

Susan E. Ridge

**MEMORANDUM**

**May 11, 1990**

**TO: Marty Gleason  
Carol Hrycaj**

**FROM: Susan Ridge**

**RE: 1991 Excise Tax And Social Cost Plans**

As requested, the following are some ideas that came out of an F-H brainstorm regarding The Tobacco Institute's 1991 excise tax and social cost plans.

**Social Costs**

When budget discussions turn to excise taxes, most people are familiar with and understand the regressivity argument. Social cost theory is more difficult to explain, as we've seen in the past. The success of the social cost Q & A leads us to believe that something on a larger scale is appropriate. For example, we strongly support the idea of a social cost conference, similar to an earmarking conference. Sponsored by a group like the American Legislative Exchange Council or the National Conference of State Legislators, as indicated in the plan, it would go a long way toward reaching key decision-makers and staff.

*lawmakers + policy analysts*

One of the best hopes for refuting the social cost argument used by anti-smoking activists is to "go for cover." The U.S. Chamber-sponsored Social Cost Council, in particular, is an appropriate third-party group because of its credibility. There is also merit in discussing the idea of a social cost coalition separate from the "Council," perhaps a smaller group that could undertake activities that may be inappropriate for the larger "Council."

*we use  
of NCF  
network  
in states  
as grassroots?  
a Subgroup of Chamber*

Another idea is to try and further discredit the research behind the idea of social costs. Instead of simply seeking new social cost research from allied economists, the same economists could point out flaws in the social cost studies used by anti-smoking activists and promote that to the press.

*Symposium - Academic Critique  
Balanced by panels of allied  
research - promoters*

Earmarking Taxes

The argument that legislators are earmarking excise taxes as a way of avoiding what the people elected them to do is a valuable one, and should be given a higher profile in the media. This message needs to go beyond the regional media tours to a wider, national audience. TI should try and use the pitch from the social cost tours with the morning news shows, public affairs shows, national talk shows (Phil Donohue sometimes does something more substantial than the usual morning talk show fluff) and national print media.

If Florida is any indication, it appears that several states are looking to raise excise taxes as a way to pay for indigent healthcare. But indigent healthcare is too big a problem to be taken care of by the revenue raised from excise taxes. While normally an unlikely prospect for an ally, hospital trade associations may provide potential support for alternative proposals to raising excise taxes. TI would have to serve as a silent partner in addressing this issue, but there may be some common ground.

These groups could deliver their message and state and federal hearings, or even in a public advertising campaign.

Excise Taxes

In light of events since the 1988 presidential election, we highly recommend going after President Bush's "no new taxes" pledge. This approach would garner support from a wide range of allies -- new and old -- to express their disappointment with the president.

TI may want to consider funding an opinion poll by a highly respected polling firm. Many elected officials know that most opinion polls reveal that a majority of the public would support excise tax increases. Therefore, the focus of this poll would shift to what the people will think of the president if he raised taxes.

This type of poll would be a natural for the Coalition Against Regressive Taxation (CART) or Citizens for Tax Justice (CTJ).

Following the poll, CART or CTJ also could sponsor a series of television and newspaper ads.

We also suggest trying to increase activity from military coalition allies. Although taxes are not a typical veterans' issue, there are appropriate circumstances where their support would make a difference.

By the way, what's the latest with the recent television ads? If they were positively received and press attention was favorable, it might be worth it to air these ads nationally.

And finally, what about sponsoring an anti-tax rally/march in Washington? This would be especially useful if all the coalition groups and allies were involved -- the bigger show of support the better. (We could solicit celebrity involvement and print buttons that said "I'm a George Bush lip reader!")

I hope these thoughts are useful to you as you prepare next year's plans. Please call with any questions.

cc: Rick Sullivan  
Karen Doyne  
Judi Provosty

CT

~~Update SIS~~  
~~promote~~

Cont. Promote Evermarking BK

SC

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