard servings of distilled spirits, beer and wine all contain the same amount of alcohol and all can be equally addictive.

Children like the beer commercials they see on television and for many, the ads make them want to use the product. We can expect more of the same from the makers of distilled spirits; children do not need encouragement from the likes of Budweiser's frogs and RJ Reynolds' Joe Camel to drink sweetened alcohol beverages that taste good.

NCADD welcomes President Clinton's efforts to address the issue of alcohol advertising.

4/1/97



NEWS RELEASE

For Immediate Release
April 1, 1997

Contact: Tara Siegman
(202) 332-9110, ext. 341

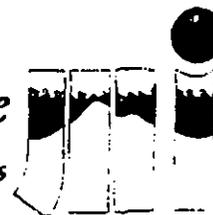
CSPI Applauds President Clinton's Concerns About Liquor Advertising

Michael F. Jacobson, executive director of the Center for Science in the Public Interest, had the following comment on President Bill Clinton's speech urging the FCC to investigate alcohol advertising on radio and television.

"President Clinton clearly recognizes that America's War on Drugs must include restricting the advertising of alcoholic beverages. Alcohol is a factor in the three leading causes of death for 15- to 24-year-olds: unintentional injuries, homicides, and suicides. We hardly need whiskey ads during baseball games to further tempt youths to drink. We urge the FCC to investigate whether the broadcast of TV and radio commercials for liquor, as well as for beer and wine, is consistent with stations' public-interest responsibilities."

CSPI is a nonprofit health-advocacy organization that focuses on alcoholic-beverage problems, nutrition, and food safety. It is based in Washington, D.C., and is supported largely by its 900,000 members and foundation grants. It does not accept industry or government funding. CSPI led efforts to win passage of the law requiring warning labels on alcoholic beverages and has publicized the nutritional content of many popular restaurant foods.

The Marin Institute
for the Prevention of Alcohol and Other Drug Problems



TRANSMITTED BY FAX

April 1, 1997

President William J. Clinton
The White House
Washington, D.C.

Dear Mr. President:

I am writing on behalf of the Marin Institute for the Prevention of Alcohol and Other Drug Problems to commend you for your letter to the Federal Communication Commission requesting that they investigate the impact of television and radio advertising of distilled spirits on children.

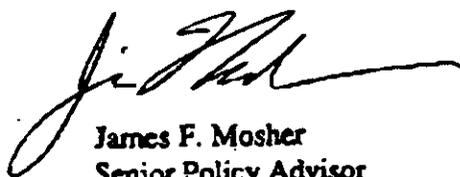
The decision of the distilled spirits industry to rescind its voluntary ban on broadcast advertising represents a giant step in the wrong direction. Beer advertising already saturates the airwaves, using images and slogans that clearly appeal to young people and aggravate our most serious youth drug problem — alcohol. Beer is by far the alcoholic beverage of choice among young people, particularly among heavy youthful drinkers and drinking drivers. Their preference for beer is not surprising given the beer industry's deliberate targeting of this age group with slick, sophisticated broadcast advertising. Research studies find that beer advertising on television is a powerful tool for reaching the youth market.

Clearly the distilled spirits industry is seeking to level the playing field by moving their advertising onto the airwaves. This highly unfortunate trend warrants immediate action by your administration and by the FCC. The lifting of distilled spirits industry's voluntary ban will increase the attractiveness of distilled spirits among young people, undermining your administration's drug policy goals and putting the lives and safety of our young people at further risk due to alcohol problems.

Until last year, the distilled spirits industry has taken a responsible stand — one that recognizes that alcohol is a powerful psychoactive drug that poses serious health and safety risks, particularly among young people. We believe the beer and wine industries should be following the past voluntary policy of the distilled spirits industry, not the reverse.

We therefore fully support your call for an FCC investigation. Advertising beer on television and radio raises the same issues as broadcasting distilled spirits advertisements. We urge you to follow up this first step with a call for a broader investigation by the FCC and the Federal Trade Commission to assess the impact of all alcohol advertising on broadcast media.

Sincerely,



James F. Mosher
Senior Policy Advisor

cc: Diana M. Conti, Executive Director, The Marin Institute

FCC liquor letter

Leanne A. Shimabukuro 04/18/97 01:18:33 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: liquor advertising

I am working with Presidential Correspondence on a response to the distilled spirits council regarding the President's recent announcement on hard liquor advertising.

The council is challenging the President to bring together all alcohol manufacturers (beer, wine, and spirits) and broadcasters to develop a common code on alcohol advertising. Apparently, each segment of the alcohol industry has their own code on issues of responsibility and youth.

This could be a good bully pulpit issue and give our position greater consistency. However, it would be difficult to bring the wine and beer industries to the table.

If you think this idea is filled with landmines, then I can work on the letter declining the challenge. If you think it's something I should pursue further, I will hold the response on the letter. Thanks.

Sum -
Call

FCC liquor letter

FOR INTERNAL USE ONLY**Additional Question And Answer on the Effects of Liquor Advertising**

- Q. The President is announcing that he is sending a letter to the FCC to investigate hard liquor ads on TV and radio. Has HHS already done some research on the link between hard liquor advertising and alcohol consumption and is there any evidence of a link? If so, why is the President asking the FCC to get involved?
- A. The National Institute of Alcohol Abuse and Alcoholism (NIAAA), an agency of the National Institutes of Health (NIH), has supported research in this area, but the research has not been conclusive thus far.

We need to know more about the relationship between advertisements and youth drinking. Therefore NIAAA will continue to support research in this area and we also welcome the FCC's contribution to learning more about the possible effects of alcohol advertising on kids.

In addition, while we continue to support research in this area, we also think parents, teachers, and other caring adults should be encouraged to talk with their children about alcohol use and make sure they understand the health risks associated with substance abuse, including underage drinking. That's why HHS and the Office of National Drug Control Policy are developing new materials on media literacy - to help adults talk with young people about the mixed messages that they see and hear in popular culture.

BACKGROUND: Over the past 20 years, a number of studies have examined the possible connection between alcohol advertising and alcohol consumption with inconsistent findings. Collectively, this research has failed to document a strong relationship between alcohol advertising and overall alcohol consumption, even though several individual studies have reported significant effects of advertising on consumption. The National Institute on Alcohol Abuse and Alcoholism (NIAAA), an agency of the National Institutes of Health, continues to support research in this area.

97 MAR 31 PM 7:25

Draft, 6:10 p.m., 3/31/97

**PRESIDENT WILLIAM J. CLINTON
ANNOUNCEMENT OF LETTER TO FCC
ON LIQUOR ADS ON TV
APRIL 1, 1997**

[Following the Vice President.]

For the last four years the Vice President and I have worked to help parents protect the health and safety of their children. And that includes protecting children from bad influence. That is why we fought to impose appropriate regulations on the sale and distribution of cigarettes and smokeless tobacco and advertising these products in a way that appeals to young people. And, why we are working to make our schools and children safe and drug-free and to combat gangs and youth violence.

It's a fact that popular culture is not always popular with parents, because it's not always good for kids. That was the thinking behind the V-chip and the television ratings system, which together help parents to better control which programs their children watch. You need only turn on the television for an evening to know that there are some things that children simply should not be exposed to.

We are here today because now parents face a new challenge in protecting their children: the advertising of liquor on television.

For half a century, for as long as television has been around, this was not an issue. The distilled spirit industry voluntarily did no advertising on television. The reason was simple. It was the responsible thing to do.

Liquor is an adult product. Liquor has no business with kids, and kids should have no business with liquor. Liquor ads on television would provide a message of encouragement to drink that young people don't need. And there is nothing good that can come of that.

Well, today, we have a message for the makers of liquor: Where ads on TV are concerned, it's time for you to get back on the wagon. For the sake of parents and young people everywhere, I urge you: Be responsible. Keep the ban.

I want to thank the television networks and the many television stations across America that have shunned these new liquor ads. **They** are being responsible.

I also want to thank Reed Hundt, the Chairman of our Federal Communications Commission. He has spoken out strongly and plainly to broadcasters to keep the voluntary ban on TV advertising. I agree with Chairman Hundt that the FCC has an obligation to consider any

and all actions that would protect the public interest in the use of the public airwaves.

So today, I urge the FCC to take the next step: I want the Commission to take all appropriate action to explore what effects might ensue because of the decision by manufacturers of hard liquor to advertise on television. In particular, I want an examination on what effect this might have on underage drinking.

Alcohol is the most abused drug by adolescents and teenagers, causing thousands of deaths every year in car crashes and other accidents. As a nation, we have worked to bring down those tragic numbers, increasing the drinking age to 21, and passing and enforcing zero tolerance legislation for underage drinking and driving. We have taken that further. I have asked Transportation Secretary Slater and our drug czar, General McCaffrey, to develop an initiative to reduce drug use and drugged-driving by young people.

All that is aimed at helping parents to better protect their children, and helping young people better deal with the temptation of bad influence.

Now I believe we must move urgently to save parents, young people and our nation from the avoidable bad consequences of liquor ads on television.

I urge liquor manufacturers to rethink their decision to break from their tradition of being responsible. If they remain responsible, young people will have an easier time being responsible. And parents will have one less worry.

But, barring that, we will work on finding ways to respond to the decision by the distilled spirit industry. We will do what we must to support parents and to help them do their jobs. As we prepare our families for the 21st Century, we dare not do anything less.

Thank you.

DRAFT

STATEMENT BY ATTORNEY GENERAL JANET RENO
ON IMPENDING TELEVISION ADVERTISEMENTS FOR HARD LIQUOR

WASHINGTON, D.C. -- Attorney General Janet Reno today echoed President Clinton's disappointment with the decision of some manufacturers to abandon a half-century voluntary ban on advertising hard liquor on television.

"From a crime-fighting perspective, anything that might increase the use of alcohol among our nation's youth is threat to public safety.

"Recent research shows a clear connection between alcohol consumption and increased domestic violence and delinquency. For instance, several studies have shown alcohol to be a factor in about 50 percent of all violent crimes committed in the country. On college campuses, 95 percent of violent crime is alcohol-related, and 90 percent of all reported campus rapes involve alcohol use by either the victim or perpetrator.

"It is truly unfortunate that some manufacturers are abandoning their 50-year voluntary ban. I urge the FCC to look into the issues surrounding the advertising of hard liquor on television."

#



SHIMABUKUR_L @ A1
04/01/97 05:39:00 PM

Record Type: Record

To: Dennis Burke, Leanne A. Shimabukuro, Elena Kagan, ROBINSON_C @ A1@CD@LNGTWY

cc:

Subject: CLINTON TO LIQUOR INDUSTRY: NO BUSINESS WITH KIDS

Date: 04/01/97 Time: 16:52

CClinton to liquor industry: No business with kids

WASHINGTON (AP) President Clinton, who scored political points in taking on the tobacco industry, targeted liquor distillers' TV ads Tuesday. "Liquor has no business with kids," he declared.

But even as Clinton argued he was protecting children and helping parents, he struggled to explain why his move against liquor ads which stopped just short of recommending a regulatory ban did not touch the far more pervasive television advertising for beer or wine.

He acknowledged that his aim, for now, is a return to the status quo last fall before distillers lifted their 50-year, self-imposed ban on radio and TV ads. Vintners and brewers, a politically powerful lobby that spends millions of dollars in Washington, have freely advertised all along.

"I think we ought to start with the principle of no backsliding," Clinton said in outlining his request that the Federal Communications Commission study the impact of lifting the ban and make recommendations for possible federal action.

"We must do nothing nothing that would risk encouraging more of our young people to drink hard liquor," Clinton said in a Roosevelt Room ceremony with Vice President Al Gore.

Distillers voted in November to end the ban after Seagram's ran a limited number of ads in Texas. Ever since, FCC Chairman Reed Hundt has sought an official inquiry but the commission remained deadlocked 2-2 on the question.

Hundt hoped Clinton's announcement would sway dissenting commissioners James Quello and Rachele Chong, and allow the investigation to proceed.

While saying he hoped the industry would voluntarily agree to stay off the airwaves, Clinton said that if the agency finds liquor ads harmful to youngsters, "I think the FCC has grounds to act."

Pressed several times to explain why beer and wine ads were left out of the directive, Clinton said: "I think the liquor industry itself once thought that there was a distinction to be drawn, if for no other reason than alcohol content, between beer and wine and hard liquor, which is why they observed this distinction for 50 years. ... I think they were right."

He appeared to leave open the possibility of broadening the FCC study, saying that "if there is no difference, if there are problems, the FCC can evaluate whatever evidence comes in."

But White House spokesman Mike McCurry later told reporters, ``I'm not aware of anyone foreseeing a next step that suggests that you look at beer and wine. I think we're just taking it one step at a time.''

Cracking down on tobacco industry ads aimed at children proved a good issue for Clinton in his re-election campaign. Tuesday's liquor announcement, which mostly reiterated past policy statements, was meant to reinvigorate a similarly good ``pro-family'' issue that Clinton first seized upon in a Father's Day radio address last year.

But distillers were quick to cry hypocrisy Tuesday. And some groups denounced any distinction between hard liquor's harm and the dangers of beer drinking.

``Alcohol is basically alcohol,'' said Karolyn Nunnallee, president-elect of Mothers Against Drunk Driving. ``When beer is the No. 1 alcoholic beverage of choice among our youth, it just doesn't make sense that these beer ads would not be targeted also.''

Elizabeth Board, spokeswoman for the Distilled Spirits Council of the United States, noted that the major national networks still refuse to run liquor ads and only 50 of some 1,000 cable stations have accepted ads since November.

By contrast, she said, beer commercials saturate the airwaves \$2.5 billion worth since Clinton took office.

``If the administration is serious about children and wants to look at the issue of alcohol and advertising, we have no quarrel about that. But they cannot do it by ignoring 99 percent of the alcohol advertising on television,'' said Board.

On Capitol Hill, Rep. W.J. Tauzin, R-La., chairman of the House Commerce subcommittee on telecommunications, scrapped plans for public hearings on the issue. He is instead pursuing behind-the-scenes negotiations with industry representatives for voluntary restrictions on ad content and placement that would cover beer, wine and liquor alike.

APNP-04-01-97 1703EST

FCC liquor letter

Leanne A. Shimabukuro 04/01/97 03:51:52 PM

Record Type: Record

To: Michelle Crisci/WHO/EOP
cc: Elena Kagan/OPD/EOP
Subject: liquor event statements

I spoke with the press rep from the National Council on Alcoholism and Drug Dependents (NCADD). They submitted a negative press statement to ABC on our announcement today (someone in their office spoke to Christa and promised to change it and was unable to do so).

I think we should be sure that lower press has positive statements for ABC if they need them. Lower press already has the MADD statement and I can get you or them the Justice statement. Let me know what I can do.

Thanks.

THE WHITE HOUSE
WASHINGTON

cc: Bruce
Dennis

March 28, 1997

MEMORANDUM FOR: Bruce Reed
Assistant to the President for
Domestic Policy

FROM:

 Charles F.C. Ruff
Counsel to the President

Although I see no legal issues in the proposed letter to Chairman Hundt, I offer the layman's view that the President should send the letter. I agree with your analysis and believe that Secretary Shalala's concerns about the absence of scientific evidence linking advertising and underage drinking ought not to prevent the President's taking a strong stand on an issue that everyone recognizes is extremely serious.

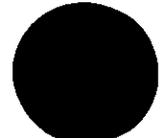
Bruce -

I don't know how I
got the original on
this; have you seen
it?

Arent you glad I
put in that analysis
now?!

Ebene

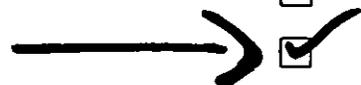
WHITE HOUSE STAFFING MEMORANDUM



DATE: 3-28 ACTION/CONCURRENCE/COMMENT DUE BY: 3-29 Noon

SUBJECT: LETTER ON LIBRARY ADVERTISING

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McCURRY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McGINTY	<input type="checkbox"/>	<input type="checkbox"/>
McLARTY	<input type="checkbox"/>	<input type="checkbox"/>	NASH	<input type="checkbox"/>	<input type="checkbox"/>
PODESTA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RUFF	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MATHEWS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
RAINES	<input type="checkbox"/>	<input type="checkbox"/>	REED	<input type="checkbox"/>	<input type="checkbox"/>
BAER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SOSNIK	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ECHAVESTE	<input type="checkbox"/>	<input type="checkbox"/>	LEWIS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EMANUEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	YELLEN	<input type="checkbox"/>	<input type="checkbox"/>
GIBBONS	<input type="checkbox"/>	<input type="checkbox"/>	STREETT	<input type="checkbox"/>	<input type="checkbox"/>
HALE	<input type="checkbox"/>	<input type="checkbox"/>	SPERTLING	<input type="checkbox"/>	<input type="checkbox"/>
HERMAN	<input type="checkbox"/>	<input type="checkbox"/>	HAWLEY	<input type="checkbox"/>	<input type="checkbox"/>
HIGGINS	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>
HILLEY	<input type="checkbox"/>	<input type="checkbox"/>	RADD	<input type="checkbox"/>	<input type="checkbox"/>
KLAIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
BERGER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LINDSEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>



REMARKS: Please advise ASAP.

RESPONSE: _____

THE WHITE HOUSE
WASHINGTON

March 28, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: LETTER TO REED HUNDT ON DISTILLED LIQUOR ADVERTISING

Attached is a draft letter, which both you and the Vice-President have reviewed before, to Reed Hundt asking the FCC to review what action is appropriate in light of the decision by distilled liquor manufacturers to begin advertising on television. You and the Vice-President are tentatively scheduled to announce that you are sending this letter on Tuesday, April 1st. I wanted you to be aware of the background and the some concerns raised about the letter before you do so.

In November 1996, the Distilled Spirits Council announced that it had ended its almost 50-year voluntary practice of refraining from broadcast advertising. The industry contends that it needs to be on equal footing with the beer and wine industries, which engage in extensive broadcast advertising. Although the major networks and cable companies have thus far refused to accept distilled spirits advertising, a few companies have run some liquor ads on television and radio since the announcement and other companies are presently preparing large advertising campaigns.

As you say in the letter, Chairman Hundt has opposed any move toward liquor advertising. In December, he challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if the broadcasters did not do so. He has met with the Attorney General to seek her support, and she strongly favors sending a letter to Hundt urging an FCC investigation of this issue.

Twenty-six members of Congress have requested the FCC, as you would do in this letter, to study the effects hard liquor advertising on the nation's youth and to consider possible action. In addition, 11 states have joined Alaska's more far-reaching petition for a FCC rulemaking to ban the TV and radio advertising of distilled spirits.

Secretary Shalala is opposed to your sending the letter. She points out that "liquor is liquor," so that your action will immediately raise questions about beer and wine advertisements. She also argues that there is no good scientific data (as exists, for example, with respect to tobacco) connecting liquor advertising with children's consumption.

By JOHN M. BRODER

WASHINGTON, March 31 — President Clinton will ask the Federal Communications Commission to examine whether liquor advertising on television should be banned or sharply restricted, officials said today.

In a letter that will be sent to the agency on Tuesday, officials said, the President will express concern about the distilled spirits industry's decision last year to lift a voluntary, decades-old policy against advertising on television.

Mr. Clinton, who ran for re-election last year on several issues intended to appeal to families with children, will ask the commission to explore whether liquor advertisements — combined with the heavy volume of beer commercials already on the air — will induce more young people to experiment with drinking.

The communications commission chairman, Reed E. Hundt, who has objected to distillers' plans to advertise on television and radio, called Mr. Clinton's plan "terrific" and said he hoped to begin investigating the effects of alcohol advertising.

"It's exactly what I think we should do and, with Presidential backing, we can get it done," Mr. Hundt said in an interview today.

The commission, an independent agency, is not required to act on a Presidential request. Mr. Hundt has said he supports the inquiry as a first step toward the possible issuance of an F.C.C. rule that would link restrictions on liquor advertising to the granting of broadcast licenses.

But the proposed examination faces resistance from the liquor industry, some members of Congress and from two members of the commission, who have openly questioned whether the agency has any jurisdiction over advertising content.

Mr. Hundt and a number of advocacy groups, now joined by Mr. Clinton, believe that the commission has the power to insure that broadcasters serve the public interest by restricting harmful messages on television, including lurid programming and advertisements for alcohol and tobacco.

Critics say that the commission lacks authority to censor advertising and that it is unfair to let beer and wine companies buy hundreds of millions of dollars of television advertising while banning the makers of Scotch and gin from the airwaves.

Fred A. Meister, president of the Distilled Spirits Council of the United States, said the liquor industry had broadcast only a few advertisements since it lifted its self-imposed ban last year.

The big networks have chosen not to accept liquor advertisements, in fear of a public outcry.

"During the Clinton Administration there have been billions of dollars in alcohol advertising, and only a small fraction of that has been from the distilled spirits companies in the last several months," Mr. Meister said. "If you're concerned about the impact of alcohol advertising, you should look at beer, which is the dominant and overwhelming player in TV advertising."

Representative John D. Dingell of

Michigan contended that the commission did not have the power to dictate who can advertise on the public airwaves and who cannot. Mr. Dingell is the ranking Democrat on the House Commerce Committee.

"Congress expressly created the commission to be its expert agency on telecommunications issues," Mr. Dingell wrote in a letter to Mr. Hundt in January. "It is far less evident that Congress expected or empowered the Commission to become the expert agency on the effects of advertised products on segments of society, to be the evaluator of claims of the harmfulness of lawfully sold products or to ban or limit advertising of those products."

The President last year equated the effects of liquor advertising with those of tobacco advertising, saying that they seduced young people to try products that were unsuitable or illegal for children.

He has proposed banning cigarette advertising directed at children and he is seeking to limit similar advertising for liquor.

"To tobacco companies we should all say, sell your products to adults, but draw the line on kids," Mr. Clinton said in November in his first Saturday radio address after winning re-election. "And to liquor companies we should say, you were right for the last 50 years when you didn't advertise on television; you're wrong to change your policy now."

Two of the four current members of the F.C.C., Rachele B. Chong and James H. Quello, responding to Mr. Dingell's letter, agreed with his contention that the agency does not have the authority to selectively ban advertising and that only Congress had such power.

Ms. Chong said most advertising was protected under the First Amendment's guarantee of free speech and that false and misleading advertising fell under the regulatory

aegis of the Federal Trade Commission, not the F.C.C. "I see no need for the F.C.C. to attempt to make judgments regarding the health risks of alcohol consumption or the potential that specific advertising practices might encourage underage drinking," she wrote.

But Mr. Hundt said today that the F.C.C. has an obligation to make sure that the public interest is served by broadcasters. "That's what we're here for," he said.

He added: "Hard liquor advertising will start an alcohol advertising war. Beer companies will ratchet up their advertising — and we'll have a nuclear advertising race for America's kids. This is a horrifying prospect and not unrealistic."

U.S. Report Cites 46 Nations on Trade

WASHINGTON, March 31 (AP) — The United States contended today that Japan and 45 other nations had erected trade barriers that cost American businesses and farmers billions of dollars of lost sales annually.

In an annual review of trade practices, the Clinton Administration said that while progress had been made, much remained to be done to level the playing field for American companies.

The 387-page report described the trading practices that the Administration has found objectionable. In addition to the 46 countries cited, the report included four trading groups, among them the 15-nation European Union.

Japan led the list in terms of areas cited as problems, taking up 46 pages in the report, followed by the European Union, at 26 pages, and China, with 17 pages.

No country was removed from the list this year and four — Ecuador, Ethiopia, Panama and Paraguay — were added.

From this broad report, the Administration has 30 days to select a smaller list of countries for negotiations in the area of improper protection of copyrights and patents. In addition, the Administration must decide by Sept. 30 whether to select as targets a handful of countries under its so-called Super 301 negotiating authority. The failure to negotiate an agreement could result in the imposition of trade penalties.

While the Administration has used the threat of Super 301 to force countries to grant bargaining concessions, it has yet to impose any economic sanctions under the provisions.

In discussing Japan this year, the United States trade representative, Charlene Barshefsky, singled out problems in the protection of copyrights on computer software and difficulties in opening the country's giant telecommunications market.

Census Plans Shorter Forms For Year 2000

By DAVID STOUT

WASHINGTON, March 31 — Trying to balance the need for information against demands for efficiency, the Census Bureau today proposed using the shortest short questionnaire in almost two centuries for the 2000 census, plus a long form that is more concise than earlier versions.

Seven subjects, the fewest since the 1820 census, were proposed for the short form: name, age, sex, relationship to others in the household, race, whether one is of Hispanic origin and whether the respondent rents or owns a home.

All those questions have been on previous short forms. But five questions that were on the 1990 short form are being transferred to the long form for the year 2000, said the Census Bureau's Director, Martha Farnsworth Riche.

Four of these questions new to the long form, which will be sent to one household in six, concern housing: apartment units in the structure; the number of rooms in the household's dwelling; for owners the value of the dwelling, and for renters the monthly rent. The fifth asks the respondent's marital status.

By law, the bureau had until April 1 to give Congress its proposals for the next census's subject matter. Dr. Riche said members of the several Senate and House committees with jurisdiction over the census were briefed today.

The exact wording that will appear on the questionnaires must be submitted to Congress by April 1, 1998. But a glance at what is now proposed reflects broader national change.

For instance, one new subject for the long form concerns grandparents who care for children. That information was demanded by the Welfare Reform Act, adopted last year, which undoes much of the Federal welfare system that existed for some 60 years and transfers its role to the states.

At the same time, questions about a household's water source, its sewage disposal and whether the dwelling is a condominium are being eliminated from the long form, as are questions asking how many children the respondent has had and the last year the respondent worked.

Altogether, Dr. Riche said, 34 subjects are now being proposed for the long form, as against 38 in 1990.

But Dr. Riche said that if the Federal Government changed its standards for defining poverty, the long form would also address a household's non-cash benefits and its health coverage. Executive-branch officials, some members of Congress and various academics have talked for years about using measures other than cash income to gauge poverty.

In recent months, the bureau has felt caught in the middle: some members of Congress have fretted about the projected cost of the next count (about \$4 billion) and have urged a less costly and cumbersome long form, even as more Government officials and private organizations than ever seek accurate information about an ever more complex society.

Dr. Riche said many of the decisions about what subjects to address on the questionnaires had been determined by the many Government agencies that in effect were asked by the bureau months ago, "What data do you need from the American people?"

Federal Insurance for Pensions Has a Surplus of \$869 Million

By ALISON MITCHELL

WASHINGTON, March 31 — The Government corporation that insures the pensions of 41 million Americans announced today that its largest insurance fund had posted the first surplus since the agency was created in 1974.

In its annual report to Congress, the Pension Benefit Guaranty Corporation said that at the end of 1996, its single-employer pension insurance fund had a surplus of \$869 million, based on assets of more than \$12 billion and liabilities of a little more than \$11 billion.

The financial health of the insurance program marked a turnaround

Clinton announces an agency's three-year turnaround.

since 1993, when it had a deficit of \$2.9 billion. At the time, some economists raised alarms about the long-term economic security of millions of workers and predicted that taxpayers might have to pay for a bailout of the corporation that would dwarf the rescue of the failed savings and loan industry.

Today, President Clinton — who has been holding near-daily events to showcase small-scale Administration initiatives — used the change in the Federal agency's fortunes to promote his record on pension protection and call on Congress to pass legislation that languished last year, which would require more thorough audits of pension funds.

"Our people deserve to know that if they work hard throughout their lives, the money they worked for and that they saved is not being squandered or left unprotected," Mr. Clinton said, after officials announced the corporation's surplus in the Old Executive Office Building.

The Pension Benefit Guaranty Corporation insures that if employers who pay premiums to the corporation are granted bankruptcy protection, the Government will meet the companies' obligations to their retirees. The agency insures the pensions of more than 42 million people

in about 50,000 private pension plans.

The corporation's multi-employer pension insurance program, covering industries like trucking and construction, has had a surplus since 1982. But its main program, the single-employer pension insurance program, covering about 34 million people, has run a deficit until now.

Administration officials attributed the surplus in the program at the end of 1996 partly to the healthy economy and the fact that there had been no major losses from agency takeovers of failed pension plans. In addition the corporation's investment income exceeded \$900 million.

Officials also said that legislation pushed by Mr. Clinton and passed by Congress in 1994 gave the agency new enforcement tools and required that private companies with underfinanced pension plans pay higher premiums. Income from premiums paid to the program totaled more than \$1.1 billion in 1996.

Despite the rise in its own fortunes, the corporation reported that inadequate pension plan financing persists across all industries; 15 million workers and retirees are covered by underfinanced pension plans.

In fact, the corporation reported that the gap between promised pension benefits and the money set aside to pay for them increased in 1995, the last year for which figures are available, to \$64 billion, more than double the gap reported at the end of 1994.

Officials attributed the growing gap largely to a drop in interest rates in 1995. When interest rates drop, the projected revenues of private pension funds also drop.

Ellen Seidman, a special assistant to the President, said that the legislation passed in 1994 was expected to lead to more fully financed pension plans in the next decade, and "dampen down this kind of fluctuation you get with the interest rate changes."

With dozens of Labor Department employees as his audience today, Mr. Clinton also announced that new Government rules went into effect last month requiring employers to deposit employee contributions to 401(k) plans within 15 business days after the end of the month in which the contribution was made.

And he said that the Labor Department was setting up a toll-free number — (800) 998-7542 — that workers could call for information on pension rights.

March 31, 1997

STATEMENT ON DISTILLED LIQUOR ADVERTISING ON TELEVISION

DATE: April, 1997
LOCATION: Roosevelt Room
BRIEFING TIME: 12:40 pm - 1:10 pm
EVENT TIME: 1:10 pm - 1:30 pm
FROM: Bruce Reed
Rahm Emanuel

I. PURPOSE

To highlight your commitment to reducing youth alcohol use.

II. BACKGROUND

You will be sending a letter to Reed Hundt asking the Federal Communications Commission (FCC) to 1) explore the effects -- on children in particular -- of the distilled liquor industry's decision to end its 50-year voluntary ban on broadcast advertising; and 2) determine what actions the FCC can take in response to the lifting of the ban.

A bipartisan group of 26 Members of Congress also wrote to the FCC requesting that they open an inquiry into the effects of liquor advertising.

In November, 1996, the Distilled Spirits Council announced that it had ended its almost 50-year voluntary practice of refraining from broadcast advertising. Although the major networks and cable companies have thus far refused to accept distilled spirits advertising, a few companies have run liquor ads on television and radio since the announcement and other companies are presently preparing large advertising campaigns.

Chairman Hundt has opposed any move toward liquor advertising. In December, he challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if the broadcasters did not do so.

III. PARTICIPANTS

Briefing Participants:
Sylvia Mathews
John Podesta

Rahm Emanuel
Bruce Reed
Elena Kagan
Ron Klain
Mike McCurry
Carolyn Curiel

Event Participants:
The Vice President

IV. PRESS PLAN

Pool.

V. SEQUENCE OF EVENTS

The Vice President will make opening remarks.

The President will make remarks.

After responding to questions from pool, the President and Vice President will depart.

VI. REMARKS

Statement prepared by Carolyn Curiel.

Clinton Administration Urges FCC to Investigate Hard Liquor Ads on TV and Radio

April 1, 1997

Questions and Answers

Q. What is today's announcement?

A. Today, President Clinton is announcing that he is sending a letter to Federal Communications Commission (FCC) Chairman Reed Hundt to: 1) explore the effects -- on children in particular-- of the distilled liquor industry's decision to end its 50-year voluntary ban on broadcast advertising; and 2) determine what actions the FCC should take in response to the lifting of the ban.

Q. Why are you announcing this now?

A. In February, Chairman Hundt again spoke out on the issue of liquor advertising. The President felt it was important to send a letter to the FCC to weigh in on this matter in view of the Chairman's recent comments.

In his radio address to the people last November, the President stated his firm opposition to the American liquor industry's decision to lift the voluntary ban on hard liquor advertising. At that time, President Clinton commended the major broadcast networks' commitment to honor the ban and keep liquor ads off the air.

While all of the major networks have upheld their pledge to refrain from such advertisements, hard liquor advertisements have appeared in the last few months on smaller broadcast and cable television stations, and radio stations.

Chairman Hundt has expressed interest in opening up an inquiry into such advertising, and the President decided that in light of recent events, he should strongly support this action.

Q. Why didn't the President go further and go after the beer and wine advertising as well?

A. First things first. The President's action today is meant to ensure that we don't backslide by allowing liquor advertising that will endanger our children. The President has mounted a full-scale assault on teenage drinking, for example by acting to make zero tolerance for teen drinking and driving the law of the land. The decision of the hard liquor industry runs counter to all these efforts, and we must act now to respond to it. The Administration is today asking the FCC to investigate the effects of liquor advertising on teen drinking and take appropriate action. This

new and immediate threat merits immediate action; if the FCC's investigation reveals the need for still further action, the Administration will respond promptly. Parents have a hard enough time raising good kids; all of us have a responsibility to help make those jobs easier, not harder.

Q. Isn't this announcement minor league, especially since you're not going after the beer and wine industries?

A. No. Ask the parents whose children are at risk of underage drinking whether this announcement is minor-league. They know what the President knows -- that we must act now to prevent new threats to our children. The liquor industry's decision is irresponsible, and we must act now to respond to it. If the FCC investigation reveals the need for further action, the Administration stands ready to take it.

Q. What companies have already begun advertising on TV?

A. Several distillers, including Seagram and Allied-Domecq, whose brands include Kahlua and Hiram Walker products, have already hit the airwaves with commercials airing after 10 pm in selected markets.

Q. How many stations have started to run these advertisements?

A. A liquor industry source estimated that 50 cable and independent stations have agreed to air liquor advertisements. None of the major broadcast networks have yet agreed to air these commercials since the liquor industry announcement last November.

Q. What can the FCC do about the liquor industry's decision to advertise on radio and TV?

A. The letter the President is sending today asks the FCC Chairman to open an inquiry into the effects on children of liquor advertising. Once the FCC has investigated this matter, it can determine what further action is appropriate.

Q. How big of a problem is alcohol use by young people?

A. Alcohol is the drug most often used by young people. Approximately one in four 10th grade students and one in three 12th grade students report having had five or more drinks on at least one occasion during the last two weeks.

The average age when a person has a first drink has declined to 15.9 years old in 1993, down from the average in 1987 of 17.4 years old. According to the results of a 1995 national household survey, nearly 2 million young people rate themselves as "binge" alcohol drinkers. It is further estimated that one-half of America's 2 million senior high school students drink monthly.

Q. Is there any evidence which links hard liquor advertising and alcohol consumption?

A. This is what the President's letter is asking the FCC to explore-- what the effects will be of lifting the ban on hard liquor advertising. In determining the effects of lifting the ban, the FCC would be able to collect data on the link between advertising and children's consumption. However, the President's letter today does not predetermine the conclusion of the inquiry.

Q. How is this announcement similar to President Clinton's actions on tobacco advertising targeted at youth?

A. President Clinton firmly believes that we have a national obligation to act strongly to protect our children from threats to their health and safety. To this end, the President is sending a letter to inquire into the effects of hard liquor advertising on television on underage drinking, and to consider what actions are possible for the FCC to take in response to the lifting of the advertising ban.

The President fought to impose appropriate regulations on tobacco advertising that appeals to adolescents. Both actions highlight the President's commitment to help parents who are struggling to raise healthy and drug-free children.

Clinton Administration Urges FCC to Investigate Hard Liquor Ads on TV and Radio

April 1, 1997

Announcement:

- Today, President Clinton is announcing that he is sending a letter to Federal Communications Commission (FCC) Chairman Reed Hundt to: 1) explore the effects -- on children in particular-- of the distilled liquor industry's decision to end its 50-year voluntary ban on broadcast advertising; and 2) determine what actions the FCC should take in response to the lifting of the ban.

Background:

- In November 1996, the Distilled Spirits Council announced that it had ended its almost 50-year voluntary practice of refraining from broadcast advertising.
- In his November 9, 1996 radio address, the President urged broadcasters to follow the example of the four major broadcast networks and continue to honor the ban to keep liquor ads off the air. The President also said to liquor companies, "You were right for the last 50 years when you didn't advertise on television; you're wrong to change your policy now. This is no time to turn back."
- Although the major networks and cable companies have so far refused to accept distilled spirits advertising, a few liquor manufacturers have been able to run some ads on television and radio since the announcement; other liquor companies are currently preparing large advertising campaigns.
- Chairman Hundt also has opposed any move toward liquor advertising. In December, he challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if the broadcasters did not do so. An FCC inquiry can supply the information needed to evaluate the nature and extent of the problem posed by broadcast liquor ads and to consider appropriate action.

Alcohol Use by Youth

- Alcohol is the drug most often used by young people. Approximately one in four 10th grade students and one in three of 12th grade students report having had five or more drinks on at least one occasion during the last two weeks.
- Recent studies show a strong connection between underage drinking and violent youth crime, including murder and rape.

Clinton Administration: Reducing Youth Substance Abuse

- The President has pushed states to adopt a policy of zero-tolerance for teen drinking and driving or risk losing Federal highway funds.
- The President's fiscal year 1998 budget includes funding for a state demonstration

program to drug-test teens before they receive their driver's licenses.

TO: Elena Kagan, 456-2878
Leanne Shimabukuro, 456-7028

FROM: Katrina Weinig,
Department of Justice, OPD (514-7473)

DATE: April 1, 1997

NO. PAGES: 2, incl. cover

Re: Alcohol Advertising -

URGENT!

Proposed language (underlined) to be inserted on page 2, at the end of the second-to-last paragraph:

...Too many of our young people are dying in car crashes, and too many young people are starting to drink at an early age, leading to alcohol and other substance abuse problems. Recent studies show a strong nexus between underage drinking and violent youth crime, including murder and rape.

Proposed insertion for fact sheet, with source cites:

A number of recent studies have concluded that alcohol is a factor in approximately 50 percent of all violent crimes committed in this country.

- Eighth Special Report to the U.S. Congress on Alcohol and Health, U.S. Department of Health and Human Services, September, 1993. Table 3.
- Drugs and Jail Inmates, U.S. Department of Justice, Bureau of Justice Statistics, August, 1991. Table 16.
- Profile of State Prison Inmates, U.S. Department of Justice, Bureau of Justice Statistics, June, 1986. Table 12.

On college campuses, 95 percent of violent crime is alcohol-related; 90 percent of all reported campus rapes involve alcohol use by the victim or perpetrator.

- Campus Crime and Security at Postsecondary Institutions, U.S. Department of Education, January, 1997. Report no. NCES 97-402

THE PRESIDENT HAS SEEN
3-31-97

THE WHITE HOUSE
WASHINGTON

March 29, 1997

MR. PRESIDENT:

The attached Bruce Reed memo recommends that you send a letter to Reed Hundt asking the FCC to explore what effects might ensue given the decision by manufacturers of hard liquor to abandon their long-standing voluntary ban on television advertising, specifically the impact on underage drinking.

Background. In November 1996, the Distilled Spirits Council announced an end to its almost 50-year voluntary practice of refraining from broadcast advertising. The industry contends that it needs to be on equal footing with the beer and wine industries.

Hundt has challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if they do not. In addition, 26 members of Congress have requested, as you would in this letter, that the FCC study the effects of hard liquor advertising on the nation's youth and consider possible action. To proceed along these lines, Hundt will need the support of the majority of the Commission. Currently, he does not have that support, but he thinks a letter from you could change that fact.

Rahm strongly supports Bruce's recommendation to send the letter, as does the AG. (Note that John Podesta has chosen not to weigh-in because of past representations.) However, Sec. Shalala is opposed. She notes that: 1) "liquor is liquor," and your action will immediately raise questions about beer and wine advertisements; and 2) there is no good scientific data connecting liquor advertising with children's consumption. Bruce argues that: 1) you can explain limiting the letter to distilled liquor advertisements by referring to the 50-year agreement that kept these ads off the air, and urging that we not move backwards; and 2) as to the lack of data linking liquor advertising and children's consumption, your letter is asking the FCC to explore exactly that.

Send Letter

Don't Send Letter

Discuss

Helen Howell *Helen*

THE WHITE HOUSE
WASHINGTON

March 28, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: LETTER TO REED HUNDT ON DISTILLED LIQUOR ADVERTISING

Attached is a draft letter, which both you and the Vice-President have reviewed before, to Reed Hundt asking the FCC to review what action is appropriate in light of the decision by distilled liquor manufacturers to begin advertising on television. You and the Vice-President are tentatively scheduled to announce that you are sending this letter on Tuesday, April 1st. I wanted you to be aware of the background and the some concerns raised about the letter before you do so.

In November 1996, the Distilled Spirits Council announced that it had ended its almost 50-year voluntary practice of refraining from broadcast advertising. The industry contends that it needs to be on equal footing with the beer and wine industries, which engage in extensive broadcast advertising. Although the major networks and cable companies have thus far refused to accept distilled spirits advertising, a few companies have run some liquor ads on television and radio since the announcement and other companies are presently preparing large advertising campaigns.

As you say in the letter, Chairman Hundt has opposed any move toward liquor advertising. In December, he challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if the broadcasters did not do so. He has met with the Attorney General to seek her support, and she strongly favors sending a letter to Hundt urging an FCC investigation of this issue.

Twenty-six members of Congress have requested the FCC, as you would do in this letter, to study the effects hard liquor advertising on the nation's youth and to consider possible action. In addition, 11 states have joined Alaska's more far-reaching petition for a FCC rulemaking to ban the TV and radio advertising of distilled spirits.

Secretary Shalala is opposed to your sending the letter. She points out that "liquor is liquor," so that your action will immediately raise questions about beer and wine advertisements. She also argues that there is no good scientific data (as exists, for example, with respect to tobacco) connecting liquor advertising with children's consumption.

The Honorable Reed E. Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W., Suite 814
Washington, D.C. 20554

Dear Chairman Hundt:

I write to ask your assistance in addressing a new and emerging challenge to parents struggling to raise safe, healthy children: the decision by manufacturers of hard liquor to advertise on television.

For half a century, these companies voluntarily refrained from such advertising. They understood that advertising over the uniquely powerful and pervasive medium of broadcasting could reach children inappropriately, encouraging them to drink before it is even legal for them to do so. Until now, these companies have shown appropriate restraint. For as long as there has been television, they have known that a voluntary ban was right and they lived by it.

Now, some companies have broken ranks and started placing hard liquor ads on TV. I was greatly disappointed by their decision. I have previously expressed my dismay at this action and called on the industry to urge all its members to return to their long-standing policy and stand by the ban. I am gratified to learn that, according to one survey, the vast majority of television stations are declining to air these advertisements. I applaud that stand.

I firmly believe that we have a national obligation to act strongly to protect our children from threats to their health and safety. That's why I have fought so strongly to impose appropriate regulations on the sale and distribution of cigarettes and smokeless tobacco and tobacco advertising that appeals to adolescents, to ensure that our schools and children are safe and drug-free, and to combat gangs and violence afflicting our youth.

I applaud your public remarks calling on the industry and broadcasters to reactivate the voluntary ban. I also commend your comments that the Federal Communications Commission has an obligation to consider any and all actions that would protect the public interest in the use of the public airwaves.

I urge the Commission to take all appropriate actions to explore what effects might ensue in light of the decision by manufacturers of hard liquor to abandon their long-standing voluntary ban on television advertising, specifically the impact on underage drinking.

We have made tremendous progress in recent years reducing the incidence of deaths due to drunk driving among our youth. We have taken important steps including the increase in the 1980s in the drinking age to 21 and the passage of zero tolerance legislation for underage drinking and driving. But there is more to be done. Too many of our young people are dying in car crashes, and too many young people are starting to drink at an early age,

leading to alcohol and other substance abuse problems.

I would appreciate your help and the help of the Commission in exploring the possible actions you could take to support our parents and children in response to the manufacturers' decision to break with the long and honorable tradition of not advertising on the broadcast medium.

Sincerely,

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I would appreciate your help and the help of the Commission in exploring the possible actions you could take to support our parents and children in response to the manufacturers' decision to break with the long and honorable tradition of not advertising on the broadcast medium.

Sincerely,

**Clinton Administration Urges FCC to Investigate
Hard Liquor Ads on TV and Radio
April 1, 1997**

Questions and Answers

Q. What is today's announcement?

A. Today, President Clinton is announcing that he is sending a letter to Federal Communications Commission (FCC) Chairman Reed Hundt to: 1) explore the effects -- on children in particular-- of the distilled liquor industry's decision to end its 50-year voluntary ban on broadcast advertising; and 2) determine what actions the FCC can take in response to the lifting of the ban.

Q. Why are you announcing this now?

A. In February, Chairman Hundt again spoke out on the issue of liquor advertising. The President felt it was important to send a letter to the FCC to weigh in on this matter in view of the Chairman's recent comments.

In his radio address to the people last November, the President stated his firm opposition to the American liquor industry's decision to lift the voluntary ban on hard liquor advertising. At that time, President Clinton commended the major broadcast networks' commitment to honor the ban and keep liquor ads off the air.

While all of the major networks have upheld their pledge to refrain from such advertisements, hard liquor advertisements have appeared in the last few months on smaller broadcast and cable television stations, and radio stations.

Chairman Hundt has expressed interest in opening up an inquiry into such advertising, and the President decided that in light of recent events, he should strongly support this action.

Q. Why does the letter only address distilled spirits -- what about beer and wine?

A. We have to deal right now with the new threat to our children. Parents have a hard enough time raising good kids and all of us have a responsibility to help make those jobs easier, not harder.

This letter is meant to ensure that we don't go backwards by allowing liquor

advertising to appear on the air even if it endangers our children. The letter is a direct response to the ill-considered decision by the liquor industry to end its 50-year practice of keeping liquor ads off the air. We must determine what the effects of this decision will be and consider, in light of those effects, what further actions are appropriate.

Q. What companies have already begun advertising on TV?

A. Several distillers, including Seagram and Allied-Domecq, whose brands include Kahlua and Hiram Walker products, have already hit the airwaves with commercials airing after 10 pm in selected markets.

Q. How many stations have started to run these advertisements?

A. A liquor industry source estimated that 50 cable and independent stations have agreed to air liquor advertisements. None of the major broadcast networks have yet agreed to air these commercials since the liquor industry announcement last November.

Q. What can the FCC do about the liquor industry's decision to advertise on radio and TV?

A. The letter the President is sending today asks the FCC Chairman to open an inquiry into the effects on children of liquor advertising. Once the FCC has instigated this matter, it can determine what further action is appropriate.

Q. How big of a problem is alcohol use by young people?

A. Alcohol is the drug most often used by young people. Approximately one in four 10th grade students and one in three 12th grade students report having had five or more drinks on at least one occasion during the last two weeks.

The average age when a person has a first drink has declined to 15.9 years old, down from the average in 1987 of 17.4 years old. According to the results of a 1994 national household survey, 2 million young people rate themselves as "heavy" alcohol drinkers. It is further estimated that one-half of America's 2 million junior and senior high school students drink monthly.

Moreover, alcohol is a "gateway" drug-- young people who are heavy drinkers are significantly more likely to become multiple drug users later in life than their non-drinking counterparts.

Q. Is there any evidence which links hard liquor advertising and alcohol consumption?

A. This is what the President's letter is asking the FCC to explore-- what the effects will be of lifting the ban on hard liquor advertising. In determining the effects of lifting the ban, the FCC would be able to collect data on the link between advertising and children's consumption. There are intuitive reasons for believing that such a link exists. However, the President's letter today does not predetermine the conclusion of the inquiry.

Q. How is this announcement similar to President Clinton's actions on tobacco advertising targeted at youth?

A. President Clinton firmly believes that we have a national obligation to act strongly to protect our children from threats to their health and safety. To this end, the President is sending a letter to inquire into the effects of hard liquor advertising on television on underage drinking, and to consider what actions are possible for the FCC to take in response to the lifting of the advertising ban.

The President fought to impose appropriate regulations on tobacco advertising that appeals to adolescents. Both actions highlight the President's commitment to help parents who are struggling to raise healthy and drug-free children.

Clinton Administration Urges FCC to Investigate Hard Liquor Ads on TV and Radio

April 1, 1997

Announcement:

Today, President Clinton announced that he was writing to Federal Communications Commission (FCC) Chairman Reed Hundt to 1) explore the effects -- on children in particular -- of the distilled liquor industry's decision to end its 50-year voluntary ban on broadcast advertising; and 2) determine what actions the FCC can take in response to the lifting of the ban.

Background:

- In November 1996, the Distilled Spirits Council announced that it had ended its almost 50-year voluntary practice of refraining from broadcast advertising.
- In his November 9, 1996 radio address, the President urged broadcasters to follow the example of the four major broadcast networks and continue to honor the ban to keep liquor ads off the air. The President also said to liquor companies, "You were right for the last 50 years when you didn't advertise on television; you're wrong to change your policy now. This is no time to turn back."
- Although the major networks and cable companies have so far refused to accept distilled spirits advertising, a few liquor manufacturers have been able to run some ads on television and radio since the announcement; other liquor companies are currently preparing large advertising campaigns.
- Chairman Hundt also has opposed any move toward liquor advertising. In December, he challenged broadcasters to refuse liquor advertising, and indicated that "government action" might be appropriate if the broadcasters did not do so.
- An FCC inquiry can supply the information needed to evaluate the nature and extent of the problem posed by broadcast liquor ads and to consider appropriate action.

Alcohol Use by Youth

- Alcohol is the drug most often used by young people. Approximately one in four 10th grade students and one in three of 12th grade students report having had five or more drinks on at least one occasion during the last two weeks.

Clinton Administration: Reducing Substance Abuse by Youth

- The President has pushed states to adopt a policy of zero-tolerance for teen drinking and driving or risk losing Federal highway funds.
- The President's fiscal year 1998 budget includes funding for a state demonstration program to drug-test teens before they receive their driver's licenses; it also provides

incentives for states to fight drugged driving.

FCC liquor letter



Kathleen M. Wallman
04/04/97 11:01:00 AM

Record Type: Record

To: Elena Kagan
cc:
Subject: FCC letter/DISCUS press conference

Message Creation Date was at 4-APR-1997 11:01:00

----- Forwarded by Kathleen M. Wallman/WHO/EOP on 04/04/97
11:02 AM -----

Cheryl M. Carter
04/04/97 10:47:23 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc: Peter O'Keefe/WHO/EOP, Marjorie Tarmey/WHO/EOP, Jay K. Footlik/WHO/EOP,
Floydetta McAfee/WHO/EOP
Subject: FCC letter/DISCUS press conference

At 10:30 am today the Distilled Spirits Council held a press conference at the Press Club regarding the information I delivered to your offices a few minutes ago. They are calling for the President to convene a meeting/discussion with the liquor, beer & wine, and Broadcast Industry to create a Common Code of Advertising.

They delivered their letter to The President this morning and we will need to respond to it soon and obviously Mike may get questions today.

Let me know what I can do to help.

Message Sent To: _____
Bruce N. Reed/OPD/EOP
Christa Robinson/OPD/EOP
Donald A. Baer/WHO/EOP
Ann F. Lewis/WHO/EOP
Kathleen M. Wallman/WHO/EOP
April K. Mellody/WHO/EOP
Mary E. Glynn/WHO/EOP
Maria Echaveste/WHO/EOP

File-liquor letter

Ron Klain @ OVP
03/17/97 12:43:17 PM

Record Type: Record

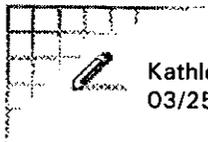
To: Elena Kagan/OPD/EOP

cc:

Subject: Liquor Letter

VP thinks we should go ahead, although he personally would rather include beer, he is willing to go forward with just hard rather than do nothing.

FCC liquor letter



Kathleen M. Wallman
03/25/97 08:59:54 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Jonathan A. Kaplan/OPD/EOP, Emil E. Parker/OPD/EOP, Anne H. Lewis/OPD/EOP

Subject: two subjects

1. Liquor letter
2. Welfare Privatization

1. Liquor letter -- I ran into Sylvia last night who expressed reservations about the liquor letter. She wondered whether it was defensible not to take on beer and wine as well as hard liquor. I went over the arguments, which part of the conversation I can recount to you if you want. She wanted to know whether anyone had checked with ATF, which apparently has been sort of thinking about whether it makes sense to treat beer and wine differently from other alcohol since you can now take a malt product, add fruit flavoring, and make it taste like a mixed drink. It's fine to check, but I emphasized that the letter was in no way, shape or form about substantive regulation -- only repeating the President's position that dropping the voluntary ban was an undesirable thing.

Sylvia was going to talk to Bruce. I don't know how strong her reservations are, but if this is going to happen next week, you might need to tack this down today. Let me or Jon know if you want any help.

2. Welfare Privatization -- I saw Andy Stern last night who said that there's a meeting with the President and union leaders on this subject on Friday.



Kathleen M. Wallman
03/18/97 10:22:00 AM

Record Type: Record

To: Elena Kagan

cc:

Subject: liquor letter

Message Creation Date was at 18-MAR-1997 10:22:00

Here is the letter. Elena, Jon Kaplan can work with you and the Vice President's office on the release. Here is what has changed since the last time it was circulated. I leave it to your discretion and Jon's as to whether anyone needs to have a final poke at the letter in view of the changes and the passage of time.

1. I eliminated a sentence saying that if the FCC finds a link between the ads and children's attitudes about liquor that the FCC should consider time restrictions on the advertising. Dan Tate thought that was too strong. We don't really need to say it, so I struck it. I alerted Rahm to this change, but don't know if he focused on it at the time. I don't know whether this would be viewed by others as subtracting from the oomph of what we're doing, but I think the change Dan suggested is an improvement.
2. Kahlua is supposedly on the brink of a big advertising campaign. I don't know whether what they are planning, which may have a strong subliminal appeal to children that is obvious to adults, may tip the balance at the FCC and cause them to act regardless of whatever we say or don't say.
3. Interest in this issue seems to have quieted on the Hill. I can't tell whether this is an enduring or temporary phenomenon.

The previous version was circulated to Podesta, Echaveste, Hilley, Klain, Sperling, Reed, Ruff, Simon and Kalil.

At least inquire

Tebean of Kent Marceese 3/21

// Elena doesn't know where the
// Pres really stands on this //

// Outcome > FCC process -
// not by anything showing
total ban.

- FCC might to look into -
don't necessarily presume outcome
What could possibly be wrong??

No data on kids ownership?
so find out.



Office of the Attorney General
Washington, D. C. 20530

EK/DENNIS -
Work w/Ron K.
to get this done.
Thanks
-BR

March 11, 1997

MEMORANDUM TO: Bruce Reed ✓
Elena Kagan
Domestic Policy Council
The White House

FROM: Kent Markus
Counsellor to the Attorney General

RE: Liquor Advertising on Television

I. Purpose of this Memo

The Department of Justice would like to know if the President will write to the FCC in support of the issuance of a "Notice of Inquiry" by the FCC regarding the effect on children of broadcast distilled spirits advertising.

II. Background

- A. Process - On November 7, 1996, the Distilled Spirits Council of the United States announced that it had ended its almost 50 year voluntary practice of refraining from broadcast advertising. Some liquor ads have run on television and radio since that announcement, but the major networks and cable companies have thus far refused to accept distilled spirits advertising.

FCC Chairman Hundt has been outspoken in his opposition to distilled spirits advertising on television. In setting out the FCC's 1997 agenda, in a speech on December 26, 1996, Chairman Hundt challenged broadcasters to refuse liquor advertising, but indicated that "government action" might be appropriate if the broadcasters failed to voluntarily refuse liquor advertising. Chairman Hundt suggested that "[a]n FCC inquiry would provide a forum to permit interested members of the public, broadcasters, the distilled spirits industry, the academic community, and others to voice their views on this new use of the public broadcast spectrum." (The relevant portion of Chairman Hundt's speech is attached.)

FCC staff have explained to us that for the Commission to formally engage in fact-gathering, it must issue a "Notice of Inquiry". Chairman Hundt has not yet asked the Commission to issue such a notice. (There are four current Commissioners, and Hundt is apparently unsure that he has the two votes, in addition to his own, which he would need.)

- B. Substance - The distilled spirits industry characterizes its efforts to engage in broadcast advertising as an effort to put the industry on equal footing with the beer and wine industries, which engage in extensive broadcast advertising. They deny a link between advertising and consumption or abuse, and insist that there is no scientific basis for treating distilled spirits differently from beer and wine since "alcohol is alcohol."

Chairman Hundt has decried the possibility of increased exposure of children to distilled spirits advertising. FCC staff indicate that there are studies which show that children have little brand awareness when it comes to distilled spirits, while their recognition of beer brands is quite high due to the \$630 million of beer advertising on television and radio. Still, FCC staff recognize that battling the distilled spirits industry's "equal treatment" argument will be tough.

III. POSSIBLE PRESIDENTIAL ACTION

FCC staff believes that a letter from the President to the Commission would have a substantial impact upon Chairman Hundt's ability to obtain the necessary votes in support of the issuance of a "Notice of Inquiry." At your convenience, we would appreciate knowing whether the President is inclined to send such a letter to the Commission.

If you have any questions or thoughts on this matter, please don't hesitate to be in touch with me directly at 202/514-3008.

Attachment

The Hard Road Ahead -- An Agenda for the FCC in 1997
Reed E. Hundt, Chairman
Federal Communications Commission
December 26, 1996

Liquor Ads.

One very unfortunate development in the last few months is the introduction of broadcast hard liquor ads. For almost 50 years, the distilled-spirits industry voluntarily refrained from broadcast advertising, in recognition of the plain fact that TV is too powerful a medium to use for the advertising of a product like hard liquor. Recently, however, the distilled-spirits council repealed this laudable ban. Ads for hard liquor have appeared on television -- both broadcast and cable -- and on radio.

Hard liquor advertising on TV and radio poses a serious risk to our nation's children. The decision by the industry to place these advertisements on TV and radio is disappointing for parents and dangerous for children. Viewers too young to consume distilled spirits will inevitably be exposed to these ads.

I have called on broadcasters and cable operators to "Just Say No" to this aggressive campaign by the hard liquor industry. Broadcast and cable are under no obligation to carry these ads and have every right to refuse to do so. I congratulate and thank ABC, Fox, CBS, NBC, TCI, Time Warner, Gannett, and others for stating that they will not carry the hard liquor ads. I know that this is not a complete list of companies that have already adopted no-liquor policies. Every company must face an individual test of conscience to decide whether these ads are right for our kids. I hope and trust that each will make the right decision.

If they don't, the next line of defense is government action. Some have raised the question of whether the Commission has the expertise to evaluate the public-interest repercussions of the introduction of these advertisements. Surely a central component of the Commission's expertise is our ability to evaluate the effect of television on children. That expertise is why Congress entrusted to us the responsibility in areas such as children's educational television, indecency rules, and the V-Chip.

Of course, more information is needed before the Commission could decide whether it ought to take action with respect to hard liquor advertising on television. An FCC inquiry would provide a forum to permit interested members of the public, broadcasters, the distilled-spirits industry, the academic community, and others to voice their views on this new use of the public broadcast spectrum.

An inquiry can supply the information needed to evaluate the nature and extent of the problem posed by the broadcast liquor ads, and the proper course of action. Members of Congress, a number of states, and members of the public have asked us to look into this issue. Our statutory obligation to safeguard the public interest requires that we do so.

FCC-liquor letter

The Honorable Reed E. Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W., Suite 814
Washington, D.C. 20554

Dear Chairman Hundt:

I write to ask your assistance in addressing a new and emerging challenge to parents struggling to raise safe, healthy children: the decision by manufacturers of hard liquor to advertise on television.

For half a century, these companies voluntarily refrained from such advertising. They understood that advertising over the uniquely powerful and pervasive medium of broadcasting could reach children inappropriately, encouraging them to drink before it is even legal for them to do so. Until now, these companies have shown appropriate restraint. For as long as there has been television, they have known that a voluntary ban was right and they lived by it.

Now, some companies have broken ranks and started placing hard liquor ads on TV. I was greatly disappointed by their decision. I have previously expressed my dismay at this action and called on the industry to urge all its members to return to their long-standing policy and stand by the ban. I am gratified to learn that, according to one survey, the vast majority of television stations are declining to air these advertisements. I applaud that stand.

I firmly believe that we have a national obligation to act strongly to protect our children from threats to their health and safety. That's why I have fought so strongly to impose appropriate regulations on the sale and distribution of cigarettes and smokeless tobacco and tobacco advertising that appeals to adolescents, to ensure that our schools and children are safe and drug-free, and to combat gangs and violence afflicting our youth.

I applaud your public remarks calling on the industry and broadcasters to reactivate the voluntary ban. I also commend your comments that the Federal Communications Commission has an obligation to consider any and all actions that would protect the public interest in the use of the public airwaves.

I urge the Commission to take all appropriate actions to explore what effects might ensue in light of the decision by manufacturers of hard liquor to abandon their long-standing voluntary ban on television advertising, specifically the impact on underage drinking.

We have made tremendous progress in recent years reducing the incidence

of deaths due to drunk driving among our youth. We have taken important steps including the increase in the 1980s in the drinking age to 21 and the passage of zero tolerance legislation for underage drinking and driving. But there is more to be done. Too many of our young people are dying in car crashes, and too many young people are starting to drink at an early age, leading to alcohol and other substance abuse problems.

I would appreciate your help and the help of the Commission in exploring the possible actions you could take to support our parents and children in response to the manufacturers' decision to break with the long and honorable tradition of not advertising on the broadcast medium.

Sincerely,



Office of the Attorney General

Washington, D. C. 20530 cc: Rouklain +rehvn

Rem - You know the stuff in
the 1st part of this memo.
Please review carefully the
March 26, 1997 second part. What
do you think?

Elena

To: Elena Kagan
Domestic Policy Council

From: Kent Markus
Counselor to the Attorney General

Subject: Liquor Advertising

I thought it would be useful to recap my understanding of the state of play on this matter. I have also set out below the items on which we are awaiting feedback from the White House.

(1) Possible FCC "Notice of Inquiry"

Chairman Hundt has indicated his interest in having the FCC issue a "Notice of Inquiry" on the subject of liquor advertising on television. Such a proposed Notice, if approved by a majority of the Federal Communications Commissioners, would authorize the Commission and its staff to commence an investigation regarding the consequences of liquor advertising on television.

Following a meeting between the Attorney General and Chairman Hundt, and with a green light from White House staff, the Justice Department began preparing a letter from the Attorney General to the FCC encouraging the issuance of a Notice of Inquiry on the subject of liquor advertising. The Department has also encouraged the President and other members of the Cabinet to communicate with the FCC on this matter. The approach which the Justice Department contemplates taking with respect to the Attorney General's letter, and the approach we have encouraged others to take, is to raise questions about the potential consequences of liquor advertising on television. Our goal is to indicate to the Commission that we can foresee possible negative consequences stemming from liquor advertising on television, that we lack adequate information to make judgments about the matter, and that we encourage the FCC to examine the issue.

Secretary Shalala has indicated directly to the Deputy Attorney General, and through her staff to others at the Justice Department as well as the White House, that she opposes efforts

to encourage the FCC to issue a Notice of Inquiry on the topic of liquor advertising. As I understand them, Secretary Shalala's objections are two-fold. First, it is my understanding that she feels as though it is inappropriate for the President or other Administration actors to encourage FCC action in this area unless all television alcohol advertising (as opposed to merely liquor advertising) is scrutinized. In addition, it is my understanding that Secretary Shalala believes that there is a prior determination of the Administration that it would be imprudent to encourage the FCC to act in a manner which might impact beer and wine advertising activity on television. Accordingly, it is my understanding that Secretary Shalala believes that the Administration should not engage with the FCC on this topic at all.

Attorney General Reno is aware of Secretary Shalala's concerns but believes, nonetheless, that it is worth raising appropriate questions with the FCC about the impact liquor advertising on television would be expected to have without taking a position on the wisdom of liquor advertising on television. She recognizes that raising such questions might lead the FCC to examine the impact of beer and wine advertising as well as the impact of liquor advertising, but also believes that the incremental impact of liquor advertising, on top of existing beer and wine advertising, is worth examining.

It is my understanding that the DPC will take steps to ensure that Secretary Shalala has an opportunity to make her views known, prior to any decision by the President on whether he and others should communicate with the FCC on this topic.

Feedback Needed: If there is a prior determination by the administration that no action should be taken which might impact the subject of beer and wine advertising on television, the Attorney General would like to know that and consider it in making determinations about further DOJ activity in this area.

(2) Antitrust Activity Regarding Television Liquor Advertising

When the Attorney General met with Chairman Hundt, they also discussed the possibility of a narrow antitrust exemption which would permit collaborative broadcast industry activity dealing with the subject of liquor advertising. Chairman Hundt indicated that Senator Lieberman wanted to propose appropriate legislation in that regard.

Much to our surprise, when policy staff from our Antitrust Division attended their first Hill meeting on this subject with staff from each of Senator Lieberman's and Senator Brownback's

offices, and with staff from the FCC, the subject was not liquor advertising, it was program content. At that and a subsequent meeting, our Antitrust people provided technical guidance and assistance on drafting matters associated with the development of a relatively broad program content antitrust exemption. When our people asked whether the proposed exemption was also to cover advertising content, and particularly whether it was intended to reach the issue of liquor advertising, others indicated relative indifference. The Senate staffers noted that they would be happy to include advertising content in their legislation, but that program content was the area about which they were primarily concerned.

While our Antitrust Division is generally disposed against antitrust exemptions, Joel Klein informs me that the division has not resisted these efforts because they have perceived that the currently-in-development program content exemption is an Administration policy objective.

Feedback needed: As you and I have discussed, we would appreciate feedback about whether a relatively broad program content antitrust exemption is, indeed, consistent with Administration policy objectives, whether such an exemption is inconsistent with Administration policy objectives (perhaps due to prior negotiated arrangements with the broadcast industry with respect to program content), or whether the Administration is indifferent on the matter.

The above reflects my current understanding of the relevant activity on this front. It is my intention that this memo serve as a memorialization of the conversations you and I have had, an opportunity for me to clarify the areas in which we need feedback, and a means by which I can communicate to others at DOJ the current situation as I understand it. Accordingly, I have copied this memo to the Attorney General, Deputy Attorney General, and others at the Justice Department who are involved with this matter.

Based on all of the above, I consider the ball to be in DPC's court. We will not proceed without further direction from the White House. At your convenience, please let me know how you would like us to proceed.

Thanks very much.

cc: Janet Reno
Attorney General

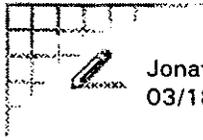
Jamie S. Gorelick
Deputy Attorney General

Eleanor D. Acheson
Assistant Attorney General
Office of Policy Development

Joel I. Klein
Acting Assistant Attorney General
Antitrust Division

Katrina Weinig
Senior Counsel
Office of Policy Development

Bruce Reed
Assistant to the President
for Domestic Policy



Jonathan A. Kaplan
03/18/97 08:39:21 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Liquor advertising letter to Reed Hundt

Kathy asked that I connect with you regarding finalizing the President's liquor advertising letter to Hundt. Klain has requested that we try to get this done this week, prior to the VP's departure for China. Please give me a call when you can so that we can discuss what we need to do to get this done.

It appears that we need to (1) ensure that the letter is appropriately cleared; (2) send it through channels for signature; (3) have OPL, OLA, and others make notification calls; and (4) discuss with VP's press office. Do you have additional thoughts on this?

Thanks.

Jon Kaplan



Kathleen M. Wallman

03/19/97 06:38:00 PM

Record Type: Record

To: Elena Kagan

cc:

Subject: liquor letter

Message Creation Date was at 19-MAR-1997 18:38:00

Event has been scheduled for 4/1.

^{FCC}
File-Lizauer letter

SCHEDULE PROPOSAL

DATE: March 19, 1997

 ACCEPT REGRET PENDING

TO: Anne Hawley
Stephanie Street

FROM: Rahm Emanuel
Bruce Reed

REQUEST: Meeting with the President's Drug Policy Council. Following the meeting, the President would make a statement on drug policy and announce that he is sending a letter to the FCC on hard liquor advertising.

PURPOSE: To demonstrate the President's commitment to combating youth alcohol and drug use.

BACKGROUND: The President will be sending a letter to the FCC requesting that they consider restrictions on hard liquor advertising on television during certain time periods. For years, the hard liquor industry has voluntarily agreed not to show liquor ads on TV, but now some companies have broken that agreement. The President's Drug Policy Council is due to meet in the coming weeks and this would be an appropriate time to release the letter.

NOTE: The President's Drug Policy Council is required to meet quarterly and they have not yet met this year. Their last meeting was in December. The Council consists of approximately 20 Cabinet and Sub-Cabinet Members.

PREVIOUS
PARTICIPATION: N/A

DATE AND TIME: March or April

DURATION: 1 hour

LOCATION: The Cabinet Room

PARTICIPANTS: POTUS
VPOTUS
General McCaffrey and other members of Drug Advisory Council.

**OUTLINE OF
EVENTS:**

At the close of the President's Drug Policy Council Meeting, the President and the Vice President make remarks to the press.

This can take place in the Cabinet Room while the Council is still seated around the table, or they could file out to the Rosegarden and the President and Vice-President could speak from the Podium.

REMARKS

REQUIRED: Yes

MEDIA

COVERAGE: Pool Press.

RECOMMENDED

BY: Bruce Reed
Rahm Emanuel

CONTACT: Christa Robinson x6-5165.

Renee Cauders

Shalata - concerned abt acting on that memo.

Thinks all kinds of alc. should be treated the same way.

Would want op. to tell Pres. if we go ahead w/ this.

couple of yrs ago - FDA did food + nutriti- guidelines - made by conf - all forms of alc. equivalent.