

*Cham*

C O N F I D E N T I A L

March 2, 1989

MEMORANDUM

To: Samuel D. Chilcote, Jr.

From: Susan Stuntz *SM*

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As preparation for your meeting Monday with Frank Resnik and Fred Laux, following are some of the questions that might be asked.

[If it would be at all helpful and appropriate, I would like to sit in on the session; although I'm probably the one person with the most knowledge about this controversy, no one from PM to date has bothered to talk with me about it.]

The charges that David Greenberg made to Mike Forscey earlier this week were, first, that The Institute was attempting to undercut a member company; and, second, that the DeConcini letter would never have occurred without our instigation. Both are false. He also suggested that PM would like to shut down the Labor Management Committee.

**1. Did The Institute instigate the letter from DeConcini to Lane Kirkland?**

Absolutely not. In the first place, we had no knowledge of the issues discussed during any PM meeting with Kirkland.

Secondly, to even suggest that we are capable of getting DeConcini to write a letter to Kirkland reflects a basic misunderstanding on PM's part about our program and our relationship with the unions. As I attempted to explain to Greenberg in my February 8 letter (attached), DeConcini responds to one audience -- his members.

**2. Did The Institute have any conversations with BC&T about the PM activities?**

Once. And indirectly. On February 9, Scott Widmeyer, a labor consultant apparently hired by PM, placed a call

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to Tom Donahue, Sr., secretary-treasurer of the AFL-CIO, to discuss a smokers' rights program. In the course of the conversation, Widmeyer invoked the names of Mike Forscey and the Committee.

Donahue followed up his conversation with Widmeyer with a call to his son, Tom Donahue, Jr., who works for The Institute. He asked Tom about this new program and for guidance on how to respond. Tom reported the query to me. I did not know that Widmeyer had been retained by PM, nor was I aware that PM was undertaking a program to approach labor on this issue.

I told Tom that I had no knowledge of the effort, but placed a call to Ray Scannell, my contact at BC&T, to determine whether this was a new BC&T initiative. Ray denied any knowledge of the effort. That was the end of my discussions with BC&T, but I have no doubt that, since these efforts impact directly on DeConcini, Ray did additional investigation.

A few more points to consider:

Additional Scott Widmeyer contacts to the president of a major union placed in jeopardy a program that was of great personal interest to representatives at BC&T.

We have reported in Executive Summary on the successful conference sponsored by federal employee unions. That conference was eight months' in the making and was placed at risk two weeks before it was to take place when Widmeyer called the president of the union to ask for his support on this smokers' rights program.

The union president withdrew from participating in the conference. This, in turn, jeopardized the entire conference, and the credibility of those in the union who had been pushing this for us. One of those individuals is Ray Scannell's wife, an attorney for the union.

By way of history, the entire effort with this federal union was the work of Ray Scannell at BC&T who, at our request, persuaded an attorney for the union (who also happens to be his wife) to focus the union's attention on air quality in government buildings in light of the

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GSA smoking ban. This is the first time we have succeeded in persuading this union to take a position on this issue, and it was to have helped us in our efforts to fight the Scheuer-Ritter workplace smoking bill.

Philip Morris continues to demonstrate no understanding of how this program -- or the committee -- works. Any failure to generate labor support on smokers' rights issues, and a weakening of labor support on tax and workplace issues, can be attributed not to the committee or its representatives, but to PM's failure to follow the process outlined in my February 8 letter to Greenberg.

The Committee's establishment five years ago was at the request of BC&T, which has no full-time lobbyist to represent it on federal issues. BC&T asked for a mechanism that would enable it to work within the labor community on federal legislation of joint concern to the industry and to its members. That mechanism -- which Philip Morris agreed to -- is the Labor Management Committee.

The Committee has been incredibly successful in generating labor support on two key industry issues -- excise taxes and workplace smoking. Much of this success can be laid to the procedures established to work these issues -- and to the adherence on the part of all parties to those procedures.

There is nothing to prevent the Committee from expanding its issue agenda. However, to date, there has been no request that we do so. Unfortunately, PM efforts outside of the Committee's procedures will make it more difficult for us to encourage Committee support for smokers' rights, should we be asked to do so.

Philip Morris apparently continues to meet with labor leaders on this issue. Chuck Manatt scheduled a meeting earlier this week between PM representatives and Bill Wynn, president of the United Food and Commercial Workers Union. A breakfast meeting is scheduled next week with Bob McGlotten, director of legislation.

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The Committee's work has been too successful for any thought to be entertained about shutting it down.

Too much good has come from this relationship. And the good is all in the industry's favor.

In fact, the industry cannot shut the Committee down. Philip Morris is not a member and, in fact, when the Committee was organized, PM agreed that Tobacco Institute personnel would represent the industry. The Institute provides the funding, but its members are in the minority on the Committee. Neither The Institute nor any of its member companies can remove the labor representatives from their positions; they are appointed by the unions that are members.

Finally, perhaps we can suggest that we establish weekly or every-other-week meetings with PM Washington representatives, TI and the Committee consultants, so that we all may discuss issues to be brought before the Committee and upcoming legislative activity. There would have to be an understanding, however, that the activity be done within the procedures established by the Committee.

Attachment