

August 30, 1989

MEMORANDUM

To: Samuel D. Chilcote, Jr.

From: Susan Stuntz *SS*

The attached second draft of a strategic plan for The Institute incorporates recommendations and strategies suggested by the Federal Relations Division.

Per our earlier discussions, I will share this draft with John Rupp when I see him later in the week -- and get back to you with his comments.

Attachment

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Public Smoking Issue

Summary and Objectives

The programs that comprise the public smoking issue call for active Institute and expert consultant involvement in the scientific, business, labor and hospitality communities, to:

- 1) Defeat mandatory and voluntary smoking restrictions;
- 2) Counter the decline of the social acceptability of smoking;
- 3) Ensure that smokers are given every reasonable opportunity to use tobacco products in public and private settings.

Background

Most smoking restrictions and smoking restriction legislation are based on the alleged health effects of environmental tobacco smoke (ETS) on the nonsmoker. Although there are conflicting views on ETS science, it has been difficult for scientists with these views to express themselves within the scientific community, as a network of anti-smokers in leadership positions effectively muzzles those with opposing views.

Although The Institute has aggressively promoted the industry's point of view on ETS and indoor air quality, media coverage of ETS has shifted away from portraying ETS as a controversial scientific issue. Thus, the link between ETS and indoor air quality has been diminished.

Strategies

1. Defeat state and local legislative, regulatory and administrative efforts to restrict smokers' use of tobacco products in public and private places. Place particular emphasis on measures that affect private workplaces, government workplaces and restaurants.
2. Oppose state and local ballot measures to restrict smokers' use of tobacco products in public and private places by (a) keeping such measures from qualifying for voter ballots; and (b) defeating measures that are placed on ballots.

3. Seek opportunities to enact legislation or administrative rulings that:

- a) Roll back, modify or repeal existing smoking restriction laws;
- b) Adopt reasonable indoor air quality legislation in lieu of smoking restrictions
- c) Protect smokers' rights and ensure against smoker discrimination in employment practices
- d) Adopt state legislation to pre-empt localities from enacting more stringent smoking restriction ordinances

4. Focus greater attention on the inconclusive nature of the scientific data regarding the alleged health effects of ETS. Increase awareness of the need for more and better research on the relationship between ETS and health claims.

5. Encourage continued participation in efforts that objectively assess ETS in the context of all indoor air quality factors.

6. Bring a "foreign perspective" on ETS science to U.S. journalists so that the U.S. media can better understand the controversial nature of anti-smoking claims about ETS from an international, scientific perspective.

7. Encourage a credible, independent analysis of the way journalists cover controversial scientific issues, particularly ETS.

8. Provide reporters with information that will foster a better understanding of the nature and findings of scientific research on ETS so that media coverage is more balanced and accurate. Rebut and clarify all news reports on ETS that are inaccurate or do not include a balance of viewpoints.

9. Publicize and explain why the scientific peer review process is limited and fallible and has other weaknesses.

10. Promote the position that the general public is being overwhelmed with conflicting information about reasonableness of behavior and factors of risk. Encourage accurate, balanced information regarding reasonableness of behavior and factors of risk.

11. Illustrate the cost to business and society of politically motivated or exaggerated science, especially when it comes to ETS.

12. Publicize the financial, for-profit interests of the anti-tobacco scientific community that can lead to tainted scientific results.

13. Focus greater attention on the need for improved ventilation systems or more efficient use of existing systems.

14. Continue to broaden political and professional relationships with organizations and individuals concerned with the issue of indoor air quality. Promote improved ventilation and -- working through allies and coalitions -- ventilation legislation, as the best solution and a better approach than smoking restriction legislation.

15. Work with employers and business organizations to increase awareness and credibility of The Institute's workplace programs. Encourage reasonable employer response to employee demand for smoking restrictions.

16. Promote The Institute as an entity that is prepared to assist smokers in asserting their rights in the workplace and in public places.

17. Seek opportunities to broaden the concept of smokers' rights and generally to establish favorable precedents for smokers, while also providing assistance to individual smokers in appropriate circumstances.

18. Increase the hospitality and travel industry's understanding that smokers choose services that are gracious to all customers; and that smokers comprise a significant segment of their markets. Increase smoker awareness of airlines, hotels, rental car companies and restaurants that treat smokers graciously.

Audiences

The legislative and regulatory communities are a key audience on the public smoking issue.

The program relies upon academic and consulting scientists -- well versed in the scientific literature on ETS and indoor air quality -- to present testimony, prepare articles for submission to the scientific literature, review and critique research, and conduct media tours and editorial board briefings.

Consulting economists are called upon to draft op-eds for submission to the general media. Legal consultants are expected to draft articles for submission to law journals, conduct media tours and editorial briefings, and promote seminars for state and local business organizations.

Labor consultants draft articles for the labor press, and make presentations to regional, state and national conferences of labor and liberal organizations.

Institute staff aggressively promotes via direct mail their availability to work with the media on ETS and indoor air quality issues; to work with employers who are considering workplace smoking restrictions; and to work with hospitality organizations that seek to accommodate smokers and nonsmokers.

The program also calls for aggressive promotion of studies and reports commissioned by allies and coalitions, principally on the indoor air quality issue.

Allies and Coalitions

Representatives from organized labor are the industry's chief ally on indoor air quality issues.

Certain members and organizations within the research and scientific communities -- chiefly those organizations with close ties to organized labor -- also have taken a more balanced view on the issues of ETS science and indoor air quality.

In some instances, business and hospitality organizations -- state and local chambers of commerce, restaurant associations, hotel and motel associations, tavern owners, etc. -- have supported efforts to ensure that smokers as well as nonsmokers are accommodated.

Company Programs

Individual companies, to varying degrees, have augmented Institute government relations operations at the federal, state and regional levels.

Member company direct mail programs are called upon to promote Institute materials for employers, hospitality groups, and for smokers.

Member companies also are called upon to communicate directly with their suppliers about the need to accommodate smokers and nonsmokers in public places.

Company staff and public relations counsel are encouraged to work with Institute staff to augment their outreach efforts to the media and to state and local business and hospitality groups.

Tax Issue

Summary and Objectives

The program calls for development and maintenance of a broad base of allies and coalitions to join with the industry to

- 1) Discourage reliance on consumer excise taxes to meet social and economic objectives, by demonstrating that such taxes are regressive and inconsistent with fair taxation; and
- 2) Minimize the tax burden on consumers of tobacco products.

Background

The federal deficit reduction movement has precipitated an unprecedented search for revenue sources. Although there are a number of alternative revenue sources more consistent with tax fairness, consumer excises -- particularly "sin" taxes -- are often positioned as one of the most politically viable revenue options.

Many Members of Congress and the Administration continue to oppose any new taxes, including consumer excise taxes. However, labor/liberal, tax reform and minority groups support increased taxes, while embracing the regressivity issue. All of these these organizations and individuals can effectively lobby against proposals to increase excise taxes. However, the labor/liberal groups will support alternative revenue packages.

Strategies

1. Defeat federal excise tax increase proposals.
2. Defeat all state and local proposals to increase tobacco excise taxes.
3. Prevent or repeal excise tax earmarking proposals, at the federal, state and local levels.
4. Remove ad valorem taxing methods in the states.
5. Defeat excise tax initiatives/referenda by (a) preventing such measures from qualifying for voter ballots and (b) defeating proposals that are placed on ballots.

6. Seek opportunities to include "sunset" provisions in tax measures and ensure that legislative sunsets take effect.

7. Seek opportunities to pre-empt local taxing authority.

8. Demonstrate that consumer excise taxes are regressive, inconsistent with tax fairness and are an inefficient and unacceptable solution to economic and social problems.

9. Encourage allies and coalitions to demonstrate the viability of progressive alternatives to excise taxes as a revenue source and promote allied group support in promoting these alternatives.

10. Reinforce the negative effect of excises on the tobacco economy and promote unity among the tobacco industry family.

Audiences

Legislators are, of course, a primary audience for this program.

In addition, the program calls upon consulting economists to prepare op-eds for submission to local newspapers, and to prepare and present academic papers at conferences and seminars.

The program also relies heavily upon aggressive promotion -- to the general press, to the business and economic press, to state and local labor unions and to editorial boards -- of studies and reports commissioned by groups within the labor/liberal community, demonstrating the regressivity of excise taxes and calling for alternative revenue packages.

Allies and Coalitions

State officials, including governors and state legislators have spoken persuasively against increases in federal excise taxes.

Representatives from the tobacco family -- including Tobacco State Congressmen -- as well as those industries whose livelihoods are affected by higher excise taxes (e.g., convenience stores and other retail outlets, Coalition Against Regressive Taxation).

Organizations representing the poor and the middle class, including organized labor and liberal interest groups.

Organizations representing the minority and farm communities.

Company Programs

Individual companies, to varying degrees, have augmented Institute government relations operations at the federal and state levels.

Member company direct mail programs will be called upon to supplement the activities of the economists and the coalition groups.

Support provided by member companies to potential coalition groups will augment Institute in-kind support on specific tax projects.

Advertising Restrictions

Summary and Objectives

The program calls for development of research and broad based coalitions to

Discourage unnecessary and unfair restrictions that, directly or indirectly, adversely affect the legitimate and truthful brand advertising, promotional and marketing practices of the cigarette industry.

Background

Anti-smoking activists claim that tobacco advertising, promotion and marketing techniques are designed to increase the demand and expand the market for cigarettes. Cigarette advertising and promotion, they charge, is designed to recruit new smokers from the ranks of "the young, the uneducated and vulnerable population groups at home and abroad who need to be protected."

Having failed at federal efforts to enact total bans on all advertising and promotion, anti-smoking activists currently are proposing measures that would severely restrict the content of tobacco product promotion, as well as the industry's ability to sell its products.

Strategies

1. Defeat legislation or regulation at all levels that bans or restricts the industry's ability to advertise and promote its legal products.
2. Defeat legislation or regulation at all levels that would restrict or prohibit legitimate purchase or sale of tobacco products through retail sources, including vending machines.
3. Defeat federal legislation requiring additional unfair warning requirements.
4. Defeat legislation that would further broaden federal agency jurisdiction over tobacco and tobacco products (FDA, CPSC, FTC).
5. Defeat new and burdensome ingredient/additive reporting and disclosure requirements.
6. Preserve federal pre-emption of labeling/advertising/promotion regulations.

7. Seek opportunities to adopt state legislation that pre-empts local bans on sampling and other promotional activities.

8. Increase official, media and public awareness that the right to advertise ("commercial speech") is protected by the U.S. Constitution, and that content control, deductibility restrictions, counter-advertising proposals and repeals of state preemption are all tantamount to an unconstitutional ad ban.

9. Demonstrate that the proposed restriction of tobacco advertising and promotion sets a dangerous Constitutional and economic precedent for discriminating -- both at home and abroad -- against other products and services.

10. Demonstrate that the tobacco industry does not want children to use its products and has taken positive steps to discourage such use.

Audiences

Legislators are the key audience for this program.

The program calls for promotion of economic and legal consultant analyses of advertising restriction proposals, via op-eds for the general press, editorial board briefings, conferences and seminars for state and local advertising groups. Aggressive promotion of research and materials produced by allies and coalitions is an integral component of our plan.

The program also calls for aggressive promotion of the industry's position on youth smoking, via targeted media tours, "paid" promotional activities, and development of programs to assist retailers in complying with state minimum age laws.

Allies and Coalitions

Representatives from First Amendment and other Constitutional liberties organizations, including the American Civil Liberties Union and the Washington Legal Foundation.

Advertising trade associations and their state and local affiliates.

The tobacco family, including those organizations that benefit from tobacco company sponsorship and promotion activities.

Representatives from industries potentially affected by a "slippery slope" extension of the issue to other products.

Company Programs

Individual companies, to varying degrees, have augmented Institute government relations operations at the federal, state and local levels.

Companies, working through their own advertising agencies, have supplemented the activities of the advertising trade groups in producing and promoting research and developing materials.

Member companies also will be needed to act as liaison with those organizations that receive sponsorship and promotional support, to encourage increased activity at the federal level.

Fire Safety Issue

Summary and Objectives

The program calls for regular and frequent contact with representatives from the fire service and public officials, to increase their awareness and acceptance of:

- 1) The fact that the tobacco industry acts voluntarily and responsibly in fire prevention; and
- 2) The difficulties of producing and regulating a viable "fire-safe" cigarette, thus discouraging enactment of infeasible "fire safety" standards for cigarettes and little cigars.

Background

The Tobacco Institute is a major and respected source for fire prevention and education programs in the U.S. This, in turn, has helped improve relations between the industry and the fire service, and has demonstrated industry interest in fire prevention. However, the fire service in general wants to see an end to careless smoking-related fires. Any suggestions that the industry is less than fully committed to further progress on the issue will be viewed as a delaying tactic, and could call into question the industry's commitment to fire prevention.

Absent progress toward enactment of federal "fire-safe" cigarette legislation, such legislation is a serious threat in at least two states in 1990, and possibly several others.

Strategies

1. Implement recommendations of the Interagency Committee on Cigarette and Little Cigar Fire Safety, through federal legislation.
2. Defeat all state and local proposals to require cigarettes to meet any "fire-safe" standards not developed through federal action.
3. Work with fire officials and, where desirable, other public officials at the state and/or local levels to improve the quality and increase the availability of education and prevention programs for fire departments.

4. Maintain and increase fire service awareness of the tobacco industry's contribution to fire prevention.

5. Continue to encourage discussion among fire service leaders and concerned public officials about the need for thoughtful and effective fire prevention methods.

Audiences

Legislators are the primary audience for our messages.

The Institute does not actively promote its activities on this issue to the general public. To the extent possible, we attempt to keep the issue confined to the fire service.

The Tobacco Institute has avoided publicity outside the fire service for its fire safety programs, in order to demonstrate to the fire service that our intention is to help the fire problem, not gain public acclaim.

Although this low-profile approach has allowed critics to interpret TI's involvement with the fire service however they wish, and has meant that many elected officials remain unaware of the industry's role in fire prevention, we continue to believe that developing good will and long-term relationships within the fire service far outweighs the immediate and short-lived benefit of publicity.

Our objectives are best achieved through personal contacts by industry representatives with key officials and organizations.

Allies and Coalitions

Representatives from state, regional and national fire service organizations.

Company Programs

Individual companies, to varying degrees, have augmented Institute government relations operations at the federal and state levels.

Companies also have on occasion supported specific fire safety education programs with provision of materials or financial support.

Trade Issue

Summary and Objectives

The program calls for outreach to the business and economic communities in the U.S., to reinforce the fact that the export of U.S. tobacco products is a trade issue, not a health issue, and as such, it falls within the purview of trade and foreign policy experts, not health officials. In doing so, we will ensure that U.S. tobacco products are treated as any other American export and are allowed to compete "on a level playing field" with other products.

Background

To support its goal of a smoke-free society by the year 2000, the anti-smoking movement has launched an effort to regulate U.S. policy regarding tobacco exports. They claim that such exports are a health issue, not a trade issue, and that the U.S. government should refrain from including tobacco among those products for which it seeks to open up new markets overseas.

To the extent that tobacco products already are exported, anti-smokers are calling for enactment of legislation that would regulate advertising, marketing and labeling of American tobacco products sold overseas.

Strategies

1. Defeat legislation that would impose U.S. advertising and promotion restrictions on U.S. tobacco products throughout the world.
2. Defeat legislation that would repeal or restrict enforcement of U.S. unfair trade practice law with respect to tobacco products.
3. Increase awareness among the media and key decision-makers that exporting American tobacco products is an international trade matter rather than a political or health issue.
4. Demonstrate the importance of tobacco exports to the American economy, as one of few products that contributes positively to jobs and trade balance.

5. Demonstrate that availability of American tobacco products abroad does not affect a particular country's consumption of cigarettes. Instead, those who choose to smoke will continue to smoke brands manufactured within the country or other foreign brands.

6.. Build awareness of the "slippery slope" argument, i.e., that export restrictions on tobacco may lead to restrictions on other politically controversial products.

7. Position advocates of tobacco export restrictions as attempting to patronize foreign governments and their citizens by enforcing their personal preferences on nations capable of making their own decisions.

Audiences

The program calls for development of briefing materials, for presentation via editorial board briefings to economic and business reporters. An extensive program of op-eds, commissioned from the consulting economists for submission to the general press, would supplement Institute media activities.

Allies and Coalitions

Representatives from the tobacco family, as well as those organizations and individuals involved in tobacco export (e.g., state ports authorities, farm groups).

Representatives from organized labor, including unions involved in tobacco manufacture as well as maritime trades unions.

Organizations and industries potentially affected by the "slippery slope" application of this issue to other controversial products.

Company Programs

The Institute will work through the U.S. Cigarette Export Association to implement this program.

Social Costs Issue

Summary and Objectives

The program calls for development and aggressive promotion of materials for academic and lay audiences to aggressively counter claims by anti-smokers that smoking and smokers impose "costs" on society.

Background

The "social cost" issue impacts all of the industry's issues and is being used increasingly and with greater intensity by anti-smoking groups to justify increased regulation and taxation of the industry. These arguments also are being used to counter efforts by the tobacco industry to demonstrate positive economic impacts of tobacco on the nation's economy.

While anti-smokers' research presumes that most costs perceived to be associated with smoking represent a financial burden on society as a whole, independent economists state that such concepts do not withstand credible economic scrutiny.

Strategies

1. Aggressively counter "social cost" research with credible, independent economic studies.
2. Demonstrate that "social cost" arguments can be applied to other industries and generate support from those industries in challenging these arguments.

Audiences

Industry arguments are promoted through consulting economists, who have authored a book, drafted articles for the economic literature, made presentations and chaired panels at economic conferences, conducted media tours and authored book reviews for the general media. These efforts will continue, and will be expanded to include research on earmarking and "user fees," and briefings of economic and policy staffs of public policy groups.

Allies and Coalitions

The Social Cost Council of the National Chamber Foundation of the U.S. Chamber of Commerce is actively recruiting other industries subject to "social cost" arguments to join in sponsoring conferences and publishing monographs on the issue.

Company Programs

None.

Other Industry Issues

Objective

To represent and protect the tobacco industry's legitimate common interests in other significant and emerging issues.

Strategies

1. Tobacco Use on Death Certificates

a. Defeat all state legislative or regulatory proposals to include specific reference to smoking or tobacco use on death certificate forms.

b. Repeal or modify existing state regulations which have placed references to smoking or tobacco use on death certificate forms.

c. Monitor federal agency activity that could lead to inclusion of tobacco use questions on model death certificates.

d. Seek opportunities through federal action to pre-empt placement of such references on state forms.

2. Tobacco Manufacturer Liability

Defeat legislative or regulatory efforts to create new causes of action against tobacco manufacturers or to exclude the industry from traditional liability defenses.

3. Tort and Product Liability Reform

a. Support state tort and product liability reform efforts to establish a more equitable and predictable environment so that businesses can operate with more certainty and efficiency.

b. Preserve state case law and statutes favorable to the industry and defeat attempts to repeal or roll back past reforms.

4. Toxic Substances

a. Defeat legislative and regulatory proposals that would regulate certain chemical substances and require warnings of exposure to such substances.

b. Defeat attempts to place toxics initiatives on election ballots and defeat initiatives and referenda which do qualify for voter consideration.

c. Encourage states to reject costly and burdensome environmental programs that may not appropriately warn the public of extremely hazardous materials.

5. Packaging Taxes and Restrictions

a. Encourage states to adopt integrated solid waste management programs.

b. Defeat legislative and regulatory proposals for taxes or restrictions on packaging materials which would impact tobacco products.

c. Defeat attempts to place packaging tax and restriction initiatives on election ballots and defeat those initiatives and referenda which do qualify for voter consideration.