MEMORANDUM

April 26, 1990

TO:

SENATOR DOLE

FROM:

JIM MCMILLAN

RE:

ANNUAL MEETING OF THE ASSOCIATION OF NATIONAL ADVERTISERS, INC. ("ANA")

Background. You have been asked to address a group of approximately 60 individuals consisting of the officers, board members and other staff (and their spouses) of the ANA on Friday, April 27, 1990, in the Chandelier Room of the Sheraton Carlton, 923 16th St., N.W. You will be introduced to speak at 8:15 a.m. and have been asked to speak for approximately 15 minutes and to take questions for up to ten minutes. You are the only speaker that morning. Ms. McNair Bishop, ANA (and perhaps others), will meet you in the lobby of the hotel between 8:05 and 8:10 a.m.

The ANA was founded in 1910 and represents the interests of companies which advertise on a regional or national basis. It consists of approximately 300 corporations which account for roughly 80% of all national and regional advertising expenditures in the U.S. Corporations having a significant presence in Kansas which are members of the ANA and which are expected to be represented at the meeting include Goodyear, Hallmark, IBM and Kraft.

<u>Issues</u>. In addition to discussing any "big" issues, the ANA would like you to address some issues which are of particular interest to advertisers. The main issues that the ANA has been tracking include the following:

- (a) S. 1883, The Tobacco Product Education and Health Protection Act (Kennedy) (Discussed in prepared remarks). Two hearings held; markup scheduled for May 16th. The bill:
 - establishes new agency within Public Health Service
 - \$50 million for anti-tobacco advertising
- \$50 million for reviewing and listing of tobacco
- composition and additives and authority to ban specific additives
 \$25 million for Drug-Free Schools and Communities Act
 for anti-tobacco programs
- \$50 million in grants to state and local governments to enforce laws against selling tobacco to minors
- \$5 million in grants to unions to control smoking in the workplace
- \$5 million to state health departments to develop smoking cessation programs

The bill has been cosponsored and is strongly supported by Senator Hatch. His staff, however, have indicated that he is

working with tobacco state Republicans to create an "acceptable" compromise.

- (b) S.2439, The Reliable Advertising and Family Education Act (Gore) (Discussed in prepared remarks). No hearings have been scheduled. The bill:
- requires all printed advertisements for alcohol include one of five specified health warning messages on a rotating bases
- requires all broadcast advertising for alcohol include a reading and a visual representation of the warnings on a rotating basis
- FTC to coordinate establishment of toll-free information numbers

As you might expect, the bill has generated a great deal of controversy -- concern that the same thing that happened to tobacco products is now going to happen to alcohol.

- (c) $\underline{S.776}$. This bill was introduced by Senator Bradley in April 1989. It amends the Internal Revenue Code to disallow deductions for advertising expenses for tobacco products. No hearings have been scheduled and Finance Committee staff told me that at this point in time, it was not going anywhere.
- (d) <u>S. 1425, The Nutrition Labeling and Education Act of 1989</u>. This bill, introduced by Metzenbaum, was voted out of the Labor Committee (10 to 5 vote) on April 25th. The bill:
- requires food nutrition labeling and labeling of the 30 most frequently consumed types of raw agricultural commodities and seafood (to be posted in stores)
- authorizes the FDA to regulate health claims and authorizes state agencies to enforce federal labeling requirements
- does <u>not</u> preempt state health warning laws (a major concern of food labelers)
 - -imposes tough standards for health claims

Hatch had introduced his own bill, S. 1505 which was much less onerous. Some have said this legislation is unnecessary since Sec. Sullivan announced on March 7th his commitment to revamp the food label (which has basically remained unchanged for 17 years). Sec. Sullivan had proposed the implementation of his program in three phases between now and the end of 1991.

(e) <u>Miscellaneous</u>. S. 1992, the Children's Television Act of 1989, was reported out of the Commerce Committee in November 1989 and is on the calendar. I am told that this bill is going nowhere fast since there are a number of Senators who have problems with it. The bill, among other things, establishes limits on the amount of time that can be devoted to commercials during children's programming.

Finally, you should be aware that during the last few years

suggestions have been made that a great way to raise some money would be to disallow or to amortize up to 20% of all advertising business expenses. While such proposals keep coming up and have been the subject of various studies, no serious steps to implement such a radical policy are being taken (of course, you never know what can happen!).

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MEMBER, WORLD FEDERATION OF ADVERTISERS

BY HAND

The Honorable Robert J. Dole United States Senate 141 Senate Hart Office Building Washington, D.C. 20510-1601

Dear Senator Dole:

Sheraton Carlton March 15, 1990 A.N.A.'s 80th Year

The Board of Directors of the Association of National Advertisers, Inc. (A.N.A.), which represents the vast majority of national and regional advertisers in the United States, will hold its annual Washington meeting on April 25-27, 1990 at the Sheraton Carlton Hotel, 923 Sixteenth Street, N.W., Washington, D.C. In view of your leadership role as minority leader of the Senate, I would like to invite you to speak to the A.N.A. Board members and their spouses at breakfast on Friday, April 27, 1990 at 8:15 a.m. The advertising community presently faces an unusual amount of legislative and regulatory proposals to ban or restrict a broad range of advertising. Your insights would be deeply appreciated.

As you may know, A.N.A. is the only organization exclusively dedicated to serving the interests of companies that advertise either regionally or nationally. Our membership includes companies whose more than 2,000 subsidiaries, divisions and operating units market a variety of goods and services and collectively account for almost 80 percent of all regional and national advertising expenditures in the United States. You will note that many members of A.N.A.'s Board of Directors represent companies that have a significant presence in the State of Kansas.

A.N.A. very much hopes you can accept this invitation to speak on April 27th, and would be pleased to pay you an honorarium of \$2,000 should you be able to join us. We anticipate the breakfast session will conclude no later than 9 a.m.

Jen Jarilson 293-2180

Officers: JOHN E. RUHAAK-Chairman PHILIP GUARASCIO - Vice-Chairman DEWITT F. HELM, JR .- President

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Hone 2, 000 cases James Davison. 012 - 3.19.90

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The Honorable Robert J. Dolehttp://dolearchives.ku.edu March 15, 1990 Page Two

If I can provide you with any further information or assistance in regard to this request, please feel free to call me directly. I look forward to your early reply.

With best wishes,

Sincerely,

DeWitt F. Helm, Jr.

DFH/mcs

cc: Betty Meyer

Daniel L. Jaffe Monica Madariaga James H. Davidson

0367K

SENATOR BOB DOLE

SPEECH TO THE ASSOCIATION

OF NATIONAL ADVERTISERS

SHERATON CARLTON HOTEL

APRIL 27, 1990

GOOD MORNING. I'M PLEASED TO JOIN YOU FOR THE A.N.A.'S 80TH YEAR AND WOULD LIKE TO EXTEND MY SPECIAL APPRECIATION TO YOUR PRESIDENT, DEWITT (PRONOUNCED DE-WIT) HELM, AND, JOHN RUHAAK (PRONOUNCED ROO-HAWK), YOUR CHAIRMAN OF THE

BOARD, FOR HAVING ME HERE TODAY.

FALL ELECTIONS

I MUST SAY THAT IT FEELS GOOD TO BE IN FRONT OF SUCH A PROMINENT GROUP OF ADVERTISERS -- IN FACT, MAYBE THE REPUBLICANS CAN BORROW SOME OF YOUR AD CAMPAIGN THEMES TO HELP US WIN SOME MORE SEATS IN THE

FALL ELECTIONS. YOU KNOW, LIKE EMPHASIZING QUALITY AND AFFORDABILITY. I'M OBVIOUSLY NOT AN ADVERTISING EXPERT BUT WE'RE ALWAYS OPEN TO NEW AND CATCHY SLOGANS. AND LET'S FACE IT, POLITICAL ADVERTISING NEEDS ALL THE HELP IT CAN GET! I THINK THE PUBLIC HAS HAD ENOUGH OF THE JOE ISUZU APPROACH TO

POLITICS.

EASTERN EUROPE AND MIDDLE EAST YOU'VE COME TO WASHINGTON AT A TIME WHEN MOST OF THE ACTION SEEMS TO BE OCCURRING IN OTHER PLACES IN THE WORLD. IT SEEMS THAT EVERY ELECTION ADDS TO WORLD FREEDOM -- IN EASTERN EUROPE, LATIN

AMERICA AND AROUND THE
WORLD. JUST WHEN YOU THINK
YOU'VE SEEN IT ALL, IT TURNS
OUT YOU AIN'T SEEN NOTHING
YET.

I'VE RECENTLY RETURNED
FROM A TRIP TO THE MIDDLE
EAST DURING WHICH OUR
DELEGATION MET WITH THE
LEADERS OF SYRIA, EGYPT,
JORDAN, IRAQ AND ISRAEL. IT

WAS A VERY PRODUCTIVE TRIP, AND I CAME BACK MORE CONVINCED THAT THERE IS GREAT OPPORTUNITY TO MAKE PROGRESS IN THE PEACE EFFORT. WHILE THERE ARE FORMIDABLE BARRIERS TO MOVING AHEAD, I WOULD HOPE THAT NONE OF THE BARRIERS ARE INSURMOUNTABLE. INDEED, AS WE ASKED ALONG OUR TRIP, FPEACE IS BREAKING OUT EVERYWHERE ELSE IN THE WORLD, WHY NOT IN THE MIDDLE EAST?

BUDGET AND DEFICIT

ON THE DOMESTIC SIDE,

IT'S TIME AGAIN FOR

CONGRESS TO FACE THE BIG

PROBLEMS OF THE BUDGET AND

THE FEDERAL BUDGET DEFICIT. I

HATE TO SAY IT BUT WE'RE

BROKE. THE NATIONAL DEBT IS SOME 3.3 TRILLION DOLLARS.

OUR INTEREST PAYMENT ON THAT DEBT IS 175 BILLION DOLLARS A YEAR —— AND THAT'S JUST INTEREST!

LAST YEAR, CONGRESS

BASICALLY TOOK A WALK ON
THE DEFICIT. WE SPENT 10

MONTHS AND DEVOTED OVER
60% OF OUR ROLL CALL VOTES

IN THE SENATE TO REDUCE THE DEFICIT BY ONLY 16 BILLION DOLLARS.

LAST WEEK, THE HOUSE BUDGET COMMITTEE FINALLY MARKED-UP A DEMOCRATIC BUDGET PLAN. UNFORTUNATELY, THE PROPOSAL IS NOT A SERIOUS ONE AND DOESN'T FACE UP TO THE HARD ISSUES OF REALITY

IT USES OMB'S JANUARY BASELINE FORECAST WHICH WAS WIDELY CRITICIZED BY THE BUDGET CHAIRMAN AND THE DEMOCRATIC LEADERSHIP --AND WHICH THE OMB DIRECTOR NOW SAYS MAY BE AS MUCH AS \$15 BILLION SHORT. IT ALSO SCORES REVENUES FROM IRS ENFORCEMENT INITIATIVES IN THE PRESIDENT'S BUDGET WHICH

EVEN THE TAX—WRITING

COMMITTEE CHAIRMEN REJECT.

BUT AT LEAST THIS

PROPOSAL ADVANCES THE
PROCESS —— SOMETHING THE
SENATE DEMOCRATS SEEM AS
YET UNABLE TO DO.

THE ROSTENKOWSKI PLAN

I WOULD LIKE TO

CONGRATULATE CHAIRMAN

ROSTENKOWSKI FOR THE PLAN

HE HAS PUT FORWARD FOR I THINK THAT IT IS THE WAKE-UP CALL WE'VE BEEN WAITING FOR. ALTHOUGH I DON'T AGREE WITH EVERYTHING HE HAS RECOMMENDED, I DO THINK HE WAS RIGHT IN INSISTING THAT ANY PEACE DIVIDEND BE USED FOR DEFICIT REDUCTION AND THAT ANY NEW SPENDING BE ON A PAY-AS-YOU-GO

BASIS. WE MUST EITHER MAKE NEW PROGRAMS FINANCIALLY SELF-SUFFICIENT OR SCALE BACK EXISTING PROGRAMS TO PAY FOR NEW INITIATIVES. THIS IS WHAT I PROPOSED WHEN I CALLED FOR A 5% REDUCTION IN FOREIGN AID SET ASIDES.

THE FREEZE

CHAIRMAN ROSTENKOWSKI WAS PROBABLY ALSO RIGHT,

POLITICALLY, IN REVIVING CANDIDATE BUSH'S PROPOSAL FOR A ONE-YEAR FREEZE IN FEDERAL SPENDING WITH THE EXCEPTION OF MEANS—TESTED POVERTY PROGRAMS. THE PROBLEM, HOWEVER, IS THAT A FREEZE IS NOT THE BEST POSSIBLE POLICY -- IT'S SIMPLY AUTOMATIC PILOT AND A WAY TO AVOID SOME

REALLY TOUGH DECISIONS. IT DOES NOT DISTINGUISH AMONG PROGRAMS ACCORDING TO CHANGING NEEDS --PERPETUATING SOME OBSOLETE PROGRAMS WHICH SHOULD BE CUT BACK OR ELIMINATED TO PAY FOR NEW PRIORITIES, LIKE EDUCATION AND THE DRUG WAR. NONETHELESS, UNLIKE MOST BUDGET SOLUTIONS, A

FREEZE IS EASILY UNDERSTOOD

AND DEMANDS MUCH THE SAME
SACRIFICE FROM EVERYONE.

TAXES

THAVE ALWAYS INSISTED
THAT WE SHOULD REDUCE THE
BUDGET DEFICIT THROUGH
SPENDING CUTS, AND NOT
THROUGH NEW TAXES. THAT'S
WHY I BELIEVE THAT GASOLINE
TAXES SHOULD BE RAISED ONLY

IF THE REVENUE IS USED TO REPAIR OUR CRUMBLING ROADS AND BRIDGES.

I DO NOT BELIEVE THAT THE PRESIDENT WILL ABANDON HIS PLEDGE OF NO NEW TAXES TO RAISE INCOME TAX RATES, EVEN AS PART OF A DEAL LIKE THE ROSTENKOWSKI PACKAGE. INCOME TAX RATES ARE THE CRUX OF THE NO TAX PLEDGE.

WHEN PEOPLE HEAR NO NEW TAXES THEY UNDERSTAND NO INCOME TAX INCREASES.

HOWEVER, THERE ARE WAYS THAT WE CAN RAISE REVENUES WITHOUT RAISING TAX RATES. CLOSING TAX LOOPHOLES IS ONE WAY. CUTTING CAPITAL GAINS RATES MAY BE ANOTHER, DEPENDING ON WHOSE ESTIMATES YOU BELIEVE.

CAPITAL GAINS CAPITAL GAINS IS HIGH ON THE PRESIDENT'S PRIORITY LIST. AND IT HAS THE SUPPORT OF A MAJORITY IN BOTH THE HOUSE AND THE SENATE. SENATOR MITCHELL WAS ABLE TO BLOCK A VOTE LAST YEAR, BUT I DOUBT HE CAN FIND THOSE VOTES AGAIN, ONCE A BUDGET

AGREEMENT HAS BEEN REACHED. THE PRICE FOR CAPITAL GAINS RELIEF IN THE SENATE MAY BE A SAVINGS INCENTIVE, AS PROPOSED BY THE PRESIDENT, OR AN EXPANDED IRA, AS PROPOSED BY SENATOR BENTSEN.

GRAMM—RUDMAN

FINALLY, I DO NOT AGREE

WITH THOSE, INCLUDING

CHAIRMAN ROSTENKOWSKI, WHO CALL FOR THE REPEAL OF THE GRAMM-RUDMAN-HOLLINGS LAW. ALTHOUGH I CERTAINLY SHARE THEIR FRUSTRATION WITH THE CONGRESSIONAL BUDGET PROCESS. WITHOUT THE DISCIPLINE OF THE GRAMM-RUDMAN-HOLLINGS LAW AND ITS SEQUESTER THREAT, THERE WOULD BE NOTHING TO FORCE

THE DEMOCRATS TO THE TABLE
NEXT YEAR OR TO STOP THE
CONGRESS FROM RETURNING TO
ITS OLD WILD—AND—CRAZY
SPENDING HABITS.

SO, IN SHORT, I THINK THAT CONGRESSMAN ROSTENKOWSKI HAS ISSUED A CHALLENGE TO BOTH PARTIES TO WORK OUT REAL DEFICIT REDUCTION. THE WHITE HOUSE HAS ANSWERED

THIS CHALLENGE. I HOPE HIS FELLOW DEMOCRATS DO THE SAME.

ADVERTISING ISSUES:
GENERAL

A FEW MOMENTS TO TOUCH ON SOME LEGISLATION WHICH HITS A LITTLE CLOSER TO THE DAY—TO—DAY OPERATIONS OF ADVERTISERS. I HAVE A

FEELING ALL OF YOU WOULD AGREE THAT THERE SEEMS TO BE A PERCEPTION WITHIN GOVERNMENT THAT A WAY TO FIX CERTAIN PROBLEMS IN OUR SOCIETY IS THROUGH THE BACK DOOR BY CONTROLLING THE ADVERTISING RELATED TO THOSE PROBLEMS. THIS PERCEPTION IS AMPLY DEMONSTRATED BY THE LARGE NUMBER OF BILLS THAT

HAVE BEEN INTRODUCED IN CONGRESS DURING THE LAST FEW YEARS THAT AFFECT ADVERTISING.

EVER SINCE 1965 WHEN
CONGRESS FIRST REQUIRED
WARNINGS ON CIGARETTE
PACKAGES, CONGRESS, THE
FTC, THE FCC AND OTHERS
HAVE LIMITED TOBACCO

ADVERTISING IN HOPES OF GETTING AT THE CONSUMPTION OF CIGARETTES AND RELATED PRODUCTS. ALTHOUGH A LOT OF LAWS AND REGULATIONS HAVE BEEN ADDED TO THE BOOKS SINCE 1965, TED KENNEDY HAS DECIDED THAT WE NEED EVEN MORE INVOLVEMENT BY THE FEDERAL GOVERNMENT IN THIS AREA BY INTRODUCING

S. 1883 -- THE SO-CALLED TOBACCO PRODUCT EDUCATION AND HEALTH PROTECTION ACT. AMONG OTHER THINGS, THE BILL PROVIDES \$50 MILLION FOR AN ANTI-SMOKING CAMPAIGN AND GOES A LONG WAY TOWARDS REPEALING THE LONG-STANDING POLICY OF FEDERAL PREEMPTION OF STATE REGULATION OF LOCAL TOBACCO ADVERTISING.

A MARKUP ON THE BILL HAS BEEN SCHEDULED FOR MAY 16TH. WHETHER OR NOT THIS BILL MAKES IT FOR FLOOR ACTION THIS SESSION, I THINK YOU CAN SAFELY EXPECT SENATOR KENNEDY TO CONTINUE TO PUSH IT HARD IN THE FUTURE.

ALCOHOL ADVERTISING

AS I'VE ALREADY

MENTIONED, NOTWITHSTANDING

THE GREAT TRACK RECORD THAT CONGRESS HAS IN SUBJECTING THE PUBLIC TO CLEAN, HONEST AND EDUCATIONAL POLITICAL ADVERTISING, THERE ARE SOME MEMBERS OF THE SENATE WHO BELIEVE THAT WE SHOULD ENACT LAWS THAT TELL THE PRIVATE SECTOR HOW TO DO IT. THE MOST RECENT EXAMPLE OF THIS

IS SENATOR GORE'S BILL IN WHICH HE TELLS YOU HOW ALCOHOL SHOULD BE ADVERTISED. S. 2439, THE SENSIBLE ADVERTISING AND FAMILY EDUCATION ACT. REQUIRES THAT WARNINGS BE SHOWN IN PRINT AND READ ALOUD DURING ADVERTISEMENTS. I MUST ADMIT, I DON'T KNOW WHAT'S TO COME NEXT --

PERHAPS A BILL TELLING YOU WHAT ACTORS TO USE AND THE TIME OF DAY AND THE PROGRAMS DURING WHICH YOU CAN SHOW THEM. CERTAINLY, AS SOME HAVE SUGGESTED. SENATOR GORE'S BILL WOULD SEEM TO ENDANGER THE 15-SECOND COMMERCIAL BECAUSE OF THE TIME CONSUMED WITH THE READING AND DISPLAY OF

THE WARNINGS. AS YET, NO
HEARINGS HAVE BEEN
SCHEDULED ON THIS BILL.

OTHER ADVERTISING ISSUES

THERE ARE, OF COURSE,
OTHER PROPOSALS OUT THERE
THAT AFFECT YOUR INDUSTRY
AND WHICH, ASIDE FROM THE
FOOD LABELING PROPOSALS,
RELATE PRIMARILY TO TOBACCO
AND ALCOHOL PRODUCTS.

THESE BILLS WOULD ADD FURTHER RESTRICTIONS ON THE TYPE AND CONTENT OF THE ADVERTISING OF SUCH PRODUCTS OR WOULD SEEK TO DISCOURAGE ADVERTISING BY TINKERING WITH THE DEDUCTIBILITY OF SUCH EXPENSES. I'M NOT IN FAVOR OF SUCH TAX TAMPERING, AND I WOULD PROBABLY EXPECT

ANY SERIOUS ATTENTION IN THIS
AREA TO BE FOCUSED ON
CONTENT AND EDUCATION
INSTEAD OF ON TAX MATTERS.
CONCLUSION

I'D JUST LIKE TO ADD THAT
BECAUSE THIS IS AN ELECTION
YEAR, BI—PARTISAN
COOPERATION WILL BECOME
MORE AND MORE DIFFICULT.
NEVERTHELESS, I BELIEVE THAT

WE WILL FINALLY AGREE ON WHAT I HAVE CALLED THE FIVE C'S: CLEAN AIR, CHILD CARE, CAMPAIGN FINANCE REFORM, A CRIME PACKAGE, AND SOME FORM OF CAPITAL GAINS RELIEF. HOWEVER, AS ALWAYS, THE SERIOUS DEBATE ON THE BUDGET AND THE DEFICIT WILL CONTINUE TO DOMINATE OUR AGENDA UNTIL BOTH CONGRESS AND THE PRESIDENT FACE UP TO THE TOUGH CHOICES.

FLOOR QUESTIONS

IF TIME ALLOWS, YOU MAY WANT TO TALK ABOUT SOME OF THESE ISSUES AND I'D BE HAPPY TO RESPOND TO YOUR QUESTIONS.