

HOLDS MEDIA AVAILABILITY AT THE WHITE HOUSE FOLLOWING HER MEETING
WITH TOBACCO INDUSTRY WHISTLEBLOWERS; DONNNA SHALALA;
U.S. SECRETARY OF HEALTH AND HUMAN SERVICES; JULY 18, 1997

Presidential/White House

Executive Department/Agency

(TRANSCRIPTS 07/18/97; 341 Lines)

Item Key: 1963

HOLDS MEDIA AVAILABILITY AT THE WHITE HOUSE FOLLOWING HER MEETING
WITH TOBACCO INDUSTRY WHISTLEBLOWERS
July 18, 1997

This transcript by:

FEDERAL DOCUMENT CLEARING HOUSE, INC.
201 PENNSYLVANIA AVENUE, S.E., 2nd Floor
WASHINGTON, D.C. 20003
Tel: 202-547-4512
Fax: 202-546-4194

COPYRIGHT 1997 BY FEDERAL DOCUMENT CLEARING HOUSE, INC.
NO PORTION OF THIS TRANSCRIPTION MAY BE COPIED, SOLD OR
RETRANSMITTED WITHOUT THE EXPRESS WRITTEN AUTHORITY OF
FEDERAL DOCUMENT CLEARING HOUSE, INC.

U.S. SECRETARY OF HEALTH AND HUMAN SERVICES HOLDS MEDIA
AVAILABILITY WITH TOBACCO INDUSTRY WHISTLEBLOWERS

JULY 18, 1997

SPEAKERS: DONNA SHALALA, SECRETARY OF HEALTH AND HUMAN
SERVICES
BRUCE REED, ASSISTANT TO THE PRESIDENT FOR
DOMESTIC POLICY
VICTOR DENOBLE, FORMER PHILIP MORRIS SCIENTIST
JEFFREY WIGAND, FORMER VICE PRESIDENT FOR RESEARCH
AND DEVELOPMENT, BROWN & WILLIAMSON TOBACCO CORP.
PAUL MELE, FORMER PHILIP MORRIS SCIENTIST
IAN UYDESS, FORMER PHILIP MORRIS SCIENTIST

[*]

(AUDIO FEED JOINED IN PROGRESS)

REED: ...may or may not know about developing reduced risk
cigarettes. And we also heard some very moving personal stories
about how difficult this has been for these four brave men. Donna?

SHALALA: Tobacco is the leading cause of death in this country. The industry that provides that product has a lot of knowledge about how to make a much safer product. That's what we heard today from these true American heroes. How much information we will require from the industry -- what we want them to do about providing Americans with a safer product will be part of the discussion as we review the settlements. It's very important that we had this meeting today. The vice president was present and led the discussion with these four leaders.

Let me ask them to make statements now. Why don't you introduce yourself again.

DENOBLE: My name is Victor Denoble and I personally can say that the president and the vice president and their staff are looking at this issue in a very serious way. (AUDIO GAP) ...be applauded. This is not an easy issue to deal with. I think what each of us bring to the table is not our science. It's not the science that we did. It's not the research we did. It's what the industry did with that research. That's the legacy of an industry. Doing good research, trying to make a safer product and then withholding that from the American public.

I don't know how you can get away with that and I certainly hope that we move forward in ask the industry to disclose all the documents they have -- not just the ones that they'll allow us to have, but everything.

Thank you.

QUESTION: Who were you with, Mr. Denoble?

DENOBLE: I was with Philip Morris from 1980 to 1984. And my associate and I, Paul Mele, were charged with designing a nicotine-free cigarette that would be safer.

WIGAND: My name is Jeff Wigand. I was with Brown & Williamson. I must tell you that in 1993 I would never have imagined we are where we are today. We are truly at, I think, a fork roads of making history and I look forward to the future of our children and the kids as a result of these historic moments. And thank you.

MELE: I'm Paul Mele. I was a former Philip Morris employee. I just want to say that I think this meeting today shows the administration's commitment to working out a fair and reasonable but productive agreement with the tobacco industry, one that certainly will have long term positive consequences for the health of the country. And I think today Vice President Gore demonstrated a very deep grasp of the issues and certainly a commitment to following each

of the issues until he is satisfied that a good agreement has been achieved.

Thank you.

UYDESS: Hi. I'm Ian Uydess, past Philip Morris employee and again, I'll reflect some of the things that were said. Probably one of the most important outcomes today was that it probably was the first step in a series of steps that will occur from today forward to help both the American public and this industry do what needs to be done. Part of it is to inform the public about what really has been going on and the truth about the products, but also to compel the industry to do what's right to do and that is to make a safer product and less addictive product. And hopefully today was the first step down that road and so I want to thank again the madam secretary and vice-president for making this possible today.

QUESTION: Could some of you talk about some of the substantive issues that you were discussing there in terms of things like nicotine and other matters that you are familiar with?

SHALALA: Why don't you go ahead. Tell them what you told us.

DENOBLE: What we're concerned with is that an industry has essentially designed a product -- the cigarette is not a simple product. It's a tremendous, tremendously complex product and the industry has designed that product so that to keep people addicted and unfortunately, to kill them. And we're opposed to a settlement that allows an industry out of that -- that situation. You can't do that for 30 years.

What we told today again, was not what the research was but what this industry does with the research. Secret labs. Labs in Europe. Contract labs. Information held by attorneys as client/attorney privilege. Information in computers that are unretrievable -- that's not an industry that's dealing fairly with the American public. And we tried to convey that to these people today.

QUESTION: So, you all feel that the agreement as it stands is not...

DENOBLE: I wouldn't stand -- I won't speak for my colleagues but I don't feel the agreement is an acceptable one. I'm opposed to the agreement. I'm not sure why we're rushing so much. I mean, the industry's been in business for 50 something years. Why do we have to come to an agreement today and simply take money from the industry? The idea of not allowing the FDA to go involved -- to become involved in this industry for 12 years -- is just completely unacceptable.

Would we do that if this was a paint company and there were lead? Would we say, no, we're not going to touch your lead for 12 years? No, I don't think so. So, I think we need to rethink this agreement. I am personally opposed to it.

QUESTION: What would make it palatable?

DENOBLE: Palatable would be regulation by the Food and Drug Administration. The creation of a body -- a combined body, the FDA as well as the tobacco industry to make a safer product. A commitment to have that safer product on market in a certain number of years. A commitment by the industry to reduce certain of the carcinogens over a period of time. A real commitment to change in the way the tobacco product is made would begin to make a good agreement.

QUESTION: Are your colleagues or the others also opposing the agreement?

MELE: Well, one aspect is the agreement that I think needs to be strengthened. It has to do with the tremendous supply of data that the industry has not only on health consequences of cigarette smoke and the components in smoke but also the technology available to manipulate the cigarette. If this industry is going to reinvent itself to a more acceptable fashion, I think all that data, all that information has to be fully disclosed and used by the FDA and related organizations to guide them in their reinvention.

QUESTION: Do the others -- Mr. Wigand?

WIGAND: I support the agreement. I believe it represents a major step forward and like all agreements, I think it needs some adjustment and modification. I hope the Congress and the folks that are looking at it will make those adjustments. But it represents a significant stride -- a significant historical event in 50 years which I believe addresses the public health and safety and particularly, our children, and with that our future.

QUESTION: What part of it would you like to see modified?

WIGAND: I think enhancement of the FDA's position. I would like to say that's one aspect.

QUESTION: Anything else in particular?

WIGAND: I think that's one that stands out clearly in my mind. I think the issues of how we reach a less hazardous product or reduce the tar/nicotine. What does that all mean in terms of public health and safety? I think those issues need to be addressed.

QUESTION: And when you talk about the benefits for children, are you talking primarily about the ad restrictions or...?

WIGAND: Ad restrictions, access -- the whole thing that is addressing children.

QUESTION: You mean lack of access.

WIGAND: Yes. Yes, I'm sorry.

QUESTION: No, no, no. It's fine. And how about you, sir?

UYDESS: Like Jeff, I think that the intent of the agreement is good. I think that we have to be very, very careful that we don't let the industry control and dictate some of the details which really benefit them and not the American public. FDA control is a key issue in this just like it is in other areas of consumer products that we take into our systems. And we have to be very, very cautious that in trying to deliver what looks like a good agreement, that we're not making a mistake that could haunt us for years to come and so greater scrutiny of the details of the agreement -- immediate control by the FDA, I think are key elements in this.

UYDESS: Then again, the bottom line is to protect and inform the American public which has not occurred to date.

QUESTION: Secretary Shalala, the Post today had a story about the tobacco industry, people coming forward. And how much of what you know is their position and far will they go to compromise? Are they (OFF-MIKE) in a corner somewhere?

SHALALA: I would answer that question by talking a little bit about what we heard today. This is a tough, knowledgeable industry. Highly sophisticated. They've got a lot more knowledge about the properties in cigarettes and whether we can build safe cigarettes than we know about at this point in time.

And because they are so tough, everybody has said to us, we need to raise the bar high enough and make sure that we have strong institutions to regulate them as part of whatever settlement discussion there is. They are very anxious and have indicated at every point that they would like a settlement -- that they would like the security of knowing what their costs are going to be in the long run. After all, that's their bottom line.

Knowing that, we start and go to the table from a position of strength. And there is just no question in my mind that they will be at that table for the negotiations if the president decides to move forward with some guidance to the Congress.

QUESTION: But there's no chance that (OFF-MIKE) some indication here that that thinking (OFF-MIKE)?

SHALALA?: I think this is what people do when they want a deal. I mean, they talk tough just before and during the time in which they're in negotiations. For those of us that play poker, there's just a lot of dancing around that takes place. So, I just -- what these men told us today is don't underestimate the tobacco companies and that's what we've been told consistently, I think, by many of the people that we've consulted with.

QUESTION: Secretary Shalala, can you tell us anything specifically that you learned new today?

SHALALA: Okay. You know, I've heard many of these things second hand through the FDA scientists that briefed us as we were putting together our own regulations. And so, you know, the message just came through more clearly as we listened to these men who had been inside the industry directly about how much knowledge the industry has about their interest in the bottom line, about cigarettes as a drug delivery device, and how people use cigarettes has a lot to do with how ill they'll become. I mean, it was just a -- and with the vice president, of course, who is very science-literate leading the questioning, I think that Bruce and I probably learned more from this session than we have from a lot of our reading. And of course, there was the human element to it.

Bruce, you want to...

REED: Well, I think we certainly learned a great deal about the industry's capacity to potentially develop a reduced risk cigarette and we see that as an important consideration as we move forward. If there's a possibility of developing cigarettes that are less harmful, less addictive, we certainly want to make sure the incentives run in that direction.

SHALALA: I think the major message of today, too, was that we need a lot of document disclosure. We need to know a lot and therefore the document disclosure part of the settlement, which has to go through a lot of hoops, is something that we need to look at very carefully.

QUESTION: You say it needs to be strengthened. Are you confident with the way it's written now?

SHALALA: Everybody -- the recommendations that we got today were that that is very important information to move forward and that certainly is something that we have to consider.

QUESTION: Secretary Shalal, do you have any reaction to Newt Gingrich's remarks. He was pessimistic on the possibility of an agreement going through Congress and he also called it a "back room deal".

SHALALA: No. I don't have any reaction. Bruce?

REED: Congress will have to pass this legislation.

SHALALA: We welcome Mr. Gingrich's strict scrutiny of this -- of this proposed settlement.

QUESTION: Why did Vice President Gore decide to participate in today's talks (OFF-MIKE)

REED: I think he's very interested in the subject.

SHALALA: And he could do it as he has time to do it, I think. He said to us, Bruce, that we should go ahead and schedule the sessions and then he'll sit in on as many of them as he possibly can.

QUESTION: Secretary Shalala, are there any other provisions of the agreement that you think needs to be revisited besides FDA and the documents? One that you talked about today. Have you looked ahead to anything that you think...

SHALALA: I think Bruce and I have both said that the whole document needs rigorous review and what these consultations are doing for us is highlighting different parts of the settlement, of the proposed settlement, and therefore they're very useful because they put a spotlight on different parts of the settlement and they're part of our own education process in addition to what our colleagues are doing in terms of their own paper review.

QUESTION: This week, you had in three -- at least three separate groups. Do you have anything on tap already that you know of for next week in terms of this, Bruce?

REED: Well, one thing that we hope to do in the next couple of weeks is spend more time on Capitol Hill. We had our first meeting this week with Senate Democrats. I think we're going to try to get up to see House Democrats next week and sit down with congressional leadership when we can find time on their schedules. Everyone in Congress is preoccupied with the budget, as you can imagine. And I think we'll have some more public health experts in next week as well.

SHALALA: Thank you very much.